

# In Self Interest? Meritocratic Promotions in a Bureaucracy through Discretion of Seniors\*

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## Abstract

Most bureaucracies today are rule-based. This is a result of a powerful intellectual tradition that argues that allowing discretion in decision making could lead to favoritism and collusion, with substantial costs to the organization. Using a newly digitized civil servant-month dataset from 1983-2013, this paper studies one public sector bureaucracy and presents novel evidence that when senior bureaucrats have discretion to promote juniors, they do so meritocratically. Results show that self-interest is one mechanism behind meritocracy. Since who works in the senior bureaucrat's team has a direct bearing on the senior's own performance, seniors with more discretion are more likely to pull high merit junior bureaucrats into their own team and promote them, while the effect reverses for low merit juniors. The setting offers a unique opportunity to test whether promotions are meritocratic, not just on observables, but on private information of the senior. Results show that seniors can decipher not just hidden lemons from the star performers but also hidden gems from the bottom of the performance distribution. These results challenge the conventional notions of an ideal bureaucracy being rule-based.

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# 1 Introduction

Fathers of modern bureaucracy envisaged an ideal system of administration as one which was completely ‘dehumanized’ (Weber (1922), p.975; Northcote et al. (1854)). Corruption, nepotism and arbitrariness resulting from the exercise of discretion were seen as main impediments to an efficient administration. Later studies also highlighted how discretion could open the door to favoritism or collusion and worsen the information environment (Tirole (1986); Prendergast & Topel (1993); Prendergast & Topel (1996); Xu (2018)). This powerful intellectual tradition has meant that when we look around us today, most bureaucracies are rigid and follow fixed, rule-based decision making. To avoid costs of patronage, it is almost taken for granted that bureaucracies would have mechanical promotions through rules of seniority, fixed wages and tenure at a job. But rule-based decision making is itself not cost-less. Consider the case of fixed tenure based promotions. Promoting on the basis of fixed rules can result in lowering of incentives (Bertrand et al. (2017)). It also means discarding local, decentralized information that colleagues and supervisors hold on the type and effort of workers. This begs the question: can discretion result in meritocracy of allocation in bureaucracies? If it does, then this has implications for our understanding of the rules versus discretion trade-off and the use of subjectivity in decision making in organizations.

This paper links long run careers of newly recruited bureaucrats to increases in the discretion or power of their seniors and carries out four main sets of analysis. First, I ask: are discretionary promotions meritocratic? Promotions are meritocratic if with increases in power of seniors, high merit new recruits are more likely to be promoted than low merit ones.

Second - which to the best of my knowledge has not been investigated in the literature before - the study asks whether discretionary promotions are meritocratic because it is in the self-interest of the senior to promote meritocratically. More specifically, I test the existence and relative strength of two possible mechanisms for meritocratic promotions by seniors i.e. discretion in the choice of their team and reputation concerns of seniors on referrals of juniors to other teams. Investigating not just whether there are meritocratic discretionary promotions, but also why there is meritocracy, helps in understanding the specific conditions under which allowing discretion can improve information in organizations.

The third set of analysis - which is unique to the thesis - tests whether seniors use, not just public information, but their private information on merit of juniors when exercising discretion. Observing a measure of merit of juniors, which is just observed by seniors and the researcher,

offers a unique opportunity to study how information is used in a system with discretion. This aims to shed light on the true value of allowing discretion.

The data for this study is based on a large-scale data digitization effort. I digitized and combined data from four different sources i.e. career charts of 5 different groups of bureaucrats (i.e. Pakistan Administrative Services (PAS), Provincial Civil Services (PCS), Provincial Secretariat Services (PSS), Provincial Management Services (PMS), Ministerial Services); exam-rank data of PAS bureaucrats; tax collection data across Punjab<sup>1</sup>; and incumbency board data with details of vacancy and tenure of tax collection positions across Punjab (see online data appendix for details).

The data used in this paper is a subset of the bigger data-set that was digitized. Outcomes are only studied for the Pakistan Administrative Services (PAS) bureaucrats in Punjab, while other civil service groups are included when classifying seniors of PAS. There are a couple of reasons for focusing on PAS bureaucrats. PAS is an elite cadre of civil servants responsible for running all key government departments at the federal and provincial level as well as a number of public sector enterprises and companies. They are responsible for the roll out of health programs, education programs, protection of property rights and implementation of various UN and World Bank projects etc. Therefore, understanding the allocation of talent within PAS can have significant implications for understanding state effectiveness and welfare on its own. A second reason is that I could only access exam rank data of PAS bureaucrats. Since the study investigates meritocracy of discretionary promotion, observing measures of merit, like exam rank, are important. A third reason is the rule that is used to allocate PAS in their first jobs. This is the rule that I exploit to get a source of variation in the set of seniors. However, using this rule means that the set of data on which this study is based is constrained. I observe data on first jobs for only a subset of PAS bureaucrats (see figure 3 for details). To summarize, the study uses a civil servant-month panel data-set of Pakistan Administrative Services cohorts that start between 1975-2012, that is a subset of the larger data digitized.

The core outcome that I use in the paper is fast-track promotions. Fast-track promotions allocate junior bureaucrats to higher positions ahead of their stipulated time as per rules. These are at the discretion of senior bureaucrats and the chief executive of the province. In fact, the higher the rank of the senior the higher the chance that they can exercise discretion over fast-track promotions of juniors. Fast-track are different from official promotions, that are based

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<sup>1</sup>Pakistan is administratively divided into provinces, districts and tehsils. Punjab is the wealthiest and largest province in terms of population

on a bureaucrat's experience, mandatory training and subjective performance evaluation by their immediate bosses. These promotions are discretionary only to the extent that they use subjective performance evaluation of bosses. However, how the evaluation will be used to decide official promotions is dictated by rules.

The seniors considered are those that the PAS new recruits work with in their first job. Attention is restricted to just the first set of seniors, as these are the set of people with whom the juniors have the longest time together in the organization. Moreover, just considering the first set of seniors also helps keep causal identification tractable, as I can exploit a rule of initial allocation. It is worth emphasizing that the outcomes of the juniors are studied, not those of the senior seniors. This helps overcome mechanical correlations that have been discussed at length in the literature (Manski (1993), Angrist (2014), Guryan et al. (2009), Caeyers & Fafchamps (2016)).

In this context, the higher the civil servant is in the organizational hierarchy the more discretion or power they enjoy over careers of junior workers. Therefore, I categorize power of seniors ( $\overline{Power}$ ) as the average, over time, official promotions of seniors that work with juniors in their first job. There are two immediate challenges to a causal identification. First, bureaucrats (both senior and junior) select into who they work with. Second, in this context, how high the senior rises in the organizations depends on their official promotions which is determined by their subjective performance evaluation. These could be correlated with unobservables of junior workers.

To address the first challenge, initial job allocation rules of the government are exploited. The method of initial allocation is that new recruits can be assigned jobs that are either vacant or where the incumbent has spent at least one year on the job.<sup>2</sup> This rule gives a set of potential positions that any cohort of newly recruited PAS bureaucrats could have been allocated in their first job. Potential seniors are classified as all the bureaucrats that are working in district departments with a vacancy at the time of first job of new recruits.

The second challenge is addressed by using the minimum length of service rules of the government to create rule-based measures of rise of the potential seniors. Minimum length of service rules stipulate that a bureaucrat can be promoted once if they have completed five years in the government, twice if they have completed twelve years, thrice if they have completed 17

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<sup>2</sup>cf. The Punjab Government Transfer Policy 1980; Inter-Provincial Transfers of DMG/PSP Officers 1988; Government of Punjab Circular Letter 2004; Guidelines for Transfer of Assistant Commissioners 2013. The idea behind this rule was to give some stability of tenure to existing Assistant Commissioners.

years and four times if they have 22 years in the government.<sup>3</sup> Using both the initial allocation and promotion rules of the government, allows a classification of a cohort-based, time varying measure: promotion power of potential seniors. It is defined as the average rule-based rank of the first set of potential seniors, of newly recruited cohorts of PAS bureaucrats.

To understand meritocracy of promotions I digitized, for the first time, a measure of merit that is publicly observable and a measure that is only observed by the first set of seniors. Observing a measure of merit which is just observed by seniors and the researcher, offers a unique opportunity to study how information is used in a system with discretion. It can shed light on the true cost of rigid rules that take away this discretion.

The publicly observable measure of merit I use is a ranking of juniors based on their recruitment exam. This is published in newspapers (see online data appendix for details). High (low) merit bureaucrats are classified as those that are in the top (bottom) 10% of their cohort in the recruitment exam.<sup>4</sup> This measure is correlated with performance on the job. Bureaucrats in the top 10% of their cohort in the recruitment exam, collect 3% more taxes than bottom 90% and are 10% more likely to be awarded an ‘outstanding’ by their immediate bosses. When I consider those PAS that work in the monitoring of schools, exam performance also positively predicts educational outcomes like enrollment.

To define a measure of merit that is only privately observable to the seniors, I use tax collection performance of PAS new recruits on their first job and exploit a peculiar institutional feature which ensures that this performance is only observed by the first set of seniors. Seniors at the fist job observe the individual tax performance of juniors in meetings that all must attend. Tax performance is reported to a central revenue agency i.e. Board of Revenue (BOR) in a letter with annexes. This has the aggregate performance at the top and individual tax collection by juniors as annexes. Clerks at the BOR administratively handle these letters. They take the district level averages of tax collection and share it with the organization, while tax performance of juniors is dumped in gunny bags and thrown in record rooms (a glimpse of the record keeping of BOR can be seen in in appendix 8, figure B3 and online at: <https://www.shanamanrana.com/research-in-the-field-a-snapshot>). This information on individual performance of juniors never makes it to their formal files and never gets discussed. It remains private information of the set of people that work in the district.<sup>5</sup> High merit ju-

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<sup>3</sup>cf. Establishment Division’s O.M.No.1/9/80-R.2 dated 2-6-1983

<sup>4</sup>I also present results for top 5% to top 15% of exam performers and then top 20%, 30%, 40% and 50% (See appendix tables A1 to A4 and appendix tables A5 till A5).

<sup>5</sup>There can be many reasons why this information is not demanded by the organization. One can be apathy and inefficiency, but a potential reason can be discretion accorded to the senior most person in the district

niors are classified as those that are in the top 10% of their cohort in tax collection (see online appendix figure for details of data).<sup>6</sup>

Exam performance does not perfectly predict tax performance. A top 10% exam performer has a 33% probability of being a top 10% tax collector, while the bottom 10% exam performer still has a 14% chance of being a top 10% tax collector (see figure 21) . This suggests that the seniors that are privy to the tax collection performance have local information about merit of the juniors and the organization can exploit this local information through allowing discretion to seniors.

Results show that discretionary promotions of juniors by their seniors are meritocratic. For every one rank above average increase in the power of the potential seniors, the top 10% exam performer is 9% more likely to get fast-tracked than the mid 80%. On the other hand, the bottom 10% exam performer is 4% less likely to be fast tracked than the mid 80%. The effect for the top 10% exam performers is both statistically and economically significant. It is one-fifth the mean of fast-track promotions.

To test whether seniors have always exercised their discretion meritocratically, I investigate the effect considering heterogeneity across different decades of cohorts. I find that discretionary promotions by seniors were not always meritocratic. In fact, the bottom 10% exam performing juniors were 22% more likely to be fast-tracked than the mid 80% in the 1980s. However, this trend reversed in the 1990s. With a rise in the power of the senior, cohorts that start between 1991-2000, have a 38% higher probability than the base category to be fast-tracked, while the bottom 10% have a 41% lower probability of being fast-tracked. The differential effect at the top and bottom end of the distribution is also statistically significantly different from each other. This continues for cohorts that start in the 2000s. For every one rank above average increase in the promotion power of the potential seniors, the bottom 10% exam performers in the 2000s cohorts have a 69% lower probability of being fast-tracked than the base category, while the top 10% and mid 80% have a positive probability. The differential effects at the top and bottom are statistically significantly different from each other. The reversal towards meritocracy of discretionary promotions opens up further questions around the drivers of this change.

The next set of results test the reason behind meritocracy. Results show that with an increase in their power, the log of relative risk ratio is 1.5 times lower for a bottom 10% exam performer to be pulled into the senior's team and promoted (relative to the base). This effect administration. Seniors are held responsible for performance of the whole office, while they are allowed discretion to hold their teams responsible for performance.

<sup>6</sup>I also present results for top 20% to top 50% of tax collectors.

reverses for the top 10%. The effect at the bottom is larger in magnitude than the top 10% and it is also statistically significantly different from the top. Both these effects are larger for the senior's own team versus teams of others. Of the two competing mechanisms behind meritocracy of promotions, it appears that discretion in choice of the team is a more significant channel, rather than referrals to other teams.

