

# Test-optional Admissions and Job Market Performance: Experimental Evidence from Japan\*

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## Abstract

We analyze how test-optional admissions affect students' job market outcomes. To this end, we conduct an experiment that corrects employers' misperceptions about the prevalence of test-optional admissions in Japan, where both test-optional and test-based admissions co-exist within the same schools and programs. We find that test-optional admissions function as a signal of students' ability and induce statistical discrimination against test-optional applicants during resume screening. This discount applied to test-optional applicants is particularly pronounced at lower-ranked institutions, which tend to enroll students from lower socioeconomic backgrounds. Consequently, the adoption of test-optional admissions may disproportionately harm these students in the labor market.

**Keywords:** Test-optional admissions; Survey experiment; Job market; Statistical discrimination; Inequality

**JEL classification:** C91, J22, J24, J71

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