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Semiparametric Selection Models with Binary Outcomes
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Abstract:
This paper addresses the estimation of a semiparametric sample selection index model where both the selection rule and t
outcome variable are binary. Since the marginal effects are often of primary interest and are difficult to recover in a
semiparametric setting, we develop estimators for both the marginal effects and the underlying model parameters. The mar
effect estimator only uses observations which are members of a high probability set in which the selection problem is not
present. A key innovation is that this high probability set is data dependent. The model parameter estimator is a quasi-
likelihood estimator based on regular kernels with bias corrections. We establish their large sample properties and provide
simulation evidence confirming that these estimators perform well in finite samples.

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