Seminario de Microeconomía Aplicada - Bureaucratic Nepotism

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Juan Felipe Riaño: is an Applied Microeconomist with research interests spanning the fields of Political Economy, Development Economics, and Economic History. He holds a Bachelor's and Masters' degree in Economics from Universidad de los Andes, and is currently a Ph.D. candidate in Economics at the University of British Columbia (UBC) in Canada. His current research agenda focuses on understanding the determinants of state capacity in developing countries and the long-term impact of conflict and historical institutions on economic development. More recently, he has been interested in the Organizational Economics of public sector institutions and the role of Cybersecurity in modern states.

Resumen del documento: This paper provides the first systematic empirical examination of bureaucratic nepotism and anti-nepotism legislation in an entire modern bureaucracy. By linking confidential information on family ties and administrative employer-employee records for the universe of civil servants in Colombia, I uncover three sets of empirical findings. First, using a novel methodology of family network reconstruction, I provide evidence on the pervasiveness of close family connections in the public administration and demonstrate its negative relationship with the performance of public sector agencies. Second, by further exploiting within-bureaucrat variation in family connections generated by the turnover of top non-elected bureaucrats, I show that family connections to public sector managers and advisors distort the allocation and compensation of workers at lower levels of the hierarchy. Connected bureaucrats receive higher salaries and are more likely to be hierarchically promoted but are negatively selected in terms of public sector experience, education, and records of misconduct. Third, I evaluate an anti-nepotism legislation reform by exploiting a sharp discontinuity in the set of family connections restricted by this law. I prove the limited effectiveness of this reform and show how bureaucrats strategically responded to this policy change by substituting margins of favoritism and reshuffling posts within the public administration..

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Tiempo de exposición: 1:30 p. m. a 3:00 p. m.

Fuente: https://www.banrep.gov.co/es/seminario-microeconomia-aplicada-bureaucratic-nepotism