I then investigate the decadal trends in these two mechanisms, to understand whether (and which) of the two competing mechanisms can help shed light on the move to meritocracy in the 1990s. There are two main takeaways. First, in all decades tops 10% have a higher probability of being pulled into the senior's team and fast-tracked, while the bottom 10% have a lower probability. Second, meritocratic referrals by seniors started in the 1990s. This change mimics the move to meritocratic discretionary promotions starting in the 1990s. For the 1980s cohorts, with an increase in the power of seniors, bottom 10% exam performers are more likely, than the base category, to move teams and be fast-track promoted. This effect reverses for the cohorts that start in the 1990s and 2000s. Results of the decadal analysis are consistent with the idea that it was a change in reputation concerns of seniors that might be a driver of the change towards meritocracy starting in the 1990s. What triggered this change is an exciting agenda for future research.

This study then investigates whether seniors use their private information on juniors meritocratically. Results show that with increases in the promotion power of potential seniors, those top 10% exam performers that are not top 10% tax collectors are 50% less likely to be fast-tracked than those that are star performers in both dimensions. The effects are significantly different across the two categories of performance. These results are also economically significant with the difference between the two being 1.5 times the mean of fast-track promotions. More importantly, with a one rank above average increase in the promotion power of the potential seniors, those bottom 10% exam performers who are in the top 10% of tax collectors, have a two times higher probability of being fast-tracked than those who are bottom in both dimensions. Again, the two effects are statistically significantly different from each other. Taken together these results suggest that seniors are not just able to decipher the hidden lemons from the true stars but also the hidden gems from those that are bottom in both dimensions. This sheds light on the true value of discretion in organizations. Results are consistent with the idea that information is generated for the system by seniors.

To the best of my knowledge this is the first paper that empirically investigates meritocracy of discretionary promotions using both publicly and privately observable measures of merit,

with a potential explanation for why there can be meritocracy. These results challenge: (a) the conventional view of bureaucracies being ossified establishments; and (b) the Weberian ideal of a bureaucracy that is best when stripped of all subjectivity (Weber (1922)). It appears that a case can be made to increase autonomy in bureaucracies rather than reducing it. Moreover, since not just public sector bureaucracies bring together the labor of multiple workers, the potential for using local information through discretion has broader implications even for private sector and non-governmental organizations.

The paper contributes to a growing body of evidence on the value of autonomy and discretion in public sector bureaucracies. In Nigeria, Rasul & Rogger (2017) find that increasing bureaucrats' autonomy is positively associated with project completion rates. In Italy, Bandiera et al. (2009) find that more autonomous public bodies have less passive waste from regulatory burden and the same level of corruption. In India, Duflo et al. (2018) show that discretionary inspections by an environmental regulator cause three times more pollution abatement than would the same number of randomly-assigned inspections. Brollo et al. (2017) show that while mayors use discretionary appointments for a variety of reasons, they appoint only high quality party members to senior positions. This paper contributes to this literature by studying the meritocratic effects of discretion in promotions and highlighting the mechanism through which meritocracy operates.

The paper adds to the rapidly expanding literature on the organizational economics of the state. Dal Bó et al. (2013) and Ashraf et al. (2018) study recruitment of public sector workers. There have been many studies that focus on understanding the incentives of these workers (Iyer & Mani (2012); Banerjee et al. (2012); Ashraf et al. (2014); Bertrand et al. (2017); Khan et al. (2016); Khan et al. (2018); Xu (2018); Callen et al. (2013); Finan et al. (2015)). This study holds selection constant and studies the allocation of talent through discretion of seniors. The two papers that follow this line of inquiry and investigate promotions in large bureaucracies are Xu (2018) and Jia et al. (2015): Xu (2018) studies how discretion affected the promotion and incentives of governors in the British colonial administration from 1854-1966 and finds that discretion has a high cost to the organization. On the other hand, Jia et al. (2015) study the promotions of Chinese state officials and find that networks can help the organization promote the best performers. Results in this paper complement these two studies by first considering a different agent exercising discretion on promotions i.e. existing workplace seniors and then highlighting the incentives of the person exercising discretion as an important part of the relationship. The more closely aligned are the incentives of the person exercising discretion

to those of the organization, the higher the chance of meritocratic allocations. Moreover, this paper also sheds light on the use of private information under discretion.

The paper is organized as follows. Section 2 describes the institutional context and data. Sections 3 to 5 present the key results: Section 3 investigates whether promotions are meritocratic when first seniors get more discretion in the organization. Section 4 asks why that can be the case and section 5 investigates whether the first seniors use their private information meritocratically in promotion decisions. Section 6 concludes.

## 2 Background and Data

### 2.1 The Pakistan Administrative Services (PAS)

The focus of this study is on Pakistan Administrative Services (PAS) bureaucrats that work in Punjab, Pakistan. Figure 1 shows the map of Pakistan with Punjab highlighted in orange. Punjab is the largest province in Pakistan in terms of population. It has a total population that is nearly one-third of the population in the US (110 million people, 55% of total population in Pakistan).

The Pakistan Administrative Services (PAS), a successor of the erstwhile Indian Civil Service (ICS), is an elite group of federal civil servants. They run all key government departments at the federal and provincial level. The most senior civil service positions - the Secretary of Cabinet at the federal and provincial levels, the Chief Secretary of all the four provinces, heads of most provincial and federal government departments - are in general occupied by PAS officers. PAS civil servants are responsible for designing health, education and taxation policy of the government as well as implementing various key projects of the government and international financial institutions like the World Bank and United Nations. They also occupy key positions in public sector enterprises, autonomous bodies and state-run companies.

Pakistan Administrative Services (PAS) recruitment is through a competitive exam conducted by the Federal Public Service Commission (FPSC). PAS bureaucrats start their career in rank 17 and can get promoted all the way to rank 22.<sup>7</sup> Figure 2 presents the time-line of the initial career of a PAS new recruit. On recruitment, PAS civil servants undergo 18 months of academic training which is followed by 6 months of on-the-job training.<sup>8</sup> Training is centrally administrated by the Civil Services Academy as well as the Pakistan Administrative Services

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<sup>7</sup>Throughout for the purpose of the analysis I normalize these ranks as 0-5.

<sup>8</sup>This has historically ranged from 18 weeks to 37 weeks.

(PAS) Academy. The length of training and the dates of start and end of training are determined centrally by these training institutions, under the guidance of the federal government.

After 24 months of training, new recruits are allocated their first job. The job allocation process works in the following way: on recruitment, civil servants become part of a central pool of bureaucrats. On the other hand, there is a pool of jobs that are rank and department specific. The role of the human resource department is to match a bureaucrat to a job. Officially, the role of human resources is carried out by the chief executive of the province (Chief Minister (CM)) and senior civil servants in the Services and General Administration Department (S&GAD) and the Chief Minister's Secretariat. Although, the job allocation process in this setting is theoretically very centralized, in practice there are negotiations behind the scene so that bureaucrats do select into jobs. In general, new job creation is not easy and has to be ratified by multiple committees. The total number of jobs are determined by the government through pre-specified rules.

77% of PAS new recruits start their first job as Assistant Commissioners (AC), in one of the 36 district departments in Punjab, where they mainly collect taxes.<sup>9</sup> How the initial allocation of bureaucrats is carried out is implied by the Tenure/Transfer Policy of the government. Following this policy, new recruits can only be allocated jobs that are vacant or where the incumbent bureaucrat has spent at least 1 year.<sup>10</sup> This is the policy that I exploit to get variation in the first set of seniors.

There are two kinds of promotions in this setting, official promotions and fast-track promotions. Official promotions are based on experience, training and subjective performance evaluation of the bureaucrats by their immediate bosses. Discretion can be exercised in this case through subjective performance evaluation by bosses, however, how these evaluations will be used in determining official promotions is determined by rules. On the other hand, fast-track promotions are when higher ranked jobs are allocated to junior civil servants, ahead of their stipulated time. These are at the discretion of the chief executive of the province and senior civil servants. The context is such that the higher the likelihood that he or she will have discretion over fast-track promotions of juniors.

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<sup>9</sup>As per Inter-provincial Transfers of DMG/PSP Officers, Government of Pakistan, Cabinet Secretariat, Establishment Division, 10<sup>th</sup> April, 1988, (5/9/86-E.5) PAS civil servants are meant to work as an Assistant Commissioners (AC) at the very start of their career

<sup>10</sup>cf. The Punjab Government Transfer Policy 1980; Inter-Provincial Transfers of DMG/PSP Officers 1988; Government of Punjab Circular Letter 2004; Guidelines for Transfer of Assistant Commissioners 2013.

## 2.2 Data

Cohorts of PAS bureaucrats are recruited together. However, not all of them start their on-the-job training together.<sup>11</sup> Since I classify seniors at the end of on-the-job training and at the start of the first job, I define cohorts as those bureaucrats that start their training together. This is the definition of cohort used throughout the main analysis.<sup>12</sup>

Figure 3 shows the number of bureaucrats in each cohort, in the data, that started training together from 1962-2015. There are 77 cohorts and 646 bureaucrats that have any information on their cohort. The average number of bureaucrats per cohort in this larger sample is 8.

The analysis of discretionary promotions is restricted to cohorts that train between 1975-2012. Cohorts that start training in 1975 are the first ones on whom exam rank data becomes available. Having this data is important to test meritocracy of promotions. I restricted the cohorts to 2012 so that I can observe the career of the last cohorts for a few years. Between 1975-2012, the cohorts used in the analysis are 39, with an average size of 5 bureaucrats per cohort. These are also those cohorts that worked as Assistant Commissioners in their first job. Below, in the career charts data section, I will discuss why this is important.

Tax performance data is more limited owing to the standard of record keeping of the Central Revenue Agency. The analysis in section 5 is carried out for 91 PAS bureaucrats, across 29 cohorts. These are cohorts that started between 1985-2012. The average size of these cohorts is 3 bureaucrat per cohort.

The data for the study is based on a large-scale digitization effort. I combined data from four different sources to create a civil servant-month panel data-set. In the following sections, four different data-sets that were digitized for the first time are described.

***Career charts data:*** For this study career charts of five different groups of civil servants were digitized for the first time i.e. Pakistan Administrative Services (PAS), Provincial Civil Services (PCS), Provincial Secretariat Services (PSS), Provincial Management Services (PMS), Ministerial Services. This resulted in an unbalanced panel of civil servant - month from 1950-2015 (see appendix figure B1 for a copy of the career chart and online appendix for details of number of bureaucrats per civil service group and time periods when they are observed).

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<sup>11</sup>There can be many reasons for this. One such reason is that some new recruits have retaken the competitive exam and so move to Pakistan Administrative Services from other civil service groups. These civil servants called ‘repeaters’ in civil service parlance have sometimes partially completed the civil service academic training and so start their on-the-job training sooner than the rest of the PAS bureaucrats that they are recruited with.

<sup>12</sup>This is the definition on which I redefine exam rank, classify tax performance and on which all error terms are clustered and fixed effects are defined.

The total number of bureaucrats in the data are 1982 of which 785 are PAS, 468 are directly recruited PCS, 308 are those PCS bureaucrats that have been recruited at a lower grade and have risen through the ranks to PCS (also known as ‘promotees’ or ‘rankers’ in civil services), 77 are PSS, 289 are directly recruited PMS, 9 PMS who have risen through the ranks but were recruited at a lower rank and 27 are Ministerial Staff. For 19 of these bureaucrats, data on the group that they belong to is missing. The source of the career charts data is Services and General Administration Department (S&GAD).

In this paper outcomes are only studied for the Pakistan Administrative Services (PAS) bureaucrats, however, other civil service groups are included when classifying seniors of these PAS bureaucrats. There are a couple of reasons to restrict attention to this group. First, as discussed, it is an important bureaucracy to study. For historical reasons and despite resentment from other groups (Sahi (2018)), PAS has been an elite cadre of civil services. Bureaucrats belonging to this group occupy key policy making and implementation positions in a variety of departments. PAS is much like the Indian Administrative Service (IAS) - with whom it shares its ancestry - which despite its limited size, has the power to impact regional GDP in India (Bertrand et al. (2017)).

Second, exam rank data, which is important for understanding the meritocracy of allocations, is only available for this group of civil servants. Third, only PAS bureaucrats have a rule governing the job that they are meant to do at the start of their career. On the other hand, there is no rule governing the allocation of the other groups of civil services at any point in their careers.<sup>13</sup> This has important implications for the definition of potential seniors (see section 3.2.2 for details). The rule for PAS is that they have to be allocated Assistant Commissioner positions.<sup>14</sup> Out of 785 PAS officers, I have information on the first job of 414. 317 out of 414 PAS were allocated Assistant Commissioner position in their first job (77%).

