CHAPTER 6

The Personnel Economics of the Developing State

F. Finan*, B.A. Olken†, R. Pande‡

*University of California, Berkeley, Berkeley, CA, United States
†Massachusetts Institute of Technology, Cambridge, MA, United States
‡Harvard University, Cambridge, MA, United States

1Corresponding author: E-mail: bolken@mit.edu

Contents

1. Introduction 468
2. Stylized Facts on the Architecture of the State and the Role of Individuals 470
   2.1 Key features of the state 470
   2.2 Evidence from household surveys 472
3. The Selection and Recruitment of Public Officials 482
   3.1 Financial incentives 485
      3.1.1 Effects of financial incentives on the applicant pool 485
      3.1.2 Effects of financial incentives on recruitment 487
   3.2 How should governments screen? 488
4. Using Incentives to Improve Performance 491
   4.1 Financial incentives 492
      4.1.1 Incentives for agents of government authority 492
      4.1.2 Incentives for frontline service providers 493
   4.2 Nonfinancial incentives 497
      4.2.1 Transfers and postings 497
      4.2.2 Intrinsic motivation 498
   4.3 Summary 499
5. Monitoring Mechanisms and Public Service Delivery 500
   5.1 Overview 500
   5.2 Information flows and monitoring 500
   5.3 Government monitoring
      5.3.1 Does more information on performance improve outcomes? 500
      5.3.2 Who collects information and does that matter? 503

* The authors thank Nils Enevoldsen and Joyce Hahn for exceptional research assistance, and Abhijit Banerjee, Alan Gerber, and Adnan Khan for comments. The authors acknowledge financial support from the William and Flora Hewlett Foundation and the UK Department for International Development. The views expressed here are those of the authors alone.
Governments play a central role in facilitating economic development. Yet while economists have long emphasized the importance of government quality, historically they have paid less attention to the internal workings of the state and the individuals who provide the public services. This chapter reviews a nascent but growing body of field experiments that explores the personnel economics of the state. To place the experimental findings in context, we begin by documenting some stylized facts about how public sector employment differs from that in the private sector. In particular, we show that in most countries throughout the world, public sector employees enjoy a significant wage premium over their private sector counterparts. Moreover, this wage gap is largest among low-income countries, which tends to be precisely where governance issues are most severe. These differences in pay, together with significant information asymmetries within government organizations in low-income countries, provide a prima facie rationale for the emphasis of the recent field experiments on three aspects of the state-employee relationship: selection, incentive structures, and monitoring. We review the findings on all three dimensions and then conclude this survey with directions for future research.

Keywords
Financial incentives; Public sector; Public sector wage gap; Public service delivery or public goods; State capacity

JEL Codes
H40; M50; O10; O43

1. INTRODUCTION
Countries vary in their quality of governance, and by almost any measure, governance is significantly worse in low-income countries. For instance, the World Bank’s Worldwide Governance Indicators project rank low-income countries substantially lower than the high-income countries that are members of the Organization for Economic Cooperation and Development (OECD) on government effectiveness (average percentile rank of 17.3 compared to 87.9 in 2014). For frontline service providers, such as teachers and nurses, a well-known study of six developing countries found that 19 percent of public primary school teachers and 35 percent of public health care workers were absent at the time of random unannounced visits to schools and clinics. The absenteeism was worse in poorer countries and in poorer states within India, with the worst absenteeism rates approaching 40 percent (Chaudhury et al., 2006). Given the natural role governments play in facilitating development, whether by providing public goods, addressing
دریافت فوری متن کامل مقاله

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