Personnel Politics: Elections, Clientelistic Competition, and Teacher Hiring in Indonesia

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Source: Jakarta Post
Source: World Bank 2013
Source: World Bank Teacher Census
Failures in the Education Sector

- Weak student learning outcomes (e.g., PISA scores)
- Inefficient spending, especially on teachers (salaries and certification)
- Teacher absenteeism (10-19%)
- Rampant cheating in national exams
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(Small) Research Question

What is the effect of electoral competition on teacher hiring in Indonesia?
(Bigger) Research Questions

1. What is the effect of democratization on public goods provision?
2. What role does electoral competition play for bureaucratic quality?
3. What happens to clientelism when competition between elites intensifies?
Elections and the Bureaucracy

The positive story:

- Voters demand the delivery of high quality public goods and services
- Elections discipline politicians in charge of the civil service
- Meritocracy in the civil service is essential for effective service delivery

→ Elections ought to improve governance of the civil service
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  → Elections ought to improve governance of the civil service
Budget Cycles and Clientelism

...but:

- Elections in a post authoritarian, developing country setting are often different
  - Autocratic elites
  - Low information environment
  - Weak rule of law
  - Low credibility of partisan platforms
  \[\Rightarrow\]
  Clientelism is prevalent (Hanusch & Keefer 2013, 2014)
  \[\Rightarrow\]
  Elections lead to competition between clientelistic elites

- Bureaucrats are essential cogs in the clientelistic machine
  - Direct vote and turnout buying via targeted exchange
  - Colonizing the civil service to gain control over discretionary resources
  - Control over the election process

- Form of Geddes' Politician's Dilemma
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Observable Implications

- Patronage jobs are an important currency in clientelistic exchanges

\textit{H1: An increase in electoral competitiveness will increase hiring in the civil service.}

- Patronage hiring will be particularly pronounced in election years (Hanusch & Keefer 2013, 2014)

\textit{H2: There will be an increase in civil service hiring and financial rewards in election years.}
Empirical Analysis

Empirical Strategy

- An analysis of direct district elections in Indonesia
- Why?
  1. Relevant case
  2. (Plausibly) exogenous and staggered phasing-in of elections in 2005 → Causal identification
     - Hiring in the education sector
     - Certification rates for teachers
- Panel data analysis with parallel trends assumption
Direct Election Effect, Hiring

Empirical Analysis

Election Type

Direct
Indirect

Number of Contract Teachers

0
1000
2000
3000
4000

Number of PNS Teachers

0
1000
2000
3000
4000
5000

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Election Year Effect, Hiring

More Results
Election Year Effect, Certification

District Level

Individual-Level
Distortions?

- No aggregate improvement in student learning
- Contract teachers in election years have lower levels of educational attainment
  - 3.35 vs. 3.41 out of 7, difference of 0.057 significant below the 0.01% level
  - No difference for civil servant teachers
- We know that contract teachers have higher absenteeism rates
- Contract teachers often pressure for conversion to PNS status → huge fiscal implications
- Randomized evaluation finds no effect of certification (de Ree et al. 2016)
Distortions

- RCT designed to estimate the effects of the teacher certification program collected student-level test score data in math, sciences, Indonesian and English language skills for over 80,000 students in 20 districts in 2011 and 2012.

- We match these individual-level learning data to our data estimate and find:
  1. Districts with more contract teachers score worse on math, sciences, and English language scores (2011 data only)
  2. Election years have no average effect but out of 36 district-subject areas with elections, 10 had a statistically significant and negative effect on student learning, while only five had positive effects and the remaining recorded non-significant effects (2011-12 data with student fixed effects).

- This suggests that elections and contract teacher hiring is not beneficial and potentially disruptive.
Heterogeneous Effects

Electoral Year, Golkar
Electoral Year, Non-Golkar

Effect Size

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Conclusion

- Clear presence of election-related distortions in the education sector
- Hiring follows a political logic
- Effect varies with context factors
- This matters for service delivery, democratic accountability, democratic consolidation
- Clientelism is not only about vote buying, but also building machines inside the bureaucracy
- Competitive elections might not lead to the selection of leaders that push for a meritocratic civil service.
Open Questions

1. Other context factors that matter?
2. Do parties matter?
3. Does this extend to other parts of the bureaucracy?
Why the Indonesian Education Sector?