***Exam rank data:*** The exam rank data has been digitized for the first time from hard copy of the records of the Federal Public Service Commission (FPSC). While the career charts data is for PAS bureaucrats that work in Punjab, the exam rank data from FPSC data is on all PAS recruited, irrespective of where they work. The exam rank data has the name and the year that the bureaucrat took the recruitment exam for 1033 PAS bureaucrats that train between 1973-2015.

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<sup>13</sup>The PSS and ministerial group can be allocated any position across the civil secretariat in the capital, while PCS and PMS bureaucrats can be allocated any position be it in the secretariat or otherwise across Punjab.

<sup>14</sup>Inter-provincial Transfers of DMG/PSP Officers, Government of Pakistan, Cabinet Secretariat, Establishment Division, 10th April, 1988, (5/9/86-E.5)

99 PAS bureaucrats in career charts data are armed forces inductees. They do not have exam rank data. I exclude them from the analysis.<sup>15</sup> Out of those left and those who had information on their cohorts, I was able to match the career charts and exam rank data of 482.<sup>16</sup> The overlap of exam rank and those with information on first Assistant Commissioner (AC) job, results in 204 PAS bureaucrats, across 39 cohorts between 1975-2012, that are the basis of this study. (see online appendix for details of the number of bureaucrats on whom data is available and those that were matched with career charts data and figure 3 for details of the larger data-set and the data on which the analysis of the paper is based).

**Tax collection data:** Tax collection data was acquired from the central revenue agency i.e. the Board of Revenue (BOR) and digitized for the first time. The tax considered is Agricultural Income Tax (AIT)/Land Revenue, levied on rural areas and collected at each village and revenue circle level, by a team of revenue officers i.e. *patwari*, *naib-tehsildar* and *tehsildar*, that work under the PAS Assistant Commissioners.<sup>17</sup> The BOR sets annual tax collection targets, based on farm size. Against these targets, Assistant Commissioners are responsible for the tax collection of the whole tehsil.

The tax collection data is an unbalanced, monthly panel of revenue circles from 1983-2013.<sup>18</sup> 940 revenue circles are observed in 137 different tehsils, of 36 different districts, across Punjab (see online appendix for details of revenue circles observed across each tehsil, details of the years for which each tehsil is observed and the total number of revenue circles per tehsil that are observed in the tax collection data).

To create a measure of tax performance of each junior officer from the revenue circle-month observations, I created tehsil-month averages of tax collected as a percentage of tax target. This tehsil-month panel of tax collected was then combined with the career charts data for

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<sup>15</sup>There is a 10% quota for people from the armed services in civil services of Pakistan. Government policy is that these new recruits from the armed forces are arbitrarily awarded the same exam rank as the top person that enters the system through the competitive exam. They do not undertake the competitive exam and so exam rank data on them is not available. I therefore, exclude these bureaucrats from the analysis.

<sup>16</sup>It was not possible to match bureaucrats across the two data if the way the name was written differed across the two records eg. ‘Muhammad Mehmood’ vs. ‘Mohamad Mahmood’ and there was no cohort or other information to verify or if the recruitment exam cohort information is missing or if the person re-rook the recruitment exam multiple times so that the career charts data had one cohort and the FPSC data had another. I used archives of newspapers, interviewed various civil servants and used various online forums (like <http://www.cssforum.com.pk>) to confirm cohort details, match the exam rank and career charts data and double check any missing information.

<sup>17</sup>A revenue circle is a collection of a few villages. Pakistan is divided into Provinces, district, tehsil and then union councils. Revenue circles are a smaller unit than union councils.

<sup>18</sup>Some revenue circles in Okara and Depalpur tehsil are observed since 1983 and others in Hazro, Attock observed since 2001. The attrition in the data is random and is a result of poor record keeping of the BOR (a glimpse of the record keeping of BOR can be seen in in appendix 8, figure B3 and online at: <https://www.shanamanrana.com/research-in-the-field-a-snapshot>).

those bureaucrats that worked as an Assistant Commissioner, in a tehsil, in a given month. This gives me a panel of tax performance of civil servants from 1983-2013.

There are 654 bureaucrats across civil service groups on whom I have tax performance data. Of these 241 are PAS. For 115 of these I have tax performance on their first job. However, only 91 PAS bureaucrats, across 29 cohorts also have exam rank data and are not military inductees. The analysis in section 5 is carried out on these bureaucrats between 1985-2012.

***Incumbency board data:*** In order to classify the set of potential seniors of newly recruited PAS bureaucrats, we need to observe the vacancy position and tenure of all Assistant Commissioner positions across Punjab. This study, therefore, digitized for the first time, data from incumbency boards of Assistant Commissioner (AC) offices across Punjab. Figure B6 shows an example of an incumbency board. Each incumbency board has the name of the bureaucrat and the dates when he or she held the job. From here a daily panel of vacancy and tenure of Assistant Commissioner positions across Punjab was created. This data was combined with the career charts data on date of end of on-the-job training of PAS new recruits to define the set of potential seniors. Online appendix describes details of the data that was digitized on incumbency boards. It shows the name of the tehsil and the total years when the position is observed. Incumbency boards are a tradition from colonial times. It is a status symbol for the civil servant and every new civil servant takes pride in ensuring his/her name is up on the board with the dates of their tenure. Therefore, the data is reliable.

### 2.2.1 Key variables and descriptive statistics

**Power of seniors ( $\overline{Power}$ ).** Seniors are defined as everybody that a newly recruited PAS bureaucrat worked with, in the first month, of the first job. These set of first seniors remain fixed. The organization is such that the higher the senior, the more power they exercise over careers of juniors. Therefore, in each time period, power of seniors is defined as average official rank of first seniors. It is classified as:

$$Power\ of\ seniors\ (\overline{Power}) = \frac{\sum_{s=1}^S Official\ rank\ of\ seniors_s}{S} \quad (1)$$

where official rank is the rank of the senior based on their official promotions and S is the number of first seniors that are still in Punjab in that time period.<sup>19</sup> For consistency and to

<sup>19</sup>Official promotions move bureaucrats from rank 17-22. I normalize them from 0-5, 0 being the junior most rank and 5 being the most senior.

keep the results comparable across OLS and reduced form, I create cohort-month level averages of power of seniors.<sup>20</sup>

The source for the variable is career charts data. These records allow a classification of who works with whom, when and where and official promotion of each bureaucrat. From there it is possible to build adjacency matrix of the first seniors of juniors and combine these with their official promotions to quantify power of seniors. An added advantage of using career charts to identify seniors is that I can objectively classify the set of first seniors. This helps overcome measurement error and subjectivity bias that is common in network surveys and that has been highlighted in the literature (Jackson (2013)). Figure 4 shows the variation in power of seniors across cohorts. The red dotted line is the mean which is 1.1.

**Fast-track and official promotions of juniors.** Fast-track promotions are quantified as a dummy that turns on 1 whenever actual rank of a junior bureaucrat is higher than their official rank.

$$Fast - track\ promotion = \mathbb{1}_{\{Actual\ rank - official\ rank\ of\ junior > 0\}} \quad (2)$$

On the other hand, official promotions are quantified as a dummy that turns on one whenever the civil servant is officially promoted from one rank to the next.

$$Official\ promotion = \mathbb{1}_{\{Junior\ officially\ promoted\}} \quad (3)$$

The source of both these variables is the career charts of bureaucrats (see figure B1). From there one can observe the date of official promotion of a bureaucrat. To classify fast-track promotions, information is used on the various jobs that bureaucrats are allocated. From the career charts data I can observe the job that civil servants are doing. To classify the rank of the job, notifications of job ranks by the Services and General Administration Department (S&GAD) are used. These were personally acquired from S&GAD. Rank of the job was manually assigned after going through the notifications. Whenever the actual rank of the job that the bureaucrat occupies is higher than his or her official rank, the bureaucrat is classified as being fast-track promoted.

Figures 5 and 6 plot the actual and official careers of a sample of cohorts from the 70s, 80s, 90s and 2000s. The red dotted line is the mean rank based on official promotion of a cohort.

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<sup>20</sup>While first seniors are defined at an individual junior bureaucrat level, exogenous variation in power of first senior comes from potential seniors, defined at a cohort level.

The blue dotted line is the mean rank based on fast-track promotions. Once a civil servant is officially promoted he or she can't be demoted. However, that is not the case for fast-track promotions. These are at the discretion of the senior civil servants and the chief executive of the province. Being fast-tracked does not confer a right and so fast-tracked bureaucrats can be demoted as well.

Table 1 shows that the mean official promotion of a civil servant in a month is 1%, while the probability of fast-track promotion in a month is 27%. Across the 39 cohorts that are used in the study and the full sample of 77 cohorts, the mean values of official and fast-track promotion remains the same, suggesting that the sample used in the study is representative. Figure 7 shows the variation in fast-track promotion across different cohorts. The red dotted line is the mean, which is 0.27. An average PAS junior stays fast-tracked one-third of their total career.

**Junior working in team of first seniors (long-run, second job onward).** Seniors are determined in the first month of the first job. Once the seniors are determined, first job is excluded from the analysis and the long-run career of the juniors and seniors together is used for investigation in the study. Working in team of first seniors is classified as a dummy that turns on 1 whenever the juniors and their first seniors end up systematically working together in a given month, in their long-run careers.

$$\text{Junior working in team of senior} = \mathbb{1}_{\{\text{Junior in team of senior (2nd job on)}\}} \quad (4)$$

The source of this variable is career charts of bureaucrats from Services & General Administration Department (S&GAD) which allows to observe where each person worked and when. Table 1 shows that in the long run, in the sample of 39 cohorts, the mean probability of a junior working in the team of any of their first seniors is 17%. On average nearly one-fifth of the junior's career is spent in the team of the seniors they met in the first job. This probability is 25% in the sample of 77 cohorts.

**Publicly observable measure of merit of junior: Recruitment exam ranking.** The first measure of merit I use is ranking of juniors based on their recruitment exam. This ranking is published in the national newspapers. The source of this variable is Federal Public Service Commission. I define publicly observable measure of merit of the junior as:

$$\text{Exam top (bottom) 10\%} = \mathbb{1}_{\{\text{Junior in top (bottom) 10\% of cohort in recruitment exam}\}} \quad (5)$$

Exam top (bottom) 10% junior bureaucrats are quantified as a dummy that turns on 1 whenever a junior is in the top (bottom) 10% of a cohort in the recruitment exam. Appendix tables A1 to A4 show that results are robust to defining high-low merit as top-bottom 5%, 6%, 7%, all the way till top-bottom 14%. In a month there are 29% positions that are filled by fast-tracking junior bureaucrats. Since in this bureaucracy, the proportion of posts filled through fast-tracking juniors is small, one would expect that the effect of senior's discretion can only materialize for a small proportion of juniors. This is what is seen. Appendix tables A5 till A5 show that, as expected, the effect just materializes for a small proportion of the exam distribution. Seniors exercise their discretion meritocratically and only push the very top juniors for promotions.

Recruitment exam ranking is a measure of merit that is positively correlated with measures of performance on the job. As discussed, the top 10% in recruitment exam collect 3% more taxes than the bottom 90% and are 10% more likely to be awarded 'outstanding' in subjective evaluations by their bosses.

**Privately observable measure of merit of junior: Tax collection.** To quantify a measure of merit that is privately observable to the seniors, tax performance of the new recruits in their first job as Assistant Commissioners is used. The source of this variable is the historical tax records of the Board of Revenue.

As described, the BOR sets annual tax collection targets based on official record of farm sizes and number of farmlands of the area (see table A12 and A13 where I test for this and find that that is indeed the case). In weekly meetings with other district officials i.e. first seniors, each new recruit working as an Assistant Commissioner (AC) reports back how much they collected against the annual target.

Since they work with the juniors, the first seniors are privy to their tax performance as they work together. However, once the tax performance has been discussed at the district department level, this is reported to the BOR through a letter. This letter has an aggregate tax collected by the district department and the tax performance of juniors, attached only as an annex. These are administratively handled at the BOR by the clerical staff. The clerks only use the district averages and share them with the officials at the BOR. The individual performance of the juniors never makes it to official decision making levels and never reaches the junior's individual personnel record files. There is neither knowledge of these records, nor a demand for them at the higher tiers. This was confirmed in multiple meetings with different officials in the

Board of Revenue (BOR) and Services & General Administration Department (S&GAD). Tax performance is defined as:

$$Tax\ top\ 10\% = \mathbb{1}_{\{Junior\ in\ top\ 10\%\ of\ cohort\ in\ tax\ performance\}} \quad (6)$$

It is a dummy that turns on 1 whenever a new recruit is in the top 10% of the cohort in tax collection against the BOR target. I also report results using top 20%, 30%, 40% and 50% to understand whether the effect varies across the tax collection distribution.

