

Microeconometric Evaluation and the Selection Bias

A Practical Survey of Nonparametrical Solution Methods

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Abstract

The application of evaluation strategies becomes more important in certain fields of study. The problem of self-selection associated with microeconomic evaluation can be solved in different ways, but nonparametric solutions are most popular.

The study gives an overview of nonparametric solution methods for this problem. The aim is to close the gap between introductory and the more sophisticated literature and to give practical guidance for the choice of the appropriate method for empirical application. The assumptions, as well as advantages and drawbacks, for empirical application and the data base requirements are described for every approach. It becomes clear that there is no 'magic bullet'. For an unbiased estimation the assumptions have to be fulfilled and the data at hand must be compatible with the respective method.



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