

Recruitment, Effort, and Retention Effects of Performance Contracts for Civil Servants

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This paper reports on a two-tiered experiment designed to separately identify the selection and effort margins of pay-for-performance (P4P). At the recruitment stage, teacher labor markets were randomly assigned to a 'pay-for-percentile' or fixed-wage contract. Once recruits were placed, an unexpected, incentive-compatible, school-level re-randomization was performed, so that some teachers who applied for a fixed-wage contract ended up being paid by P4P, and vice versa. By the second year of the study, the within-year effort effect of P4P was 0.16 standard deviations of pupil learning, with the total effect rising to 0.20 standard deviations after allowing for selection.

Leaver, Clare, Owen Ozier, Pieter Serneels, and Andrew Zeitlin. 2020. "Recruitment, Effort, and Retention Effects of Performance Contracts for Civil Servants: Experimental Evidence from Rwandan Primary Schools." World Bank Policy Research Working Paper 9395. <http://documents1.worldbank.org/curated/en/440111599837928395/pdf/Recruitment-Effort-and-Retention-Effects-of-Performance-Contracts-for-Civil-Servants-Experimental-Evidence-from-Rwandan-Primary-Schools.pdf>