### 3 Are promotions meritocratic?

#### 3.1 Are promotions meritocratic on average?

As a simple first step, this study tests the heterogeneity of fast-track promotions based on exam and tax performance. I estimate the following OLS regression:

$$Fast - track_{ict} = \pi + \alpha \bar{A}_{ic} + \beta \underline{A}_{ic} + e_{ict} \quad (7)$$

where  $\bar{A}_{ic} \in \{Exam\ top\ 10\%, Tax\ top\ 10\%\}$  of junior  $i$  in cohort  $c$  and  $\underline{A}_{ic} \in \{Exam\ bottom\ 10\%, Tax\ bottom\ 10\%\}$  of junior  $i$  in cohort  $c$ .  $Fast - track_{ict}$  is the probability that a junior  $i$ , in cohort  $c$ , in month-year  $t$ , is fast-track promoted.  $e_{ict}$  is the error term that is clustered at the cohort level.

Results are shown in Table 2. While results suggest meritocracy of promotions on average, the evidence is weak. Top 10% exam performer having a 4% higher probability of being fast-tracked and bottom 10% exam performers having a 6% lower probability, than mid 80% exam performers, respectively. However, these differential effects are not statistically significant. An F-test of  $\alpha = \beta$  has a p-value of 0.06, suggesting that the top and bottom end of the exam distribution, does enjoy a different career trajectory, on average.

The differential effects are more imprecise and also insignificant, in the case of tax performance. It is also not possible to reject similarity of the effect at the top and bottom end of the tax distribution. In the case of tax performance, the p-value of an F-test of  $\alpha = \beta$  is 0.23.

Figure 8 plots the length of career that bureaucrats in the top 10%, mid 80% and bottom 10% remain fast-tracked, while figure 9 shows the per month share of juniors of different exam rank that are fast-tracked. In both these cases we can see that fast-track promotions appear to be meritocratic on average, with the high types enjoying more fast-track promotions than the

low types. However, results from table 2 suggest these effects are significantly different only across the top 10% and bottom 10% exam performers. Figure 10 does a similar exercise but for tax performance. In this case it is not possible to reject similarity of the effect even across the top and bottom 10%.

Overall, it appears that there is very weak evidence of meritocratic fast-track promotions on average. However, underneath this weak average effect lies heterogeneity according to discretion of the seniors. I explore this further in the next subsection.

### 3.2 Are promotions meritocratic when seniors have discretion?

This subsection explores whether fast-track promotions of juniors are meritocratic when their first seniors have more discretion over their career. Table 3 presents results from a pooled difference-in-difference. For exposition, just for these results, power of seniors is classified as a dummy. Above (below) median power of seniors is a dummy that turns on 1 whenever the power of first seniors is above (below) median for a year. The cells contain the probability of fast-track promotions of junior bureaucrats, conditional on being in a particular group. P-values are in parenthesis. This table uses pooled data and can, therefore, highlight the overall net effect of allowing discretion to seniors, across all cohorts. This brings us closer to understanding the aggregate effects of discretion.

First, for all exam ranks, seniors matter for fast-track promotion of juniors. The top 10% exam performers have a 20% higher chance of being fast-tracked when their seniors have above median power. This effect is 7% and 4% for the mid 80% and bottom 10% exam performers, respectively. Across columns, those juniors who are top 10% exam performers and who have seniors with more discretion, have 9% higher probability of being fast-tracked than mid 80%. On the other hand, promotions are not meritocratic when seniors have below median power. This results in an overall difference-in-difference of 13%. Results suggest that on net, it is in fact discretion of seniors that results in meritocracy.

Table 4 presents results from a similar pooled difference-in-difference but for the bottom 10% exam performers. While the average difference-in-difference is negative, it is not statistically significantly different from zero. Those bottom 10% exam performers, whose seniors have above median promotion power, have a 22% probability of fast-track promotions. This probability is 7% lower than the mid 80% exam performers. If we consider those whose first seniors have below median promotion power, then the difference is 4% lower for bottom 10% than the mid 80%. This results in a negative overall difference-in-difference of 3%.

While interesting, the results from the pooled diff-in-diff are not causal. There can be many cohort specific unobservables that can confound the effect. As a next step, instead of pooling the data, I include cohort and time fixed effects to control for any cohort and time specific unobserved heterogeneity. In this estimation, in a given time period, I compare cohorts that experienced more of a change in power of their seniors to those that experienced less or no change and test for heterogeneity of the effect based on exam ranking of the juniors. The estimation is as follows.

$$y_{ict} = \kappa_c + \kappa_t + \gamma Exam_{ic} + \pi \overline{Power}_{ct} + \phi \overline{Power}_{ct} \times Exam_{ic} + \mu X_{ict} + \epsilon_{ict} \quad (8)$$

where the outcome  $y_{ict} \in \{Fast - track, Official promotion\}$  is the probability of fast-track promotion, official promotion respectively of junior  $i$ , of cohort  $c$ , in month-year  $t$ . Fast-track promotion is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Official promotion is a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank.  $Exam_{ic} \in \{top\ 10\%, bottom\ 10\%\}$  are dummy variables that turn on 1 whenever a junior  $i$ , of cohort  $c$ , is in the top 10%, bottom 10% of their cohort in the recruitment exam, respectively.  $\overline{Power}_{ct}$  is the mean power of the first set of seniors of a cohort  $c$ , in month-year  $t$ . It is measured through official rank of the seniors in the organization. This rank is based on official promotions of the seniors, determined by their experience, training and subjective performance evaluation.

I control for time invariant, cohort specific, unobserved heterogeneity using cohort fixed effects  $\kappa_c$ . These control for possible factors such as the total number of first seniors, time invariant characteristics of the first job etc. Time varying characteristics, that are similar for all cohorts, are captured by  $\kappa_t$ . For example, any policies of the government on creation of new jobs that affect all cohorts equally, are accounted for by  $\kappa_t$ .

Using a regression framework allows me to include controls as well. Any first-match specific effects that co-vary with power of seniors and creates differences in career trajectory of high and low type juniors, will be a confounder. To account for such differences, I control for a time trend of the first job. To increase precision, other controls included are experience of the junior, experience squared and a dummy for whether the job is in the field offices. Official rank of the junior is included in the estimation for fast-track promotions. Error terms are clustered at the cohort level as that is the level at which first seniors are allocated (Abadie et al. (2017)).

### 3.2.1 OLS results: Are promotions meritocratic when seniors have discretion?

Table 5 presents results from estimating equation 8. Columns (1)-(2) of table 5 show the effect on fast-track promotions of juniors, while column (3) shows the effect on official promotion. To help in the interpretation of level effects, power of seniors is demeaned by subtracting the average for each junior worker.

Column (1), is a pooled OLS with controls but without fixed effects, while the rest include both. Results show that promotion power of seniors is on average positively associated with probability of fast-track promotion of junior workers. A one rank above average increase in the promotion power of seniors is associated with a 9% increase in fast-track promotions of junior bureaucrats. The effect is statistically significant and precisely estimated. Like the pooled difference-in-difference in tables 3 and 4, this confirms that the higher the seniors rise in the organization, the more power they exercise over careers of juniors.

The average effect in column (1) masks heterogeneity of the effect according to merit of the junior bureaucrats. Results in column (2) show that promotions of junior workers at the discretion of seniors is meritocratic. Moreover, when looking at variation at the cohort level, it is a zero-sum game. With an above average increase in the rank of the senior, the top 10% exam performing juniors have a 13% higher probability of being fast-tracked than the mid 80%, while this effect is negative for the rest of the distribution. The differential effect for the bottom 10% is not precisely estimated and it is not statistically significant. However, the p-value from an F-test of  $\alpha = \beta$  is 0.11, suggesting that the effect at the top and bottom is nearly statistically significantly different from each other. The total effect of the power of seniors on fast-track promotions of top 10% juniors is economically significant as well. It is nearly the same as one-third the mean of fast-track promotions.

Table 5, column (3) tests the effect of power of seniors on official promotions. For every one rank above average increase in the power of the first seniors, the mid 80% exam performers have a 1% higher probability of being officially promoted. The differential effect for the top and the bottom end of the exam distribution is a precisely estimated zero. Therefore, promotions where there is very little space for discretion, are in fact not meritocratic.

### 3.2.2 Identifying variation: Promotion power of potential seniors

Controls and fixed effects still do not overcome the challenges of selection into teams. Nor does it help overcome the endogenous rise of the senior in the organizational hierarchy. This rise

could easily be correlated with unobservables of the juniors. Therefore, it is hard to argue that the effects from table 5 are causal.

To overcome the first challenge, this study exploits initial allocation rules of the government. The Tenure/Transfer Policy of the government implies that new recruits can only be allocated their first job in a district department where there is a vacancy or where the incumbent Assistant Commissioner (AC) has worked at least a year.<sup>21</sup> This provides a set of potential seniors that each cohort of juniors could have been allocated, in the first month of their first job. The set of potential seniors are the bureaucrats in district departments, with potential open positions, at the time of first job of juniors. Potential seniors can be bureaucrats of any group of civil services (PAS, PCS, PMS, PSS or Ministerial staff). What further aids a causal identification is that end of training of the juniors is centrally decided by the Federal Government. New recruits cannot choose the timing of the start of their entry-level job and hence cannot select into a set of potential seniors.

Figure 6 shows the average number of potential and actual seniors per junior, across 39 cohorts from 1975-2012. The mean number of seniors in the first job are 12. This suggests that juniors work in small group. Therefore, the possibility of close linkages with seniors and senior possessing local information on juniors is there. The average number of potential seniors is 27. Therefore, for each actual senior, a junior has approximately two potential seniors.

Departments with vacancies have people of varying power working in them. Figure 12 shows this cross-sectional variation in power of potential seniors across cohorts. The mean cross-sectional variation in power of potential seniors, represented by the red dotted line, is 2.1. Figure 13 shows the cross-sectional correlation between power of actual and potential seniors. Each black dot is the mean for a cohort. The axis are in units of ranks. We can see that across cohorts, the two measures of power are positively correlated.

The second challenge to a causal identification stemmed from the fact that power, as defined by the official rank of the seniors, was a function of their subjective performance evaluation and that could be correlated with the unobservables of the juniors. To overcome this challenge I use the government's Minimum Length of Service Rules, that are applicable on official promotions. This helps create a rule-based measure of power of potential seniors. The Minimum Length of Service Rules stipulate how the experience of a bureaucrat can translate into their official promotion. Bureaucrats are eligible for one promotion after every 5, 12, 17 and 22 years of

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<sup>21</sup>cf. The Punjab Government Transfer Policy 1980; Inter-Provincial Transfers of DMG/PSP Officers 1988; Government of Punjab Circular Letter 2004; Guidelines for Transfer of Assistant Commissioners 2013.

entry.<sup>22</sup> The career of a civil servant, according to this rule, is like a step function, shown in figure 14.

**Power of potential seniors:** Combining both the initial allocation and the Minimum Length of Service Rules, this study is able to classify a cohort-month level variable: power of potential seniors. In a given time period, it is defined as the average, rule-based rank of potential seniors, that the cohorts of newly recruited juniors could have worked with, in the first month, of their first job. While power of seniors varies from ranks 0-5, power of potential seniors lies between 0-4. This is because these are the ranks on which the Minimum Length of Service Rules apply.

For each time period, the power of potential seniors is calculated as:

$$Power\ of\ potential\ seniors\ (\overline{Power}^p) = \frac{\sum_{\tilde{s}=1}^{\tilde{S}} Rulebased\ rank\ of\ potential\ seniors_{s_{\tilde{s}}}}{\tilde{S}} \quad (9)$$

where rule-based rank of potential seniors is based on the Minimum Length of Service Rules and  $\tilde{S}$  is the number of potential seniors that are still in Punjab in that time period. Figure 15 shows the time variation in mean power of potential seniors, across years, for a sample of four cohorts from the 1970s, 80s, 90s and 2000s. The figure shows that power of seniors doesn't just go up but it can come down as well. This can be the case when, for instance, seniors retire. Table 1 presents descriptive statistics of the variable. The mean  $\overline{Power}^p$  as measured in ranks of seniority is 2.1. When compared to the mean of actual seniors it appears that potential seniors are higher in rank and have more power to promote juniors.

**Discussion on assumptions.** The analysis rests on the assumption that vacancies and tenures of incumbent Assistant Commissioners are not systematically determined by unobservables of newly recruited cohorts. For instance, if a star cohort is about to finish training, it is possible that a position is vacated to make way for these new recruits. I test for this. Table A9, A10 show that there is no correlation between the date that training ends and vacant positions. It remains the case whether I define vacancies in large districts or whether I define the end of training as the day that training ends or as the month that training ends. This still leaves the concern that the quality of the potential places might be systematically different for different cohorts. Therefore, characteristics of the potential job match could be arguably correlated with

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<sup>22</sup>Establishment Division's O.M.No.1/9/80-R.2 dated 2-6-1983

power of potential seniors and fast-track promotions of juniors. Table A11 shows that vacancy and tenure of AC positions are not predicted by time-varying district characteristics. While it is hard to think of any first-job specific characteristics that could be correlated with rule-based power measures, I control for time trend of the first job.

