

Local Governance and Bureaucrats' Performance: What Really Matters?

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Motivation

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- ▶ Recent debate over local bureaucrats and their related performance especially in developing countries
- ▶ Education level and monetary incentive as a key driver of bureaucrat's performance (Dal Bo et al, 2013; Evans and Rauch, 2000; Ashraf et al, 2014)
- ▶ Incumbents have a preference for more educated depending on the importance of the job, even in a favoritism setting (Iyer and Mani, 20012; Labonne and Fafchamps, 2017).

Literature Review

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- ▶ In Benin, quite inexistent

Research Question

- ▶ what does really matter for bureaucrats' performance even in a favoritism environment.

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- ▶ After estimating the bias arising from the selection on the unobservables, we find that the matching effect on performance is real and the established relationship is causal.
- ▶ Moreover, the selection on unobservables must be as large as 6 times stronger than our observables to explain away the the skill-position adequacy effect on performance.

Institutional environment

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- ▶ Till the time of this study, the law on decentralization allows the Mayor to hire, appoint and if necessary to trigger a firing process
- ▶ In this environment, favoritism especially clientelism is the mechanism, the most used in the allocation of public job in the local administration (Wantchekon, 2003; De Sardan, 2008; Bierschenk and de Sardan, 2014)

Data Section

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- ▶ Roughly speaking, office heads were asked questions related to their professional career and individual characteristics.
- ▶ Finally, we ended up with a representative sample of 322 individuals with 96.88 percent of response.
- ▶ Afterward, we use Audits Report stemming from these local administration mainly to compute individual performance index and others checks.

Summary Statistics Table

Variables	Obs	Mean	Std. Dev	Min	Max
Panel A					
Bureaucrats performance	322	8.515969	5.623601	1.1706	21.7525
Proportion of skilful	323	.8142415	.3895151	0	1
Proportion of Matched Bureaucrats	322	.552795	.4979787	0	
Wage	322	125922.4	38361.78	52500	200000
Years of Education	322	15.65528	2.43593	6	18
Years of Experience	322	4.807453	3.273638	1	15
Age	322	38.97826	6.859254	24	62
Proportion of Married	323	.8544892	.3531622	0	1
Proportion of Men	323	.8235294	.3818115	0	1
Family size	322	5.329193	2.276184	1	16
Panel B					
Bureaucrats with bonus incentive	322	.5652174	.4965	0	1
Office size	322	3.158385	2.215017	1	19
Bureaucrats who attended a training	322	.5931677	.4920077	0	1
Trained before being appointed	322	.2826087	.4509685	0	1
Direct Appointees	322	.2919255	.4553558	0	1
Panel C					
Bureaucrats from the Mayor ethnic group	323	.5696594	.495892	0	1
Bureaucrats born in the Municipality	323	.622291	.4855665	0	1
Local Bureaucrats	323	.7182663	.4505422	0	1
Bureaucrats mastering the Community	322	.6583851	.4749893	0	1

Main Specification

- ▶ For the purpose of this study, we quantify the effect of Skill-Position-Matching on individual bureaucrats performance using the following linear model:

$$Perf_{ia} = \beta Matching_{ia} + X'_{ia}\lambda + W'_{ia}\delta + \mu_a + \varepsilon_{ia} \quad (1)$$

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$$Perf_{ia} = \beta Matching_{ia} + X'_{ia}\lambda + W'_{ia}\delta + S'_{ia}\rho + \mu_a + \varepsilon_{ia} \quad (2)$$

Matching Effect

VARIABLES	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS
skill_adequacy	9.780*** (0.404)	3.360*** (0.701)	2.003*** (0.771)	3.310*** (0.665)	2.141*** (0.739)
Administration FE	NO	YES	YES	YES	YES
Bureaucrats' Control	NO	NO	YES	NO	YES
Office's Control	NO	NO	NO	YES	YES
Observations	322	322	322	322	322
R-squared	0.508	0.722	0.755	0.752	0.783

Robust standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Matching Effect: Extended Model

VARIABLES	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS
skill_adequacy	2.141*** (0.739)	2.149*** (0.740)	2.166*** (0.738)	2.141*** (0.740)	2.252*** (0.748)	2.283*** (0.750)
ethnicity		-0.419 (0.773)				-0.503 (0.863)
place			0.387 (0.721)			0.224 (0.908)
orig				0.00364 (0.784)		-0.521 (1.053)
local_knowledge					1.109 (0.787)	1.313 (0.866)
Administration FE	YES	YES	YES	YES	YES	YES
Bureaucrats' Control	YES	YES	YES	YES	YES	YES
Office's Control	YES	YES	YES	YES	YES	YES
Observations	322	322	322	322	322	322
R-squared	0.783	0.783	0.783	0.783	0.784	0.785

Robust standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Matching Effect: Accounting for eligibility

VARIABLES	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS
skill_adequacy	2.954*** (0.865)	1.698** (0.843)	2.105*** (0.784)	2.220*** (0.782)	2.330*** (0.788)
ethnicity				-0.371 (0.979)	-0.431 (0.981)
place				1.587 (1.043)	0.931 (1.136)
orig				-0.461 (1.171)	-0.733 (1.162)
local_knowledge					1.791* (0.986)
Administration FE	YES	YES	YES	YES	YES
Bureaucrats' Control	NO	YES	YES	YES	YES
Office's Control	NO	NO	YES	YES	YES
Observations	262	262	262	262	262

Matching Effect: Accounting for eligibility and Ability

VARIABLES	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS
skill_adequacy	4.655*** (1.572)	3.374** (1.388)	3.377** (1.385)	3.384** (1.385)	3.553*** (1.325)
ethnicity				-0.185 (1.568)	-0.0443 (1.525)
place				0.620 (1.798)	-0.524 (1.988)
orig				-1.574 (1.978)	-2.138 (1.961)
local_knowledge					3.068** (1.473)
Administration FE	YES	YES	YES	YES	YES
Bureaucrats' Control	NO	YES	YES	YES	YES
Office's Control	NO	NO	YES	YES	YES
Observations	140	140	140	140	140

Bias Estimation and Causal Matching Effect

VARIABLES	(1) Full Sample	(2) Eligible	(3) Accounting for Ability
skill_adequacy	2.283*** (0.750)	2.330*** (0.788)	3.553*** (1.325)
Bias from Unobservables	12.95 (5.53)	4.10 (2.56)	0.63 (2.31)
Administration FE	YES	YES	YES
Bureaucrats' Control	YES	YES	YES
Office's Control	YES	YES	YES
Other Control	YES	YES	YES
Observations	322	262	140
R-squared	0.785	0.814	0.892

Robust standard errors in parentheses

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Conclusion

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- ▶ We find above all that has been said, that skill-position matching is what matters the most for individual bureaucrat to be performant
- ▶ Also the matching effect is causal even under favoritism
- ▶ Overall, evidences suggest to offset incumbents' implication power in both hiring or appointment process by enhancing civil service regulation, especially at the local level.

Thank you for your attention

Let's use more evidences to make our Communities better off