

# The Impact of Bureaucratic Incentives on Government Performance: A Comparison of Three Papers

**Justin Zheng**<sup>1</sup>

University of Michigan, Ann Arbor,  
MI, USA

## Abstract:

This paper compares three influential studies on bureaucratic incentives and government performance. It examines how recruitment, financial incentives, and public service motivation affect bureaucratic behavior and state capacity. The analysis highlights the trade-offs between attracting talented candidates and preserving intrinsic motivation, providing insights for public sector reform.

**Keywords:** Bureaucracy; Incentives; Government Performance; Public Service Motivation; State Capacity

## 1. Introduction

Bureaucracies play a key role in the operation of modern governments, and their incentives have a significant impact on government performance. Three papers from Cornell University discuss bureaucratic incentives in different countries and contexts, revealing the critical impact of bureaucratic staff selection, performance, and social motivation on government operations. This paper compares these three papers, examines how bureaucratic incentives affect government performance, and presents arguments for government reform and talent management.

## 2. Political Economy - Bureaucrats

In the "Political Economy - Bureaucrats" paper, researchers focus on the impact of bureaucratic capacity on politicians' performance. By examining bureaucratic selection and performance incentives, they emphasize the importance of selecting the right types of bureaucrats and providing them with appropriate incentives. The study sheds light on how governments should attract high-quality bureaucrats

in order to improve their operational efficiency and performance.

"Strengthening national capacity" and good governance requires attracting high quality bureaucrats. The study focused on the impact of incentives, both financial and non-financial, on the recruitment of suitable candidates. This research emphasizes how higher wages attract better candidates, but also raises the question of how high wages may attract candidates with weaker incentives for public service.

Overall methodology was also important in this study, as the researcher used a random assignment of wages to measure the overall effect of both financial and non-financial incentives. This approach helps to understand how wages affect bureaucratic selection and performance and provides important insights into government talent management.

Summary: This paper emphasizes the importance of bureaucratic selection and incentives for government performance. It reminds us of how governments can attract high-quality bureaucrats and calls for more in-depth research on how to balance wage incentives and public service motivation.

"Strengthening State Capacity" Good governance

requires attracting the resources needed for the state to function well.

"The Role of Incentives" by Duflo et al.

"The study by Duflo et al. focuses on bureaucratic incentives in the education sector, particularly teacher attendance. They explored whether financial incentives are an effective way to improve teacher attendance and the quality of education. This study reveals the complexity and uncertainty that may exist with incentives.

**KEY TAKEAWAYS:** While standard theory suggests that incentives should be able to increase productivity, the study found that incentives may not be strong enough and may even crowd out teachers' intrinsic motivation. This suggests that incentives need to be designed with more consideration to ensure that they have a positive impact on government performance.

To summarize: Duflo et al.'s study raises new questions about bureaucratic incentives and highlights the need for governments to consider a variety of factors when designing incentives to ensure their effectiveness.

### 3. Comparison and Conclusion

These three papers share a common focus on the impact of bureaucratic incentives on government performance, but have been studied from different perspectives and contexts, and offer some valuable insights. First, from a political economy perspective, choosing the right type of bureaucrats and providing them with appropriate incentives is critical to government performance. Higher wages can attract better candidates but may bring in less motivated bureaucrats, hence the need to weigh economic incentives against public service motivation.

Second, the paper "Strengthening State Capacity" emphasizes the importance of highly qualified bureaucrats, but also raises the issue that high wages may lead to reduced incentives for public service. This suggests that Governments need to consider a number of factors when recruiting bureaucrats to ensure that both performance and motivation are taken into account.

Finally, the study by Duflo et al. highlights the complexity of incentives. Although incentives are designed to improve teacher attendance and educational quality, their effects can be complicated by the interaction between teachers' intrinsic motivation and external incentives. This emphasizes the need for governments to think deeply when designing incentives to ensure their positive impact on government performance.

Taken together, these three papers provide insights into bureaucratic incentives that highlight important challenges for governments in talent management and policy development. Governments need to consider the characteristics

of bureaucrats in different contexts in an integrated manner and weigh various incentives to ensure that bureaucrats are able to contribute positively to the improvement of government performance and the promotion of social development. These studies provide useful references and reflections for government reform and governance to better meet the needs and challenges of society.

1. Ashrat, Nava, Oriana Bandiera, Edward Davenport, and Scott S. Lee. 2020. "Losing Prosociality in the Quest for Talent? Sorting, Selection, and Productivity in the delivery of Public Services." *American Economic Review*

In modern societies, government institutions play a vital role in maintaining order, providing public services and promoting national development. In order to achieve these goals, governments need to rely on bureaucratic institutions, the performance and efficiency of which depend to a large extent on attracting and retaining good bureaucrats. However, how to attract and motivate these bureaucrats has been a matter of great concern. In this paper, we distill ideas from three research papers on bureaucratic attraction and motivation that explore the relationship between bureaucrats' abilities, motivations, and incentives.

First, research has shown that the performance of government organizations is closely related to the competence of bureaucrats. Bureaucrats with high levels of competence are more likely to perform well in the performance of their duties, making it crucial to attract and select candidates with high skills. However, this is not the only consideration. At the same time, a bureaucrat's motivation for public service is a key factor in his or her performance. Bureaucrats who are highly skilled but lack public service motivation may not put their best efforts into their work, and therefore a balance of skills and motivation needs to be considered in the recruitment of bureaucrats.

Secondly, the study also emphasizes the role of incentives in bureaucratic attraction and performance. These mechanisms include economic and non-economic incentives such as wages, career opportunities, and social influence. The study found that high wages can attract more and more competent candidates, but at the same time may lead to less motivated bureaucrats entering government organizations. Therefore, a combination of factors needs to be taken into account in incentives to ensure that both competent and motivated bureaucrats are attracted.