### 3.2.3 Reduced form: Are promotions meritocratic when seniors have discretion?

In this subsection, a reduced form estimation with cohort and time fixed effects is implemented. In this estimation, in a given month-year, I compare cohorts that experienced more of a change in  $\overline{Power}^p$  to those that experienced less or no change. I test for heterogeneity of the effect based on exam ranking of the juniors. The assumption is that there is nothing that is correlated with fast-track promotions and varied systematically between top and mid exam performers, in cohorts that experienced more of a change in  $\overline{Power}^p$  and those that experienced less change. The reduced form estimation is as follows:

$$y_{ict} = \gamma_c + \gamma_t + \mu Exam_{ic} + \chi \overline{Power}_{ct}^p + \phi Exam_{ic} \times \overline{Power}_{ct}^p + \phi X_{ict} + \nu_{ict} \quad (10)$$

where all the variables are the same as in equation 8, except power of potential seniors ( $\overline{Power}_{ct}^p$ ). It varies over cohort-month and is the average, rule-based rank of the first set of potential seniors that cohorts of junior PAS bureaucrats could have worked with, in their first job. Error terms are clustered at the cohort level as that is the level at which first seniors are allocated (Abadie et al. (2017)).

Table 7, columns (7)-(9) present reduced form results, while columns (1)-(3) report the OLS results for comparison. Conditional on the exclusion and monotonicity assumptions, I also present the IV results in columns (4)-(6). Columns (3), (6) and (9) study official promotions, while the rest investigate fast-track promotions. Table 6 reports the first stage estimates from the IV. Columns (1), (4) and (7) report results without fixed effects while all the other results include cohort and month-year fixed effects.

First stage results in table 6 suggest that there is no differential effect of power of potential seniors on power of actual seniors. I report the Angrist-Pischke (2008) F-statistic at the bottom of the table.<sup>23</sup> The F-statistic provides some evidence that power of potential seniors is relevant in predicting power of actual seniors.

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<sup>23</sup>For a single regressor AP F-statistic and Kleibergen-Paap Wald F-test are the same. I report AP F-statistic since it tests whether even one of the endogenous regressor is under or weakly identified.

There are three main takeaways from these set of results. First, as seniors rise in the organization, they exercise more discretion over careers of juniors. The average effect of power of seniors on fast-track promotions of juniors is positive and significant in all specifications. Second, like the pooled difference-in-difference results, discretionary promotions by seniors are meritocratic. Reduced form results in column (8) show that with a one rank above average increase in  $\overline{Power}_{ct}^p$ , the top 10% exam performers are 9% more likely to be fast-tracked than the mid 80%. The total effect for the top 10% exam performers is one-fifth of the mean of fast-track promotions, suggesting that the effects are not just statistically but also economically significant. The differential effect on the bottom 10% is negative but not significant. The total effect for bottom 10% is negative and of a similar magnitude as the top. An F-test of  $\alpha = \beta$  has a p-value of 0.11 and 0.16 in columns (2) and (8) respectively. The OLS estimates of the effect are a little larger than the reduced form estimates, suggesting that there is positive selection on power of first seniors. The third takeaway from the table is with respect to the results on official promotions. A surprising aspect here is that the effect of power of senior materializes only for discretionary promotions of juniors. Those promotions that are constrained by rules are, in fact, not affected by the discretion of seniors. In the reduced form and IV estimations, all the effects are a precisely estimated zero. This suggests that in this bureaucracy, rules are followed.

Figure 16 plots the probability of fast-track promotions from the reduced form model in column (8) of table 7. On the y-axis is the effect on probability of fast-track promotions of juniors and on the x-axis is power of potential seniors. As discussed power of potential seniors is measured in ranks between 0-4. Each dot is the predicted probability from the model in column (8) of table 7 and the bars are 90% confidence intervals. Pictorially, figure 16 presents the same idea. Fast-track promotions by seniors are meritocratic.

Figure 17 plots the probability of official promotions from the reduced form model in column (9) of table 7 and shows that there is no effect of power of potential seniors on the probability of official promotions of juniors.

### 3.3 A decadal cohort analysis: Have promotions by seniors always been meritocratic?

I further investigate heterogeneity of the effect across different cohorts from 1980-2010. For uniformity in creating bins of cohorts, I restrict attention to 3 decades of cohorts. Table 9 reports reduced form results while table 8 reports OLS and IV estimates.

The first key takeaway from these results is that seniors did not always exercise their discretion meritocratically. With an increase in power of seniors the bottom 10% exam performers were favored in the 1980s, while the mid 80% and top 10% were not. This trend reversed starting from the 1990s cohorts and continued for cohorts between 2001-2010. In subsection 4.2, I investigate the mechanism behind these trends.

For cohorts that were recruited in the 1980s, column (1) of table 9 shows that with an above average increase in  $\overline{Power}^p$ , the bottom 10% exam performers have a 22% higher probability of being fast-tracked than the mid 80%. The effect on mid 80% is negative 9%, while the differential effect for the top 10% is negative 1%. The effects on mid 80% and top 10% are not significant. This trend holds across all specifications. At the bottom of the table 9, in column (1), I test whether  $\alpha = \beta$ . The p-value is zero, suggesting that the effect on the top and the bottom is statistically different from each other.

Interestingly this trend changes for cohorts that start their training in the 1990s. In column (1) of table 9, the total effect for the bottom 10% from the 1990-2000s is a negative 24%, which is three-fourth of the mean of fast-track promotions. While the total effect for top 10% is a positive 32% which is nearly the same as the mean of fast-track promotions. In column (1), an F-test of  $\mu = \pi$  rejects the null with a p-value of zero across all specifications. The trend of meritocratic promotion at the discretion of the senior continues for the 2001-2010 cohorts as well, albeit with less difference between the top 10% and mid 80% than for the 1990s cohorts.

Results in this section suggest that promotions at the discretion of seniors have not always been meritocratic. This begs the question of why we see meritocracy of discretionary promotions when we do. The next section takes up this line of inquiry and suggests two potential mechanism for why discretion can result in meritocratic promotions, i.e. direct self interest of the senior through a discretion in the choice of their team and reputation concerns of seniors on referrals of juniors.

## 4 Why are discretionary promotions meritocratic?

This section investigates potential reasons for why promotions are meritocratic. When considering delegation of decisions, [Holmstrom \(1978\)](#), [Holmstrom et al. \(1982\)](#) argue that questions of whether objectives of the person exercising discretion are aligned with those of the organization, are important. [Prendergast & Topel \(1993\)](#) and [Prendergast & Topel \(1996\)](#) provide conditions under which discretion can result in the use of local information rather than patronage:

Favoritism is accentuated when the supervisor is not responsible for the performance of the subordinate. A means of aligning the supervisor's incentives with those of the organization is to tie rewards to promotion and to make the supervisor responsible for the output of the job to which his subordinates are promoted...the firm can reduce favoritism by requiring that supervisors maintain responsibility for their promoted subordinates. (Prendergast & Topel (1993) p.360)

This study follows this line of reasoning and empirically tests for whether seniors promote meritocratically in their own self interest. Two mechanisms are tested. First, whether seniors promote meritocratically because seniors don't just have discretion in promotions of junior workers, but they also have additional discretion over the choice of their team members. Since the type of people promoted in the senior's team have a direct affect on their own performance, the chances that a bottom performer is pulled into their team and promoted are low. One can expect this to be reverse for the top performers.<sup>24</sup>

Second, a complementary reason behind meritocracy is also investigated. If with increased power of seniors, only high exam performing juniors move across other teams and get fast-track promotions there, then that is consistent with the idea that: first, there are referrals by seniors; and second, reputation of the senior matters to him or her.

Using a multinomial logit framework, this study is able to test not just the existence but also the relative strength of these competing mechanisms. A multinomial logit also allows for a well defined reference category and can help exploit the richness of the data more than a linear specification would.

The estimation of interest is as follows:

$$\ln \frac{P(w_{ict} = j)}{P(w_{ict} = J)} = \alpha_{cj} + \alpha_{tj} + \theta_j Exam_{ic} + \kappa_j \overline{Power}_{ct} + \mu_j \overline{Power}_{ct} \times Exam_{ic} + \lambda_j X_{ict} \quad (11)$$

where

- $j=1$  if junior  $i$ , in cohort  $c$  and month-year  $t$  is not fast-track promoted (base category)
- $j=2$  if junior  $i$ , in cohort  $c$  and month-year  $t$  starts working in other teams & gets fast-track promoted

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<sup>24</sup>This analysis rests on the premise that seniors care about their own performance. In a way this test also sheds light on how this particular Pakistani bureaucracy works.

- $j=3$  if junior  $i$ , in cohort  $c$  and month-year  $t$  starts working in senior's team & gets fast-track promoted

$\overline{Power}$  is the power of seniors. It is defined as the average official rank of first seniors that juniors work with in their first job. In the reduced form estimation,  $\overline{Power}$  is replaced with power of potential seniors ( $\overline{Power}^p$ ). Power of potential seniors is the average, rule-based rank of the potential seniors that juniors could have worked with, in their first job. Exam top 10%, bottom 10% are dummy variables that turn on 1 whenever a junior  $i$ , of cohort  $c$ , is in the top (bottom) 10% of their cohort in the recruitment exam. Cohort and month-year FE, experience of the junior, experience squared, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. All specifications exclude first job. Error terms are clustered at the cohort level as that is the level at which seniors are allocated (Abadie et al. (2017)).

Figure 18 presents descriptive evidence on the long-run probability of juniors working in the team of their first seniors, split by exam performance. Data suggests that in the long-run, the top 10% have a 27% probability of working in the team of their first seniors. One-third of their career in the bureaucracy is spent in the team of those seniors they met in the first job. The percentage is similar for the mid 80% exam performers, while it is higher for bottom 10%. On average, bottom 10% exam performers systematically end up in the team of their first seniors, more than the rest of the juniors.

Figure 19 presents descriptive evidence on fast-track promotions within the team of seniors. The figure suggests that promotions in the senior's team are meritocratic. While bottom 10% exam performers might end up systematically more in the team of their first seniors, when it comes to fast-track promotions, it is the high types that are more likely to get promoted. If we take an average top 10% exam performer, data suggests that they will spend 20% of their career fast-tracked in the team of the seniors. The percentage is 18% for the mid 80% and 12% for the bottom 10% exam performers.

Figure 20 presents similar evidence according to the share of juniors that are fast-tracked in a given month. The share of juniors fast-tracked are split both by exam performance and by the types of teams. In any given month, we can see that promotions are meritocratic in the team of seniors. On the other hand, promotions in other teams is more or less similar across exam performance. Below results using multinomial logit estimation are presented.

#### 4.1 Results: Why are discretionary promotions meritocratic?

Table 10 presents the main results on why discretionary promotions are meritocratic. The base category in the analysis is the probability of the junior not being fast-tracked. The first two columns of table 10 report results for a simple multinomial logit without accounting for any potential endogeneity of  $\overline{Power}$ . While columns (3)-(4) report multinomial IV results using a control function approach. This is implemented following standard techniques suggested by Petrin & Train (2010) and Imbens & Wooldridge (2007). Columns (5)-(6) present the reduced form results. Score bootstrap p-values, as suggested by Kline & Santos (2012) and implemented through Roodman et al. (2019)'s program in Stata, are reported in parenthesis. The coefficients reported are log relative risk ratios, relative to the base category.

While the first column in all specifications sheds light on whether there are referrals and whether seniors care about their reputation on referrals of juniors; the second column investigates whether seniors promote meritocratically in their direct self interest, i.e. they have discretion in the choice of their teams and fast-track promotions in it.

Reduced form results in column (6) of table 10 show that a one rank above average increase in the power of potential senior results in nearly one time higher log of relative risk ratio for the top 10% exam performers to start working in the seniors team and be fast-track promoted there (relative to the base category). The effect is statistically significant and precisely estimated. The bootstrapped p-value is zero. The effect is similar when using a control function. In column (2) the p-value of the effect is 0.11, suggesting that the effect is also nearly significant using a simple multinomial logit.

While the differential effect for the top is positive, it is large and negative for the bottom 10% exam performers. In the reduced form results in column (6), a one rank above average increase in the power of seniors leads to nearly 1.5 times lower log of relative risk ratio for the bottom 10% exam performers to start working in the seniors team and be fast-tracked there (relative to the base category). This effect is larger when using a control function approach. Effects reported in column (2) are similar but less precise (the p-value is 0.19). At the bottom of the table, an F-test of  $\alpha = \beta$ , within the team of the senior, rejects the null in all specifications.