- General context fits:
  - Before democratization, centralized form of clientelism
  - After democratization competition between clientelistic elites intensifies
  - District governments gain control over staff and expenditures

- Clientelist practices are commonplace in the education sector:
  - District governments manage schools and teachers
  - Teaching positions are used as political rewards
  - Teachers are used as vote canvassers, man polling stations
  - Teachers themselves are an important voting bloc
  - Teachers are centrally embedded in social networks
  - Teachers are rent generators via school fees
  - → they act as organizational brokers (Holland & Palmer-Rubin 2015)
The Election Schedule

- 1999-2004 indirect → Candidates only need narrow elite support

- 2005- direct (plurality and 30%) → Candidates also need to win (some) mass support

- (Plausibly) exogenous and staggered phasing-in of elections (Skoufias et al. 2014)

- Districts with and without elections are balanced on covariates

→ provides good counterfactuals
## Balance Statistics

**Table: Balance Statistics for Elections 2005**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean Treatment</th>
<th>Mean Control</th>
<th>T-test p-value</th>
<th>KS Bootstrap p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golkar Share</td>
<td>0.24</td>
<td>0.25</td>
<td>0.57</td>
<td>0.60</td>
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<tr>
<td>PDI-P Share</td>
<td>0.19</td>
<td>0.19</td>
<td>0.86</td>
<td>0.29</td>
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<tr>
<td>Services Provision</td>
<td>0.23</td>
<td>0.03</td>
<td>0.04</td>
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<tr>
<td>Natural Resource Revenue pc</td>
<td>52383</td>
<td>113022</td>
<td>0.15</td>
<td>0.008</td>
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<tr>
<td>Inequality</td>
<td>25.6</td>
<td>25.6</td>
<td>0.91</td>
<td>0.62</td>
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<tr>
<td>Total Revenue pc</td>
<td>789360</td>
<td>937316</td>
<td>0.09</td>
<td>0.32</td>
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<tr>
<td>log Population</td>
<td>13</td>
<td>12.85</td>
<td>0.19</td>
<td>0.15</td>
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<tr>
<td>Poverty Share</td>
<td>0.18</td>
<td>0.17</td>
<td>0.64</td>
<td>0.44</td>
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<tr>
<td>log GDP pc</td>
<td>1.58</td>
<td>1.59</td>
<td>0.94</td>
<td>0.54</td>
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<tr>
<td>ELF</td>
<td>0.43</td>
<td>0.41</td>
<td>0.42</td>
<td>0.348</td>
</tr>
</tbody>
</table>
Appendix

Model Specification

\[ y_{it} = \alpha_i + \gamma_t + \tau \cdot D_{it-1} + \delta^{t-1} \cdot E_{it-1} + \delta \cdot E_{it} + \delta^{t+1} \cdot E_{it+1} + \beta' x_{it-1} + \epsilon_{it} \]

- \( y_{it} \) our outcome measures (teacher data for 2006, 2008, and 2010)
- \( \alpha_i \) and \( \gamma_t \) are fixed effects
- \( \tau \) is the effect for the introduction of direct elections
- \( \delta \)'s capture election cycles
- Controls: incumbency, Golkar and PDI-P vote shares, quality of public services, total revenue pc, nat resource rev pc, Gini index, poverty, GDP pc, population size

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Election Year Effect, Hiring, Civil Servant Share

<table>
<thead>
<tr>
<th></th>
<th>Pre-Election Year</th>
<th>Election Year</th>
<th>Post-Election Year</th>
<th>Direct Election</th>
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</thead>
<tbody>
<tr>
<td>Regression Coefficient</td>
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<td>Direct Election</td>
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<td>Post-Election Year</td>
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-0.20 -0.15 -0.10 -0.05 0.00 0.05 0.10 0.15

Regression Coefficient