

Full Name: Andrew McGee**Title: Essays on the Role of Noncognitive Skills in Decision-making**

In my job market paper, “How the Perception of Control Influences Unemployed Job Search,” I present a model of unemployed job search in which one’s locus of control—the degree to which one believes one’s actions influence outcomes—informs beliefs about the return to search effort and thereby affects search behavior. The study adds to the noncognitive skills literature by emphasizing that locus of control is neither a skill nor a preference but a determinant of beliefs and by offering a channel—reservation wages—through which locus of control affects earnings. The model predicts that unemployed job seekers who believe that they exercise control over outcomes exert more effort searching and hold out for higher reservation wages than do more fatalistic individuals, believing as they do that effort is more likely to lead to job offers. Higher reservation wages and greater search effort, however, have opposite effects on the exit rate from unemployment, and locus of control’s effect on unemployment duration is theoretically ambiguous. Conditional on reservation wages, reemployment wages should be unaffected by locus of control, which affects beliefs about search and not actual productivity.

Exploiting detailed data on unemployed job search in the 1979 National Longitudinal Survey of Youth, I find that, consistent with these predictions, unemployed young men who believe that their actions dictate outcomes search more intensively and set higher reservation wages than do their more fatalistic peers. Indeed, locus of control matters to the choices of reservation wages and search intensity as much as some aspects of human capital. The relationship between locus of control and the exit rate from unemployment is non-monotonic: individuals who believe their actions have no effect on outcomes are less likely to exit unemployment than are individuals with average locus of control beliefs, but so are individuals who believe very strongly that their actions determine outcomes. Finally, job seekers who believe they exercise control over outcomes do not earn higher wages once they find employment than their more fatalistic peers, confirming that locus of control is not a productivity-enhancing skill but rather an influence on beliefs about job search. Given the costs and time associated with developing the human capital of the unemployed, the findings suggest that the manipulation of beliefs through counseling and encouragement may be an efficient and cost-effective means of furthering public policy aims.

The second essay of my dissertation, “Locus of Control in Expectation Formation and Search: An Experimental Investigation,” complements my job market paper by examining how the perception of control affects the formation of beliefs and search behavior in a laboratory experiment. Subjects perform effort tasks in order to receive offers of monetary compensation, but the return to this effort in terms of the number of offers received is uncertain. Conditional on receiving an offer, subjects decide whether to accept the offer or perform additional effort tasks in the hope of receiving new offers. Prior to receiving offers, subjects indicate their beliefs about the rate of return to effort and a minimum acceptable offer. The experiment is the first to directly assess how locus of control—measured by Rotter’s Locus of Control Scale—affects beliefs about the efficacy of effort when the return to effort is uncertain, how these beliefs evolve with experience, and how these beliefs affect “search behavior” and the minimum acceptable offer policy.

In the final paper of my dissertation, “Skills, Standards, and Disabilities: How Youth with Learning Disabilities Fare in High School and Beyond,” I investigate how having a learning disability affects the probability of high school graduation and other post-secondary outcomes. Controlling for cognitive ability, noncognitive skills, personal and family characteristics, and school resources and policies, I find that learning disabled youth are more likely to graduate from high school than their observationally equivalent peers. To examine whether this success is the result of the additional attention and resources devoted to learning disabled youth or the lower standards to which they may be held, I study how these youth fare after high school. While I find evidence consistent with learning disabled youth acquiring additional skills as a result of the attention and resources devoted to them, my findings strongly suggest that learning disabled youth benefit from being held to lower standards in high school.