



How important is pro-social behaviour in the delivery of public services? [☆]

Paul Gregg ^{a,b}, Paul A. Grout ^{a,c}, Anita Ratcliffe ^a, Sarah Smith ^{a,d,*}, Frank Windmeijer ^{a,d}

^a Department of Economics and Centre for Market and Public Organisation, University of Bristol, 2 Priory Road, Bristol, BS8 1TX, UK

^b Centre for Economic Performance, London School of Economics, UK

^c Centre for Economic Policy Research, UK

^d Institute for Fiscal Studies, UK

ARTICLE INFO

Article history:

Received 9 September 2009

Received in revised form 27 October 2010

Accepted 7 March 2011

Available online 15 March 2011

JEL classification:

H11

J32

J45

L31

L32

Keywords:

Pro-social behaviour

Public services

Donated labour

Motivation

ABSTRACT

A number of papers have suggested that pro-social behaviour in the workplace may be sensitive to the institutional environment, but there is little empirical research that attempts to test this directly using data on worker behaviour. This is the aim of this paper. We show that individuals in the non-profit sector are significantly more likely to do unpaid overtime than those in the for-profit sector. However, we find no evidence of adjustment along either the extensive or intensive margins when individuals change sectors. The results of our analysis therefore point to selection and we find supporting evidence that individuals do self-select on the basis of their propensity to donate labour.

© 2011 Elsevier B.V. All rights reserved.

1. Introduction

The themes of other-regarding preferences, intrinsic motivation, and pro-social behaviour have been ever-present in some form in economics, albeit often under different nomenclature (Smith, 1759, provides an early reference), but they have recently become the focus of mainstream economic research. In particular, there is now a large and growing body of theoretical research on intrinsic motivation and pro-social behaviour and their sensitivity to the institutional environment particularly for-profit and non-profit organisations.¹ One line of this research suggests that selection and matching effects between individuals and organisations according to pro-social motivation or “mission” will be important (Besley and Ghatak, 2003, 2005; Delfgaauw and Dur,

2007; Dixit, 2002; Francois, 2007). Another emphasises individual self esteem and signalling motives (e.g., Andreoni and Bernheim, 2009; Benabou and Tirole, 2006; and Ellingsen and Johannesson, 2008). A third focuses on the absence of the profit motive, suggesting that the non-profit form can prevent the diversion of the benefits of pro-social behaviour toward greater profit rather than higher quality, which may encourage greater trust and also impact on the incentive to engage in pro-social behaviour (e.g., Arrow, 1975; Francois, 2000, 2003; Glaeser and Shleifer, 2001; Hansmann, 1980; Rose-Ackerman, 1996).

A number of field and laboratory experiments have been used to explore how pro-social behaviour is affected by the institutional environment. Many of the findings are consistent with the idea that high powered incentives and the profit motive reduce pro-social behaviour although this is not unanimous (e.g., Ariely et al., 2009; Frey and Oberholzer-Gee, 1997; Fehr and List, 2004; Gneezy and Rustichini, 2000; Mellstrom and Johannesson, 2008). However, while these experiments cover a broad variety of situations and have diverse approaches, there has to date been little analysis of the relationship between pro-social behaviour and institutional environment using data on individuals' behaviour in the workplace.²

² A number of studies have used evidence on self-reported behaviour such as Frank and Lewis (2004) who find a relationship between the type of organisation that people work for and their stated level of effort.

[☆] This research was funded by the Economic and Social Research Council (ESRC). Data from the British Household Panel Survey were made available by the ESRC Data Archive. We gratefully acknowledge comments from Jim Andreoni, Patrick Francois, participants at seminars at CMPO and the University of Cambridge and at the 2009 CMPO workshop, “Public services and worker motivation”.

* Corresponding author at: Department of Economics and Centre for Market and Public Organisation, University of Bristol, 2 Priory Road, Bristol, BS8 1TX, UK.

E-mail addresses: paul.gregg@bristol.ac.uk (P. Gregg), p.a.grout@bristol.ac.uk (P.A. Grout), anita.ratcliffe@bristol.ac.uk (A. Ratcliffe), sarah.smith@bristol.ac.uk (S. Smith), f.windmeijer@bristol.ac.uk (F. Windmeijer).

¹ See Meier (2007) for an overview.

The aim of this paper is to investigate the relationship between institutional structure and pro-social behaviour using a measure of actual pro-social behaviour in the workplace – unpaid overtime or “donated labour”. We test whether employees in non-profit organisations behave more pro-socially than their equivalents in for-profit organisations, as suggested by a number of theories. We also try to shed light on the mechanism through which any such observed relationship comes about. As discussed above, one strand, e.g., Francois (2000), suggests that we should observe a relationship between non-profit and pro-social behaviour because the non-profit form enables and fosters pro-social behaviour in a way that for-profit cannot because it cannot commit *ex ante* not to expropriate any donated labour. This points to there being an effect of institution on pro-social behaviour. By contrast, the mission-matching approach (e.g., Besley and Ghatak, 2005) suggests that individuals and organisations match according to mission. In this case pro-socially motivated individuals may engage in pro-social behaviour in any environment but they are drawn to non-profit organisations with similar missions and it is the selection effect that ensures the association between pro-social behaviour and non-profit.