Results show that there is also a complementary effect that operates through reputation concerns of seniors on referrals. However, it is not as strong as the effect for the seniors own team. In column (5) of table 10, reduced form results show that a one rank above average increase in the power of seniors results in nearly 0.4 times higher log of relative risk ratio for the

top 10% exam performers to move teams and be fast-tracked (relative to the base category). This effect is half of the effect that we find for the senior's own team in column (6). However, we cannot statistically significantly reject that the effect on the senior's own team and other teams, for the top 10% exam performing juniors is the same. The p-value is low (0.16).

Relative to the base category, with an increase in power of seniors, referrals of bottom 10% exam performing juniors to other teams is negative but the magnitude is low and the effect is not statistically significant. This is in contrast to the large negative effect we find when we consider discretion of the senior to create their own team. An F-test of the interaction effect for bottom 10% exam performers moving to senior's own team versus other teams rejects the null for both the reduced form and IV-control function specifications.

Results are in line with what [Prendergast & Topel \(1993\)](#) argue. Since a low type in the team can negatively impact the senior's own performance, therefore, seniors with discretion ensure that a bottom 10% performer does not start work in their team and get fast-tracked there. This is the reverse for top 10% exam performers. Moreover, there are referrals by seniors to other teams and given their meritocratic nature, reputation does matter to the senior. However, compared to the effect on their own team, these do not appear to be of first order importance.

Taken together, these results suggest that incentives of the person exercising discretion is key for meritocracy of discretionary promotions. If institutions are such that these incentives are aligned with that of the organization then the chance of meritocracy is high.

## 4.2 A move to meritocracy: What can we learn from the decadal analysis of cohorts?

Section 3.3 shows how fast-track promotions by seniors varied over different decades of cohorts of juniors. Results showed that discretionary promotions were not meritocratic for the 1980s cohorts while this trend reversed in the 1990s. In this section, I investigate the reasons behind these trends in meritocracy. The key motivation behind the analysis is: first, to understand the decadal trends in discretion in team formation as well as reputation concerns of seniors on referrals; and second, to investigate whether (and which) of the two competing mechanisms can help shed light on the move to meritocracy of promotions starting from the 1990s cohorts.

Multinomial logit regression results are reported in table 11 and 12. Estimation is similar as in equation 11 with an added layer of heterogeneity by decades of cohorts of juniors. As in section 3.3, the analysis is restricted to 3 decades of cohorts from 1980-2010. Table 11 columns (1)-(2) present results using  $\overline{Power}$  while columns (3)-(4) report results using an IV-control

function approach. Table 12 reports reduced form results. The base category is not fast-track promoted. Columns (1) and (3) in table 11 and column (1) in table 12, show the effect of power of seniors on moves of juniors across other teams and promotions there, while columns (2) and (4) in table 11 and column (2) in table 12, report results for moves to and promotions in senior's own team.

There are two main takeaways. First, when it comes to the senior's own team, the senior persistently pushes out a bottom 10% exam performing junior and does not promote them. On the other hand, the senior brings into their team and promotes a top 10% exam performer. This effect persists even for the 1980s cohorts, that did not experience meritocratic discretionary promotions on average. However, the effects are not significant across all specifications. It appears that self-interest of the senior remains an important determinant of meritocracy of promotions.

Second, a change in moves to and promotion in other teams, mimics the trend of meritocratic discretionary promotions starting in the 1990s, shown in section 3.3. For the 1980s cohorts, relative to the base category, with an increase in power of the seniors, the log of relative risk ratio is higher for bottom 10% exam performers to move teams and be fast-track promoted. The effect is large and precisely estimated with a p-value of zero across all specifications. On the other hand, top 10% exam performers are less likely to move teams and be fast-tracked. The positive differential effect for the bottom 10% exam performers is much larger than the negative effect for the top 10%. An F-test at the bottom of the table testing  $\alpha = \beta$  has a p-value of zero across all specifications. This suggests that referrals by seniors in the 1980s were not meritocratic. However, this trend reversed in the 1990s and 2000s.

Moreover, in nearly all specifications for these decades, I can reject that the effect of power of seniors on the top and bottom end of the exam distribution ( $\mu = \pi$ ,  $\theta = \eta$ ), is the same. This suggests that starting in the 1990s reputation concerns of the senior referring a junior to other teams became important; so that referrals of low type reduced, while those of high type increased.

Overall, results of the decadal analysis in this section are consistent with the idea that it was a change in reputation concerns of seniors on referrals that might be a driver of the move towards meritocracy in the 1990s. It would be important to investigate this further and understand what triggered this change. One potential explanation behind this shift can be a change from a military dictatorship to democratically elected governments in the 1990s. It is possible that democratic governments allowed more discretion to senior bureaucrats and the

environment triggered salience of reputation concerns on referrals by seniors. It is possible that such a change persisted through the decades, even when Pakistan reverted back to dictatorship in 1999. Future research should investigate these aspects further.

## 5 Do seniors use their private information meritocratically?

The analysis in the previous sections tested for meritocracy of discretionary promotions using observable measures of merit. However, the true value of allowing discretion to seniors to promote, is to allow them to use their private information on juniors in promotion decisions. Testing whether seniors use their private information meritocratically allows an insight into the true cost of imposing rigid rules that take away subjectivity.

Before I proceed to the estimation and results, some institutional features are worth mentioning. First, in this setting, seniors never enjoy complete discretion on careers of juniors. Fast-track promotion decisions are made by more than one senior civil servant, under the final authority of the chief executive of the province. While rest of the decision makers only observe the career charts of the junior bureaucrats and their exam ranking, it is just the first seniors that also observe tax performance of juniors. Therefore, the use of this private information by the seniors is not cost-less. Any effects operate in a constrained environment and can be thought of as the lower bound on the true effects of allowing complete discretion.

Figure 21 shows the probability of different exam performing juniors to be top 10% tax collectors. The figure shows that being a good exam performer differentially predicts better tax collection, however, the correlation is not one-for-one. A top 10% exam performer has a 33% probability of being a top 10% tax collector. The probability for the mid 80% and bottom 10% exam performers is 20% and 14% respectively. This suggests that exam performance does not perfectly predict performance on the job. Therefore, using seniors to exercise their discretion can be valuable for the organization.

Results in table 2 and figure 10, suggest that the probability of fast-track promotion of different tax performing juniors is meritocratic on average, although the differential effects are not significant. In this section, I investigate whether the public and privately observed measures of merit are complements with discretion. It is important to test this complementarity as only then can we see whether information is generated for the organization through discretion. If we find that juniors with the same observable levels of exam performance, have a different long run career trajectory based on the private information of the seniors, then it suggests that seniors

bring in extra local information in decision making. This will help shed light on the true value of discretion. This test is also in line with the institutional features described above.

Descriptive evidence on fast-track promotions of top 10% exam performers, by their tax performance and power of seniors is presented in figure 22. A similar exercise is carried out for the bottom 10% exam performers in figure 23. It can be seen that for any level of tax performance and power of seniors, the top 10% exam performers have a higher probability of being fast-tracked than the bottom 10% exam performers. However, those with powerful seniors have a higher probability of fast-track promotions when they are also star tax collectors. This is the case for both top and bottom 10% exam performers. But this effect reverses when seniors have less power. Both these figures suggests that seniors use their private information meritocratically, implying that there is value from allowing discretion. I explore this further using a regression framework below.

The following specification is implemented:

$$Fast - track_{ict} = \beta \overline{Power}_{ct} \times Exam_{ic} + \theta \overline{Power}_{ct} \times Exam_{ic} \times \overline{Tax}_{ic} + \delta W_{ict} + u_{ict} \quad (12)$$

where:

$$W_{ict} = \kappa_c + \kappa_t + \gamma Exam_{ic} + \eta \overline{Tax}_{ic} + \alpha \overline{Power}_{ct} + \phi \overline{Power}_{ct} \times \overline{Tax}_{ic} + \mu X_{ict}$$

$Fast - track_{ict}$  is the probability of fast-track promotion of junior i, of cohort c, in month-year t. Fast-track promotion is defined as a dummy that turns on 1 whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $Exam_{ic} \in \{top\ 10\%,\ mid\ 80\%\}$  are dummy variables that turn on 1 whenever a junior i, of cohort c, is in the top 10%, mid 80% of their cohort in the recruitment exam respectively.  $\overline{Tax}_{ic}$  is a dummy that turns on 1 whenever the new recruit i, of cohort c, is in the top 10% of their cohort in tax collection. I also show results for other classifications of top tax collectors as 20%, 30%, 40% and 50%.

Cohort and month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. I exclude the first job from the analysis where juniors get their first seniors.  $\overline{Power}_{ct}$  is the power of seniors. It is measured as the average official rank of the first set of seniors. I use power of potential seniors ( $\overline{Power}_{ct}^p$ ) to induce a source of

variation in power of seniors. Error terms are clustered at the cohort level as that is the level at which first seniors are allocated (Abadie et al. (2017)).

If we find that  $\beta \neq \theta$  for different exam and tax categories, with  $\beta < \theta$ , then that would suggest that seniors exercise discretion using their private information meritocratically. Allowing discretion helps improve the information environment of the organization.

## 5.1 Results: Do seniors use their private information meritocratically?

Table 13 presents the OLS results, while table 14 and 15 show the reduced form and IV results respectively. The first stage of the IV is in table 16. Columns (1)-(5) use different definitions of  $\overline{Tax}$ . In column (1), in all tables, I report results defining  $\overline{Tax} = Top\ 10\%$  tax collectors in their cohort. This definition of  $\overline{Tax}$  is replaced with top 20, top 30, top 40 and top 50% tax collectors as we move across columns, respectively. In all specifications, across columns (1)-(5), the omitted category is bottom 10% exam and bottom 90%, 80%, 70%, 60% and 50% tax performers, respectively.

Results in all tables suggest that seniors use their private information meritocratically and differentiate between juniors with the same observable measures of merit. Consider juniors that are top 10% exam performers. For the organization they are star bureaucrats. However, seniors know that not all of them are star tax collectors. Results in table 14 show that those juniors that are star exam performers, but not star tax collectors, have half the probability of being fast-tracked by seniors, as compared to those who are star performers on both dimensions. The effects are economically significant as well. Results are similar across OLS, IV and reduced form specifications, however, an F-test testing whether  $\alpha = \beta$ , has a p-value below 0.1 only in the IV and reduced form specifications.

The interesting thing is that this effect of discretion operates at the bottom end of the exam distribution as well. Consider those juniors that are bottom 10% exam performers. These are those that are observationally low types. However, only the senior observes that not all of them are lemons. Results in table 14 show that those bottom 10% exam performers who are star tax collectors (top 10% tax) have a 2 times higher probability of being fast-tracked than those who are bottom in both dimensions. These hidden gems are fast-tracked at nearly the same rate as the mid 80% exam performers. An F-test of  $\mu = \theta$  rejects equality of the effect in all specifications. The effect is meritocratic and  $\theta < \mu$ . Results are similar across specifications.

There appears to be no effect of the private information of the first seniors for the mid 80% exam performers. At the bottom of the table, p-value of the F-test for  $\pi = \gamma$  fails to reject the

null in all specifications. One way to interpret this is to go back to the institutional environment in which seniors are exercising their discretion. Seniors don't enjoy complete discretion over promotions and the use of their private information is not cost-less. Since others do not get to observe tax performance, convincing other senior civil servants for promotions of mid might not be worth the pain. There are only a few positions open for promotions. Therefore, seniors use their private information to differentiate within the top 10% exam performers. This is done together with keeping the lemons from promotions and giving the hidden gems a chance. Results can be thought of as a lower bound for when there is complete discretion allowed to seniors over promotion decisions.

What is more significant is that bottom 10% are only given a chance if they are star tax collectors and are in the top 10% of tax collection. Even if they are in top 20% of tax collectors, bottom 10% exam performers are not differentiated based on their tax performance. This again is suggestive of the fact that the use of private information is costly in this setting. Convincing others about the star quality of someone with poor observable performance, is worthwhile if the person is a complete gem. However, if they don't outshine it might not be worthwhile for the seniors to expend their energy in fast-tracking them.<sup>25</sup>

Using reduced form results in column (1) of table 14, figure 24 plots predicted probability of fast-track promotion of juniors, with 90% confidence interval. Predicted probabilities for star exam-tax performers (red line) as well as those that are star exam performers, but not star tax collectors (blue dotted line) are plotted. The x axis is power of potential seniors measured in ranks from 0-4. The omitted category are the lemons i.e. those juniors that are bottom 10% exam performers and bottom 90% tax collectors. Figure 24 presents what we already saw in table 14. Top 10% exam performers that are not star tax collectors are not fast-tracked as much as star performers on both dimensions. The effects are large and statistically significantly different from each other. Figure 25 shows a similar relation but for the bottom 10% exam performers. This figure shows that seniors exercise their discretion to reduce fast-track promotions for the lemons, while at the same time keeping the hidden gems (bottom 10% exam performers, who are top 10% tax collectors), from having a poor career trajectory.

Taken together these results suggest that there is value from allowing discretion in bureaucracies. Seniors are not just able to decipher hidden lemons from the stars, but also hidden

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<sup>25</sup>In line with the fact that the effect does not materialize for most of the exam distribution, we should not expect the tax performance to matter on its own. Appendix tables A15 and A14 show that that is the case. While above average power of seniors coupled with high exam performance continues to be a predictor of fast-track promotions, the heterogeneous effect by tax performance does not. These average effects, however, mask the heterogeneity of effect, discussed in this section.

gems from the bottom of the distribution.

## 6 Conclusion

“strong institutions.....are essential to effective development. Well executed policies that are slightly misguided are much more effective than absolutely correct but poorly executed ones.” (Larry Summers in [Besley & Zaghera \(2005\)](#) p.7)

State institutions and the bureaucrats that execute policy are increasingly seen as a key determinant of economic development ([Besley & Persson \(2009\)](#); [Besley & Persson \(2010\)](#)). By studying the promotions of civil servants that design and implement policy for 110 million people, this paper contributes to the rapidly expanding literature on organization economics of the state.<sup>26</sup>

This study speaks to the debates on rules vs. discretion in organizations. By investigating whether promotions are meritocratic, based on both public and privately observable measures of merit, it allows a lens into the true cost of rigid rules that take away discretion. It shows that in contrast to the centuries old wisdom on bureaucracies, in fact, a case can be made to increase autonomy in bureaucracies rather than reducing it. The paper shows how meritocracy and the feeling that “it is not what you know but who you know” can co-exist. While juniors with powerful seniors get promoted, those not as highly connected do not. Instead of enforcing rules and taking away power of seniors, a simple policy like job rotation of juniors can go a long way in ensuring that seniors promote meritocratically from within the larger pool of juniors.

This study complements the literature and can potentially explain and bring together conflicting results on the effect of discretion in organizations. While the question of discretion in organizations might not have a universal answer, the results in the paper highlight that we can design specific organizational systems that make discretion work in the organization’s favor. For instance, one way would be to allow seniors discretion in not just promotions but also discretion in the choice of their teams. This could result in the seniors exercising discretion meritocratically in their own self interest.

What the unique setting of the paper allows us to learn is more general than just public-sector bureaucracies. There is decentralized information relevant for personnel management decisions in most organizations, both public and private. Allowing discretion of promotions and

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<sup>26</sup>See for example [Iyer & Mani \(2012\)](#); [Banerjee et al. \(2012\)](#); [Dal Bó et al. \(2013\)](#); [Callen et al. \(2013\)](#); [Ashraf et al. \(2014\)](#); [Finan et al. \(2015\)](#); [Jia et al. \(2015\)](#); [Callen et al. \(2015\)](#); [Khan et al. \(2016\)](#); [Bertrand et al. \(2017\)](#); [Khan et al. \(2018\)](#); [Xu \(2018\)](#) and [Ashraf et al. \(2018\)](#)

choice of teams to seniors can also help even private organizations use local information and select the best performers for promotion.

This paper opens up questions surrounding efficiency of discretionary promotions. Till now there has not been anything normative in the inquiry. Meritocracy is as defined in the plain English language sense: Do the high types get promoted. And finding an answer to this is important in it's own right given the strong intellectual tradition to the contrary (Weber (1922), p.975; Northcote et al. (1854), Tirole (1986); Prendergast & Topel (1993); Prendergast & Topel (1996); Xu (2018)). The next step is to ask whether discretion is efficient. This is not straight forward to answer. First, it needs a deep investigation of the senior-junior pair working in a team. Is there positive assortative matching on traits? What happens to the performance of the team that loses a high type to the senior that has more power? What about direct learning spillovers from seniors? And the resultant career incentives that discretion of the seniors can generate. Another equally important aspect would be to understand the corruption aspect of these promotions. Is it that seniors pull up the high type into their team so that they could together engage in effective rent extraction? What is the effect on the senior's performance of working with a high type junior? Does it allow the senior to reduce effort?

Further work would also need to investigate whether junior workers promoted through discretion of seniors perform better after being promoted. Various interpretations of the Peter Principle suggest that workers who are good in one job are not necessarily good in the job into which they are promoted (Lazear (2004) and Benson et al. (2018)). However, given the amount of time workers spend with each other, it is quite possible that seniors can observe the more permanent and job relevant component of ability of junior workers. Allowing discretion to seniors could help organizations promote on the basis of this information potentially avoiding pitfalls of the Peter Principle.

## Tables

Table 1: Descriptive statistics

	Mean	Std Dev	Min	Max	person x month
<b><u>Exam rank sample: 39 cohorts</u></b>					
Power of seniors ( $\overline{Power}$ )	1.08	0.94	0	5	23202
Power of potential seniors ( $\overline{Power^p}$ )	2.08	0.94	0	4	23395
<b><u>Career Progression</u></b>					
Official promotions	0.01	0.11	0	1	23618
Fast-track promotions	0.27	0.44	0	1	20328
<b><u>Teams</u></b>					
Working in seniors' team	0.17	0.38	0	1	15486
<b><u>Full sample: 77 cohorts</u></b>					
Official promotions	0.01	0.11	0	1	96881
Fast-track promotions	0.27	0.44	0	1	81306
<b><u>Teams</u></b>					
Working in seniors' team	0.25	0.43	0	1	26971

*Note:* Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power^p}$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. It is defined as a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank, zero otherwise. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Working in seniors team is defined as a dummy that turns on one whenever the juniors are working in the team of their first seniors in the long run (after their first interaction at the first job).

Table 2: Overall are fast-track promotions meritocratic?

	Dependent variable: Fast-track promotions	
	(1)	(2)
Exam Top 10% ( $\alpha$ )	0.04 (0.04)	
Exam Bottom 10% ( $\beta$ )	-0.06 (0.05)	
Tax Top 10% ( $\alpha$ )		0.07 (0.09)
Tax Bottom 10% ( $\beta$ )		-0.03 (0.07)
Constant	0.31*** (0.03)	0.33*** (0.05)
Ho: $\alpha=\beta$ (p-value)	0.06	0.23
Controls	No	No
Cohort & time FE	No	No
Mean	0.30	0.35
person x mon	17864	5711
Cohorts	39	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual seniority of the civil servant is higher than his or her official seniority. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Tax performance is from the first job of a newly recruited civil servant. Tax top (bottom) 10% is a dummy that turns on one when the civil servant is in the top (bottom) 10% of the cohort in tax collection. The omitted category is mid 80% tax collection.

Table 3: Diff-in-diff: Are fast-track promotions meritocratic?

	<b>Exam performance</b>		Difference
	Top 10%	Mid 80%	
<b>Power of seniors</b>			
Above median power	0.38*** (0.00)	0.29*** (0.00)	0.09* (0.07)
Below median power	0.18*** (0.00)	0.22*** (0.00)	-0.04 (0.32)
Difference	0.20*** (0.00)	0.07* (0.05)	0.13** (0.04)
person $\times$ months			17319
cohorts			38

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

*Note:* P-value in parenthesis. The unit of observation is a civil servant-month. Each cell is the mean of fast-track promotions. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual seniority of the civil servant is higher than his or her official seniority. Above (below) median promotion power is classified as a dummy that turns on 1 whenever promotion power of seniors ( $\overline{Power}$ ) is above (below) the median promotion power of a given year. It remains zero otherwise. Exam top 10% is a dummy that turns on one for those civil servants that were the top 10% of their cohort in the recruitment exam. Mid 80% exam performers are defined accordingly as a dummy that turns on one for those juniors that were the mid 80% of their cohort in the recruitment exam. Standard errors are clustered at the cohort level.

Table 4: Diff-in-diff: Are fast-track promotions meritocratic?

	<b>Exam performance</b>		Difference
	Bottom 10%	Mid 80%	
<b>Power of seniors</b>			
Above median power	0.22*** (0.00)	0.29*** (0.00)	-0.07 (0.19)
Below median power	0.18*** (0.00)	0.22*** (0.00)	-0.04 (0.31)
Difference	0.04 (0.57)	0.07* (0.05)	-0.03 (0.61)
person $\times$ months			17491
cohorts			38

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

*Note:* P-value in parenthesis. The unit of observation is a civil servant-month. Each cell is the mean of fast-track promotions. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual seniority of the civil servant is higher than his or her official seniority. Above (below) median promotion power is classified as a dummy that turns on 1 whenever promotion power of seniors ( $\overline{Power}$ ) is above (below) the median promotion power of a given year. It remains zero otherwise. Exam bottom 10% is a dummy that turns on one for those civil servants that were the bottom 10% of their cohort in the recruitment exam. Mid 80% exam performers are defined accordingly as a dummy that turns on one for those juniors that were the mid 80% of their cohort in the recruitment exam. Standard errors are clustered at the cohort level.

Table 5: OLS - Are discretionary promotions of juniors meritocratic?

	Dependent variable:		
	Fast-track promotions		Official promotions
	(1)	(2)	(3)
$\overline{Power}$	0.09** (0.03)	-0.04 (0.04)	0.01** (0.00)
Exam Top 10%		-0.01 (0.04)	-0.00 (0.00)
Exam Bottom 10%		-0.06 (0.05)	-0.00 (0.00)
$\overline{Power} \times \text{Exam Top 10\% } (\alpha)$		0.13* (0.07)	0.00 (0.00)
$\overline{Power} \times \text{Exam Bottom 10\% } (\beta)$		-0.06 (0.10)	0.00 (0.00)
Ho: $\alpha=\beta$ (p-value)		0.11	0.48
Controls	Yes	Yes	Yes
Cohort & time FE	No	Yes	Yes
Mean	0.32	0.31	0.01
person x mon cohorts	23885 44	17229 39	17768 39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. It is defined as a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank, zero otherwise. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Official rank of the junior is not included in columns (3). Cohort & month-year FE included in all specifications, except column (1). All specifications exclude first job.

Table 6: First stage - Are discretionary promotions of juniors meritocratic?

	Dependent variable:		
	Power of seniors ( $\overline{power}$ )		
	(1)	(2)	(3)
$\overline{Power}^p$	0.70*** (0.04)	0.54*** (0.09)	0.52*** (0.09)
$\overline{Power}^p \times \text{Exam Top 10\% } (\alpha)$		-0.11 (0.10)	-0.13 (0.09)
$\overline{Power}^p \times \text{Exam Bottom 10\% } (\beta)$		-0.03 (0.05)	-0.04 (0.05)
Exam Top 10%		-0.02 (0.04)	-0.04 (0.04)
Exam Bottom 10%		0.07** (0.03)	0.07** (0.03)
AP F Statistic-I	372	54	53
AP F Statistic-II		139	182
AP F Statistic-III		414	351
Controls	Yes	Yes	Yes
Cohort & time FE	No	Yes	Yes
person x mon	23714	17166	17699
cohorts	43	39	39

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. It is defined as a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank, zero otherwise. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Angrist & Pischke (2009) f-stat is reported for each endogenous variable at the bottom. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Official rank of the junior is not included in columns (3). Cohort & month-year FE included in all specifications, except column (1). All specifications exclude first job.

Table 7: Second stage - Are discretionary promotions of juniors meritocratic?

	OLS		IV		Reduced Form				
	Fast-track promotions	Official promotions	Fast-track promotions	Official promotions	Fast-track promotions	Official promotions			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$\overline{Power}$	0.09** (0.03)	-0.04 (0.04)	0.01** (0.00)	0.09* (0.05)	-0.08 (0.09)	0.00 (0.01)			
Exam Top 10%		-0.01 (0.04)	-0.00 (0.00)		-0.02 (0.04)	-0.00 (0.00)		-0.02 (0.04)	-0.00 (0.00)
Exam Bot 10%		-0.06 (0.05)	-0.00 (0.00)		-0.06 (0.05)	-0.00 (0.00)		-0.06 (0.04)	-0.00 (0.00)
$\overline{Power} \times \text{Exam Top 10\% } (\alpha)$		0.13* (0.07)	0.00 (0.00)		0.14* (0.08)	0.00 (0.00)			
$\overline{Power} \times \text{Exam Bot 10\% } (\beta)$		-0.06 (0.10)	0.00 (0.00)		-0.06 (0.10)	-0.00 (0.00)			
$\overline{Power}^p$							0.07* (0.04)	-0.03 (0.05)	0.00 (0.00)
$\overline{Power}^p \times \text{Exam Top 10\% } (\alpha)$								0.09* (0.05)	0.00 (0.00)
$\overline{Power}^p \times \text{Exam Bot 10\% } (\beta)$								-0.04 (0.07)	-0.00 (0.00)
Ho: $\alpha=\beta$ (p-value)		0.11	0.48		0.17	0.05		0.16	0.07
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Mean	0.32	0.31	0.01	0.31	0.31	0.01	0.31	0.31	0.01
person x mon cohorts	23885 44	17229 39	17768 39	23714 43	17166 39	17699 39	23959 43	17411 39	17945 39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. It is defined as a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank, zero otherwise. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Official rank of the junior is not included in columns (3), (6) and (9). Cohort & month-year FE included in all specifications, except column (1), (4) and (7). All specifications exclude first job.

