

Do Peers Matter? Estimation of Peer Effects from Pupil Mobility Between Schools

Steve Bradley and Jim Taylor

The peer effect on an individual's test score gain during the final two years of compulsory education is estimated. We address the problems of simultaneity and selection bias by estimating peer effects only for those pupils changing schools. Simultaneity bias is reduced since each pupil in the same sample has a different peer group at the beginning and end of their final two years of compulsory education. Selection bias is reduced by using test score gain during the last two years of compulsory education to measure the change in attainment rather than its level. We conclude that peer effects are present but that they benefit low ability pupils more than high ability pupils. We also find that ability heterogeneity at school level is beneficial only for low ability pupils and disadvantages pupils in middle ability groups.

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