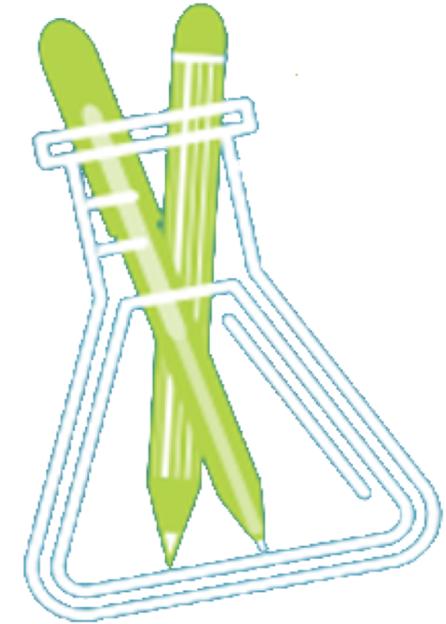


Measuring and Evaluating Determinants of Public Administration Productivity

Bureaucracy Lab

Development Impact Evaluation | Global Governance Practice

October 22-25, 2019, Brussels, Belgium



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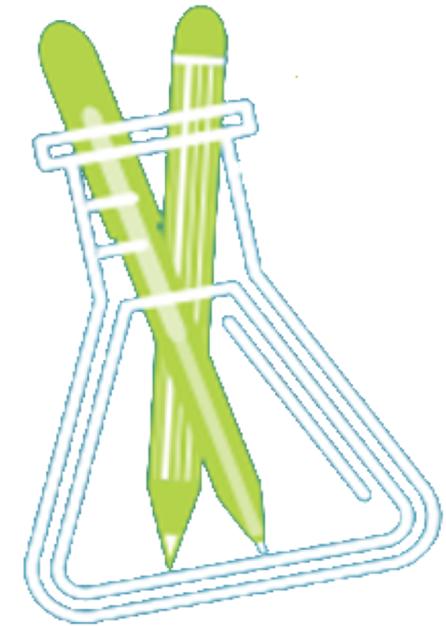
Managers and Productivity in the Public Sector

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Italian Social Security Agency (INPS)

- Istituto Nazionale di Previdenza Sociale (INPS) - since 1933
- Large centralized government agency (30,000 employees)
- Main HQ in Rome, ~ 20 Regional HQ, ~ 100 main offices, ~400 local branches
- Each employee has a workstation, and they work on the same software to review and approve/reject claims
- 30 years ago INPS created a rudimental set of statistics to keep track of office over time. **These statistics have developed into sophisticated system to monitor office performance**



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Measuring Productivity

- Productivity is notoriously hard to measure (especially so in the public sector).
- Observability and measurability
- INPS employees perform routine tasks
- **Productivity** $_{it} = \frac{\text{Output}_{it}}{\text{Worker}_{it}} = \frac{\sum_{k=1}^K C_{k,it} W_{k,it}}{FTE_{it}}$

$C_{k,it}$: # claims of type k processed by office i at time t

$W_{k,it}$: weight associates to $C_{k,it}$

FTE_{it} : full time equivalent workers of office i at time t

- there are more than 1,000 products and hence weights
- it is analogous to the SMV (or SAM)
- weights represent how many hours it should take on average to process each claim.



Measuring Quality

- Is there a trade-off between volumes and quality of the service provided?
- **Quality index:** weighted average of two components:
 - **Timeliness** (share of claims processed within the first 30 days)
 - **Error rate** (share of claims that have to be processed again because of an error in initial processing).
 - How are mistakes found? audits, routine checks, appeals filed by benefit claimants



Incentive-Pay Scheme

- Managers' earnings= fix component + bonus
- The **bonus** is a sophisticated function of the performance of the office (productivity + quality) relative to
 - I. Production target
 - II. Previous year performance
 - III. National Average
- Recently INPS has divided offices into **clusters** based on their performance and benchmarked their performance against the cluster mean rather than the national average



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Thank you!

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