

# College Admissions, Grading Policy, and Students' Time Allocation Responses

## :The Case of South Korea

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### Abstract

College admissions competition is zero-sum game where students do care about their relative ranking resulting in the overinvestment of resources and an inefficient market outcome as the game participants are facing prisoner's dilemma. Can SAT and GPA grading policy reduce high school students' college prep activities? This paper estimates causal effects of the nationwide education policy in 2005 which introduces coarsening SAT grade structure and more competitive grading of high school GPA in Korea on students' time allocation behavior in a college admission game. I model a student's welfare maximization behavior to investigate the policy effects on her college admission preparation activities. Empirical estimation is done by difference-in-differences method using repeated cross-sectional data. The result shows that the policy did not achieve the goal as the SAT taking students reduced leisure compared to the CSAT non takers. Top GPA students respond to the policy more sensitively by decreasing leisure and increasing self study because of the heterogeneous marginal productivity and motivation.

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