Measuring and Evaluating Determinants of Public Administration Productivity

Bureaucracy Lab
Development Impact Evaluation | Global Governance Practice
October 22-25, 2019, Brussels, Belgium
Managers and Productivity in the Public Sector

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Motivation

- The **public sector is a large** share of modern economies
  - 18% of workers in OECD countries
  - 28% - 57% of gov. spending on GDP in OECD countries

- Growing literature on managers and managerial practices in the private sector, **less is known about their impact in the public sector**
  - limited tools (e.g. firing, promotions, incentive-pay schemes)
  - important role due to the lack of incentives for employees to perform

- Tremendous geographic **variation in public service delivery** (even among homogeneous goods).
Research Questions

1. Do managers matter in the public sector?
2. How do they matter?
3. Can we increase aggregate productivity by reallocating managers across offices?
Data and Context

- **Data**: Administrative data from the Italian Social Security Agency

- **Main outcome**: Direct measure of $P$: output (claims processed) per worker

- **Empirical Strategy**: Exploit quasi-experimental manager rotation across offices to decompose office productivity into a manager and office component
Stylized Fact I:
Large Dispersion in Office Productivity
Stylized Fact II:
Wide Variation Across and Within Regions
Main Findings

1. Do managers matter in the public sector?
   A 1 SD increase in managerial quality is associated with a 10% increase in office productivity

2. How do they matter?
   Better manager are able to change the composition of workers in the office they supervise

3. Can we increase aggregate productivity by reallocating managers across offices?
   Aggregate P ↑ by 6.9% by optimally reallocating managers (lower bound)
Thank you!

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