In the paper we use data from the British Household Panel Survey (BHPS) to investigate the cross section relationship between institutional form and pro-social behaviour and then, to address the selection versus ‘institutional form’ issue, the degree of adjustment in pro-social behaviour when individuals change sectors. The key advantage of the BHPS is that it has the required information on sector of employment (distinguishing public, private and not-for-profit) and on unpaid overtime, a wide array of individual and job specific data, and allows us to exploit the panel to look at what happens when individuals change sector. We show that individuals in the non-profit sector are significantly more likely to do unpaid overtime than those in the for-profit sector. However, we find no evidence of adjustment along either the extensive or intensive margins when individuals change sectors. This result, therefore, rules out institutional effects operating on individuals’ behaviour, implying that the association between pro-social behaviour and sector of employment arises as a result of selection.³

The next section briefly outlines our empirical strategy, while Section 3 contains further details on the data and definitions of key variables. In Section 4 we show that individuals in the non-profit sector are indeed significantly more likely to donate labour, controlling for a wide range of individual- and job-specific characteristics. In Section 5 we estimate a simple fixed effects panel data model which shows no evidence that individuals change their donated labour when they switch sector pointing to a selection mechanism and in Section 6 we present evidence consistent with this. Section 7 concludes.

2. Empirical approach

Our primary aim is to explore whether pro-social behaviour is more prevalent in the non-profit sector. We use unpaid overtime as our measure of pro-social behaviour and estimate the probability that an individual does any unpaid overtime using a linear probability model. We show below that the greatest variation is in this extensive margin. We find evidence that individuals in the non-profit sector are significantly more likely to do unpaid overtime. We include four binary indicators representing the non-profit and for-profit “caring” sectors (defined as health, education and social care) and the non-profit and for-profit “non-caring” sectors (all other industries). The existing literature suggests an association between pro-social behav-

our and caring services, such as health, education and social care (see Francois, 2003). Since these services are more likely to be delivered by the non-profit sector, it is important to control for service-type in comparing across sectors.

A related literature has tried to capture donated labour indirectly by testing for a wage gap between the private sector and the (narrowly-defined) not-for-profit sector in the US (see *inter alia* Preston, 1989; Leete, 2001; Ruhm and Borkowski, 2003; Mocan and Tekin, 2003). The findings of these studies are mixed. However, *ex ante*, individuals in the not-for-profit sector may be paid more than in the private sector because of what Feldstein (1971) termed “philanthropic wage-setting” – the absence of pressure on managers to minimise costs, as well as differences in the tax and regulatory burdens across sectors. Also, in practise, few studies are able to control for all other compensating differentials between the sectors. Looking at the public–private wage gap in the UK, Postel-Vinay and Turon (2007) argue that differences in remuneration between sectors may not be fully captured by current pay because of differential risk of job loss.

An obvious concern with using unpaid overtime is that it may not be donated labour. For example, many individuals do unpaid overtime because it will improve their promotion prospects and result in higher remuneration in the future.⁴ We therefore include a number of controls for such career concerns together with a wide range of controls for individual and job characteristics. Another potential concern is if unpaid overtime is part of an implicit contract over hours. For example, there may be a social norm governing how much nominally unpaid overtime is in fact expected of everyone in the job, possibly compensating for shorter basic hours. Another possibility is that unpaid overtime may be a gift exchange in return for other benefits.

To rule out the possibility that unpaid overtime hours are part of an implicit contract, we look at what happens when individuals switch sectors. If the non-profit premium simply reflected differing social norms across sectors, we would expect to see individuals changing behaviour when they switched sector. We therefore estimate a fixed effects regression where the usual error term is decomposed into a constant individual specific effect and a pure random error term: $u_{it} = \eta_i + v_{it}$. In the fixed effects specification, the sector effects are identified only from individuals who change sector. As shown in Section 5, we find no evidence that individuals change their behaviour when they switch sector. This finding also rules out any institutional effects operating on individuals’ behaviour. This is a strong, and perhaps surprising, result; we show that it is very unlikely to be attributable to measurement error.

This suggests that the estimated non-profit premium reflects the selection of individuals into different sectors on the basis of their pro-social motivation. Put simply, “caring” individuals appear to select themselves into the non-profit sector and “non-caring” individuals into the for-profit sector. Formally, the selection story is that $E(\eta_i | \text{sector}_{it} = s) \neq 0$. In Section 6, we present additional evidence that supports this selection story. We show that individuals who switch from the non-profit caring sector to the for-profit caring sector are less likely to do unpaid overtime (when they are in the non-profit sector) than those who stay in the non-profit caring sector. We also find that individuals who switch from the for-profit caring sector to the non-profit caring sector are more likely to do unpaid overtime when they are in the for-profit sector than those who stay in the for-profit sector.

3. Data

The data we use are taken from the British Household Panel Survey (BHPS). Since 1991 this survey has annually interviewed members of

³ This also rejects that possibility that the observed relationship in the cross-section arises simply as a result of implicit contracts.

⁴ For a discussion of career concerns see Dewatripont et al. (1999).

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات