My book-length dissertation addresses the following puzzles about China’s bureaucratic appointments: Why are most provincial agency leaders appointed from outside of an agency instead of from inside? Why has the trend of appointing outsiders increased over time? Drawing from interviews and the literature of delegation, I provide a theoretical framework and test it on a new dataset of China’s provincial agency leaders from 1978 to 2020.

I argue that in agencies associated with high risk of corruption, provincial leaders – who could be held accountable for their appointees’ misbehavior – face a dilemma in appointing agency insiders: While bureaucratic leaders with agency-specific expertise are expected to make the agency more productive, agency insiders have greater opportunities and capabilities to engage in corruption with business clients. When provincial leaders cannot find trusted agency insiders (due to information problems of adverse selection and moral hazard) or when the threats of being held accountable become more credible (due to increased monitoring), they appoint agency outsiders to shield themselves from potential trouble. I argue that in low-profile agencies associated with low risk of corruption, outsiders are appointed because positions in these agencies are used to place bureaucrats who need to be rewarded with a higher administrative rank or rotated from their current positions.