

No margin, no mission? A field experiment on incentives for public service delivery

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Introduction

- ▶ What does motivate people to work and importantly work hard?
- ▶ Crucial for designing mechanisms to align organizational objectives with individual incentives
- ▶ The theoretical literature suggests reasons why the effect of extrinsic rewards on performance in private and pro-social tasks might differ.
- ▶ Mission driven organizations hire specific individuals who are intrinsically motivated to work for the organization's mission. Hence, extrinsic rewards may create negative response as we saw in Benabou and Tirole (2003).

This Paper

- ▶ To study this, they conduct an experiment to evaluate the effect of extrinsic rewards, both financial and non-financial, on the performance of agents recruited by a public health organization to promote HIV prevention and sell condoms
- ▶ The experiment is designed to measure the interaction between extrinsic rewards and the pro-social motivation of the agents, and to test whether this interaction differs between financial and nonfinancial rewards.

Experiment Design I

- ▶ They collaborate with a public health organization based in Lusaka, Zambia, which recruits and trains hairdressers and barbers to provide information about HIV prevention and sell condoms in their shops.
- ▶ The experiment randomly assigns 205 distinct geographical clusters containing 1222 agents to one of four groups that receive different rewards based on condom sales. Agents in the control group receive no rewards, while agents in the three treatment groups receive financial margins at the bottom and the top of the feasible range, and nonfinancial rewards, respectively. The smaller and larger financial-margin treatments pay a 10% and 90% margin on each condom sale, respectively, whereas the non-financial scheme (“star” treatment) gives agents a “thermometer” display, showing condom sales and stamps, with one star stamp for each sale. The first part of our e

Experiment Design II

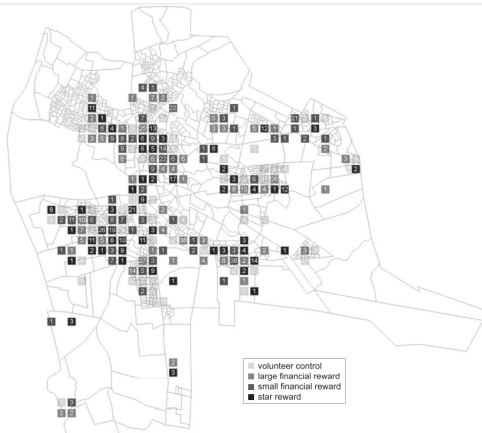


Fig. 1. Randomization of map cells into treatment groups. Notes: Treatment groups and volunteer control group are shown by the grayscale tones. The number of salons attending the training is written in each cell.

Figure: Experiment Design