A Brief Introduction to Chen and Kao (2020)

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1 Main Ideas
1.1 What is the question?

The authors study the decentralized college admissions in the United States and the centralized college admissions in Taiwan, how to find the optimal outcome via expanding strategy and conflicting strategy, and how to find suitable students. What is the reason the expanding strategy is not generally adopted in Taiwan? Why many prestigious colleges bundle the expanding strategy and conflicting strategy to screen students in the United States?

1.2 Why should we care about it?

Because colleges would like to attract students who are talented and fit their proficiency, to keep their academic competitivity and to avoid resource misallocation.

Real-world examples
Every admissions season, each school tries to choose the most talented students they can meet.

1.3 What is your (or the authors') answer?

As school adopts the expanding strategy, they benefit from a calibre effect in a larger application pool. Still, they suffer from a mismatch effect due to the absence of measuring applicants' capacity in specific subjects. Schools adopt expanding strategy if the calibre effect dominates the mismatch effect. When colleges have similar levels of prestige, the mismatch effect can be partially eliminated by using a conflicting strategy, such as early decision programs or simultaneous exams.

In their model, both the best and second-ranked colleges can gain from using a conflicting strategy, admit more desired students from a medium-sized pool formed by students' choices. Moreover, both colleges use a combination of the conflicting strategy and the expanding strategy; the equilibrium outcome can be efficient and stable in a decentralized college admissions scenario.

1.4 How did you (or the author's) get there?

They categorize students into good and ordinary, science-stream and humanities-stream, four types of students in total. Colleges prefer good and suitable students—they design different mechanisms to study the corresponding equilibria.