

Accepted Manuscript

Are bureaucrats paid like CEOs? Performance compensation and turnover of top civil servants

Benny Geys, Tom-Reiel Heggedal, Rune J. Sørensen



PII: S0047-2727(17)30092-0
DOI: doi: [10.1016/j.jpubeco.2017.05.006](https://doi.org/10.1016/j.jpubeco.2017.05.006)
Reference: PUBEC 3776
To appear in: *Journal of Public Economics*
Received date: 30 January 2017
Revised date: 30 May 2017
Accepted date: 31 May 2017

Please cite this article as: Benny Geys, Tom-Reiel Heggedal, Rune J. Sørensen , Are bureaucrats paid like CEOs? Performance compensation and turnover of top civil servants, *Journal of Public Economics* (2017), doi: [10.1016/j.jpubeco.2017.05.006](https://doi.org/10.1016/j.jpubeco.2017.05.006)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Are Bureaucrats Paid like CEOs? Performance Compensation and Turnover of Top Civil Servants*

Benny Geys, Tom-Reiel Heggedal and Rune J. Sørensen

Norwegian Business School BI, Department of Economics, Nydalsveien 37, 0484 Oslo, Norway
Email: benny.geys@bi.no; tom-reiel.heggedal@bi.no; rune.sorensen@bi.no

Abstract

Recent research explores the effect of financial and career incentives on public-sector hiring processes and subsequent performance. The reverse relation between performance and bureaucrats' compensation and turnover has received only limited attention. Due to the distinct features of public-sector organizations, bureaucrats are traditionally argued to require either permanent positions and fixed wages, or low-powered performance incentives. This article studies how the performance of top civil servants in Norwegian local governments affects their compensation and turnover. We thereby build on a unique new dataset over the period 1991-2014. Our results indicate that better performing top civil servants obtain a higher compensation and are less likely to be replaced. Nonetheless, these incentives remain low-powered in line with agency theory prescriptions.

Key words: Bureaucracy, performance pay, public administration, executive compensation, Norway.

JEL codes: D73, H11, H70, L30.

Highlights

- Top civil servants in local government are rewarded for good performance.
- Better budgetary outcomes translate into higher wages and lower turnover.
- Improving negative budgetary outcomes has stronger effects than further increasing budget surpluses.
- Pay-for-performance remains modest, consistent with low-powered incentives in the public sector.

* Please address correspondence to Benny Geys – email: benny.geys@bi.no; Tel: + 47 4641 0923. We are grateful to the editor (Erik Snowberg), two anonymous referees, Christian Brinch, Maria Luisa Ratto, Emma Tominey, and Danielle Zhang for insightful comments on a previous version. Rune J. Sørensen has benefitted from support from the Norwegian Research Council project “Financing local governments: Determinants of taxes and grants”, conducted by Senter for økonomisk forskning (SØF). Some of the data employed here are based on Norwegian Social Science Data Services' (NSD's) Archive of local government (“Kommunedatabasen”). NSD is not responsible for the analyses/interpretation of data presented here.

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