In addition, the study reveals the impact of different job attributes on bureaucrat recruitment. Job attributes include factors such as the attractiveness of the workplace and the urban environment. In some cases, poorer job attributes may lead to increased recruitment difficulties, but higher wages can partially or fully compensate for these disadvantages. This suggests that governments need to take into account the characteristics of different regions and work

environments when recruiting bureaucrats and develop appropriate incentive strategies.

In conclusion, the government needs to think carefully about how to attract and motivate good bureaucrats in order to improve the performance of government organizations and the quality of public services. This involves the selection of suitable bureaucratic candidates, a comprehensive consideration of their abilities and motivation, and the development of effective incentive mechanisms to ensure that they can maximize their roles in government agencies. The situation varies from country to country and region to region, and thus requires context-specific strategies. These studies provide useful insights to help governments better understand how to optimize bureaucratic incentives for more efficient governance and public services.

2. Duflo, Esther, Rema Hanna, and Stephen Ryan. 2012 "Incentives Work: Getting Teachers to Come to School." *American Economic Review*

The attraction and selection of suitable bureaucratic members has been a topic of great interest in the search for talent in government departments, especially in the area of public service delivery. This paper will analyze three research papers on bureaucratic recruitment and performance, focusing on the social affinity, career aspirations and incentives of bureaucrats and the impact of these factors on the efficiency of public services.

First, the study by Ashraf et al. (2020) designed an experiment aimed at quantifying the impact of agent selection on service efficiency. They focused on a national recruitment drive for a government health position in Zambia, which entailed the provision of health care services in remote rural areas. The study sought to answer an important question: when selecting bureaucrats, is it more important to choose candidates with strong social affinities or candidates with more professional ambitions and talents? The results of the study suggest that choosing the latter will improve the efficiency of service delivery to some extent, as they are more willing to devote themselves to their work.

Interventions in job advertisements shed further light on this point. One set of advertisements emphasized the benefits of helping the community, while the other emphasized career opportunities in the civil service. It was found that the advertisements emphasizing career opportunities attracted applicants with more skills and career aspirations. This implies that emphasizing career opportunities in the bureaucratic recruitment process may lead to the selection of more competent and career-ambitious candidates.

In addition, the study looked at the effect of treatment on candidate selection and performance. The results show that treatment has an effect on worker choice, but this ef-

fect diminishes after training. However, treatment had a positive effect on worker commitment, with workers more willing to invest more time and effort, especially those attracted by career opportunities in the civil service. This suggests that the right incentives can improve bureaucratic performance and work engagement.

Finally, the study also analyzes the impact of treatment on health facility use and health outcomes. The results showed that workers who received treatment significantly increased health facility utilization and improved health practices and health outcomes of the households they served. This further emphasizes the importance of choosing the right bureaucrats and providing the right incentives to improve the efficiency of public services.

In summary, these findings emphasize the need to consider a combination of bureaucrats' social affinity, career aspirations, and incentives when seeking talent in the government sector. Selecting bureaucrats with career aspirations and talents may enhance service efficiency, but appropriate incentives are also needed to ensure that they are fully committed to their work. These findings can help governments better understand how to optimize bureaucratic recruitment and management to deliver higher quality public services.

3. Dal Bo, Ernesto, Federico Finan, and Martin Rossi. 2013. "Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service." *The Quarterly Journal of Economics*

4. "Putting a Band-Aid on a Corpse: Incentives for Nurses in the Indian Public Health Care System," Banerjee et al. The article deals with the application of incentives in the Indian public service, focusing on education and health-care respectively. The papers provide important insights into how to improve bureaucratic performance, and although they focus on different areas, they share many similarities.

First, both papers recognize the problem of bureaucratic absenteeism in the public service. In "The Role of Incentives," the authors point to the high absenteeism of public elementary school teachers in India, while in "Putting a Band-Aid on a Cadaver," the authors focus on absenteeism among midwives in the health care system. Both areas are adversely affected by bureaucratic absenteeism on service delivery.

Secondly, both papers attempt to address the problem of bureaucratic absenteeism by introducing incentives. In "The Role of Incentives," the authors encourage teachers to improve their attendance by introducing financial incentives into their salaries. In "Putting a Band-Aid on a Cadaver," the authors take a similar approach by incentivizing midwives to attend by monitoring their attendance and adjusting their salaries based on attendance.

In addition, both papers emphasize the complexity of incentives. In *The Role of Incentives*, the authors raise the key issue that incentives may crowd out teachers' intrinsic motivation, leading them to work less hard. Similarly, in *Putting a Band-Aid on a Corpse*, the authors point to the risk that incentives may be abused, for example, by midwives who may apply for more 'exemption days'. To some extent, the effectiveness of incentives is questioned. In *The Role of Incentives*, although teacher attendance improved, the authors have not clearly shown whether student learning actually improved. In *Putting Band-Aids on Cadavers*, although the monitoring system was initially very effective, over time the health administration and nurses seem to have succeeded in undermining the incentive program.

Finally, both papers also deal with the complexity and distribution of power in government bureaucracies. In *The Role of Incentives*, teachers are described as political forces that may resist attempts at stricter attendance rules. In *"Putting a Band-Aid on a Cadaver,"* the relatively weak

power of local governments over health administrations may help explain why nurses can more easily apply for "exemption days."

Overall, these two papers emphasize the complexities and challenges of introducing incentives in public services. They also highlight the importance of the distribution of power and intrinsic motivation in the bureaucracy in responding to incentives. Ultimately, these studies provide important insights for governments and policymakers on how to improve bureaucratic performance in order to deliver higher quality public services.

## References

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