Table 8: Second stage - Are discretionary promotions of juniors meritocratic?

	OLS		IV	
	Fast-track promotions	Official promotions	Fast-track promotions	Official promotions
	(1)	(2)	(3)	(4)
<b>Cohorts of 1981-1990</b>				
$\overline{Power}$	-0.19* (0.09)	0.01* (0.00)	-0.08 (0.10)	-0.00 (0.00)
$\overline{Power} \times \text{Exam Top 10\% } (\alpha)$	-0.08 (0.07)	0.01 (0.01)	-0.05 (0.07)	-0.00 (0.01)
$\overline{Power} \times \text{Exam Bottom 10\% } (\beta)$	0.24*** (0.06)	0.00 (0.00)	0.25*** (0.08)	0.00 (0.00)
<b>Cohorts of 1991-2000</b>				
$\overline{Power} \times \text{cohort90s}$	0.02 (0.08)	-0.00 (0.00)	0.07 (0.10)	-0.00 (0.00)
$\overline{Power} \times \text{Exam Top 10\% } \times \text{cohort90s } (\mu)$	0.35 (0.24)	0.00 (0.01)	0.55*** (0.13)	0.02 (0.01)
$\overline{Power} \times \text{Exam Bottom 10\% } \times \text{cohort90s } (\pi)$	-0.46*** (0.10)	-0.01 (0.01)	-0.53*** (0.11)	-0.01* (0.00)
<b>Cohorts of 2001-2010</b>				
$\overline{Power} \times \text{cohort2000s}$	0.20 (0.12)	0.02*** (0.01)	0.80*** (0.24)	0.01 (0.02)
$\overline{Power} \times \text{Exam Top 10\% } \times \text{cohort2000s } (\theta)$	0.00 (0.36)	-0.00 (0.02)	0.01 (0.43)	0.01 (0.03)
$\overline{Power} \times \text{Exam Bottom 10\% } \times \text{cohort2000s } (\eta)$	-0.43* (0.24)	-0.00 (0.01)	-1.12** (0.42)	-0.02 (0.04)
Ho: $\alpha=\beta$ (p-value)	0.00	0.50	0.01	0.83
Ho: $\mu=\pi$ (p-value)	0.00	0.31	0.00	0.04
Ho: $\theta=\eta$ (p-value)	0.25	0.97	0.04	0.52
Controls	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes
Mean	0.31	0.01	0.31	0.01
person x mon	12525	15051	12525	15049
cohorts	31	31	31	31

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. It is defined as a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank, zero otherwise. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience, experience squared of the junior, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Official rank of the junior is not included in columns (2) and (4). All specifications exclude first job.

Table 9: Reduced form - Are discretionary promotions of juniors meritocratic?

	Fast-track promotions	Official promotions
	(1)	(2)
<b><u>Cohorts of 1981-1990</u></b>		
$\overline{Power}^p$	-0.09 (0.07)	-0.00 (0.00)
$\overline{Power}^p \times \text{Exam Top 10\% } (\alpha)$	-0.01 (0.06)	-0.00 (0.01)
$\overline{Power}^p \times \text{Exam Bottom 10\% } (\beta)$	0.22*** (0.07)	0.00 (0.00)
<b><u>Cohorts of 1991-2000</u></b>		
$\overline{Power}^p \times \text{cohort90s}$	0.04 (0.07)	-0.00 (0.00)
$\overline{Power}^p \times \text{Exam Top 10\% } \times \text{cohort90s } (\mu)$	0.38** (0.15)	0.02*** (0.01)
$\overline{Power}^p \times \text{Exam Bottom 10\% } \times \text{cohort90s } (\pi)$	-0.41*** (0.10)	-0.01** (0.00)
<b><u>Cohorts of 2001-2010</u></b>		
$\overline{Power}^p \times \text{cohort2000s}$	0.55*** (0.13)	0.01 (0.01)
$\overline{Power}^p \times \text{Exam Top 10\% } \times \text{cohort2000s } (\theta)$	0.05 (0.26)	0.01 (0.01)
$\overline{Power}^p \times \text{Exam Bottom 10\% } \times \text{cohort2000s } (\eta)$	-0.69** (0.26)	-0.01 (0.02)
Ho: $\alpha=\beta$ (p-value)	0.00	0.77
Ho: $\mu=\pi$ (p-value)	0.00	0.00
Ho: $\theta=\eta$ (p-value)	0.01	0.47
Controls	Yes	Yes
Cohort & time FE	Yes	Yes
Mean	0.31	0.01
person x mon	12567	15096
cohorts	31	31

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. It is defined as a dummy that turns on one whenever the bureaucrat is officially promoted to the next rank, zero otherwise. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience, experience squared of the junior, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Official rank of the junior is not included in columns (2) and (4). All specifications exclude first job.

Table 10: Multinomial logit: Why are discretionary promotions meritocratic?

	Base category: not fast-track promoted					
	Start work in other teams & Promoted	Start work in senior's team & Promoted	Start work in other teams & Promoted	Start work in senior's team & Promoted	Start work in other teams & Promoted	Start work in senior's team & Promoted
	(1)	(2)	IV-control function		Reduced form	
			(3)	(4)	(5)	(6)
$\overline{Power}$	-0.37 [0.27]	-0.20 [0.71]	-0.32 [0.64]	-0.32 [0.74]		
Exam Top 10%	-0.51 [0.14]	0.00 [1.00]	-0.55* [0.09]	-0.00 [1.00]	-0.49 [0.16]	-0.02 [0.97]
Exam Bottom 10%	-0.46 [0.18]	-0.55 [0.41]	-0.56* [0.08]	-0.59 [0.39]	-0.52* [0.07]	-0.57 [0.40]
$\overline{Power} \times$ Exam Top 10% ( $\alpha$ )	0.07 [0.90]	0.61 [0.11]	0.44 [0.50]	1.22** [0.03]		
$\overline{Power} \times$ Exam Bottom 10% ( $\beta$ )	-0.33 [0.71]	-1.50 [0.19]	-0.07 [0.95]	-2.39* [0.06]		
$\overline{Power}^p$					-0.11 [0.77]	-0.19 [0.70]
$\overline{Power}^p \times$ Exam Top 10% ( $\alpha$ )					0.40 [0.42]	0.95*** [0.00]
$\overline{Power}^p \times$ Exam Bottom 10% ( $\beta$ )					-0.08 [0.91]	-1.47* [0.09]
$\alpha=\beta$ (p-value)	0.71	0.03	0.69	0.00	0.59	0.00
Other teams ( $\alpha$ )=Seniors team ( $\alpha$ ) (p-value)	0.26		0.16		0.16	
Other teams ( $\beta$ )=Seniors team ( $\beta$ ) (p-value)	0.20		0.04		0.07	
Controls	Yes		Yes		Yes	
Cohort & time FE	Yes		Yes		Yes	
person x mon cohorts	16736		16697		16885	
	39		39		39	

+ p<0.12, \* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Bootstrapped p-values in parentheses.

*Note:* The unit of observation is a civil servant-month. Fast-track promotions is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. I define Working in the senior's (other) teams and promoted is a dummy that turns on one whenever the juniors is (not) working in the team of their first seniors. These two variables are used to create the different categories for multinomial logit. Promotion power of seniors ( $\overline{Power}$ ) is the average official promotions, over time, of the first set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based rank, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Cohort & month-year FE, experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. All specifications exclude first job.

Table 11: Multinomial logit: Why are discretionary promotions meritocratic?

	<b>Base category: not fast-track promoted</b>			
	Start work in other teams & Promoted	Start work in senior's team & Promoted	Start work in other teams & Promoted	Start work in senior's team & Promoted
	(1)	(2)	IV-control function (3)	(4)
<b>Cohorts of 1981-1990</b>				
$\overline{Power}$	-0.03 [0.93]	0.83 [0.25]	-0.04 [0.94]	-1.17 [0.36]
$\overline{Power} \times \text{Exam Top 10\% } (\alpha)$	-0.85* [0.05]	0.76 [0.26]	-0.97* [0.08]	1.42* [0.06]
$\overline{Power} \times \text{Exam Bottom 10\% } (\beta)$	2.67*** [0.00]	-1.06 [0.34]	3.95*** [0.00]	-1.28 [0.28]
<b>Cohorts of 1991-2000</b>				
$\overline{Power} \times \text{cohort90s}$	-0.70 [0.12]	-1.80 [0.17]	-0.59 [0.49]	0.65 [0.68]
$\overline{Power} \times \text{Exam Top 10\% } \times \text{cohort90s } (\mu)$	1.55 [0.44]	0.52 [0.36]	2.16 [0.21]	1.95* [0.09]
$\overline{Power} \times \text{Exam Bottom 10\% } \times \text{cohort90s } (\pi)$	-5.07*** [0.00]	-3.90* [0.08]	-6.42*** [0.00]	-5.28** [0.02]
<b>Cohorts of 2001-2010</b>				
$\overline{Power} \times \text{cohort2000s}$	1.07 [0.12]	-0.32 [0.81]	3.13* [0.05]	7.58** [0.02]
$\overline{Power} \times \text{Exam Top 10\% } \times \text{cohort2000s } (\theta)$	-0.30 [0.81]	-0.64 [0.53]	1.10 [0.75]	-0.96 [0.67]
$\overline{Power} \times \text{Exam Bottom 10\% } \times \text{cohort2000s } (\eta)$	-4.87** [0.01]	1.52 [0.31]	-9.28*** [0.00]	-3.85 [0.44]
$\alpha=\beta$ (p-value)	0.00	0.14	0.00	0.04
Other teams ( $\alpha$ )=Seniors team ( $\alpha$ ) (p-value)	0.06		0.03	
Other teams ( $\beta$ )=Seniors team ( $\beta$ ) (p-value)	0.01		0.00	
$\mu=\pi$ (p-value)	0.00	0.04	0.00	0.00
$\theta=\eta$ (p-value)	0.08	0.17	0.01	0.46
Other teams ( $\theta$ )=Seniors team ( $\theta$ ) (p-value)	0.76		0.48	
Other teams ( $\eta$ )=Seniors team ( $\eta$ ) (p-value)	0.01		0.47	
Controls	Yes		Yes	
Cohort & time FE	Yes		Yes	
person x mon	12405		12404	
cohorts	31		31	

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Cameron Gelbach & Miller (2008) cluster bootstrap-t p-values in parentheses.

*Note:* The unit of observation is a civil servant-month. Fast-track promotions is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. I define Working in the senior's (other) teams and promoted is a dummy that turns on one whenever the juniors is (not) working in the team of their first seniors. These two variables are used to create the different categories for multinomial logit. Promotion power of seniors ( $\overline{Power}$ ) is the average official promotions, over time, of the first set of seniors. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Cohort & month-year FE and controls included. All specifications exclude first job.

Table 12: Multinomial logit: Why are discretionary promotions meritocratic?

	<b>Base category:</b>	
	<b>not fast-track promoted</b>	<b>not fast-track promoted</b>
	Start work in other teams & Promoted	Start work in senior's team & Promoted
	Reduced form	
	(1)	(2)
<b>Cohorts of 1981-1990</b>		
$\overline{Power}^p$	-0.09 [0.80]	-0.15 [0.80]
$\overline{Power}^p \times \text{Exam Top 10\% } (\alpha)$	-0.75** [0.03]	0.48 [0.30]
$\overline{Power}^p \times \text{Exam Bottom 10\% } (\beta)$	2.97*** [0.00]	-0.85 [0.31]
<b>Cohorts of 1991-2000</b>		
$\overline{Power}^p \times \text{cohort90s}$	-0.67 [0.13]	-0.53 [0.59]
$\overline{Power}^p \times \text{Exam Top 10\% } \times \text{cohort90s } (\mu)$	1.37 [0.38]	1.30* [0.07]
$\overline{Power}^p \times \text{Exam Bottom 10\% } \times \text{cohort90s } (\pi)$	-4.81*** [0.00]	-3.03* [0.05]
<b>Cohorts of 2001-2010</b>		
$\overline{Power}^p \times \text{cohort2000s}$	1.82* [0.05]	3.00* [0.08]
$\overline{Power}^p \times \text{Exam Top 10\% } \times \text{cohort2000s } (\theta)$	0.69 [0.71]	0.24 [0.86]
$\overline{Power}^p \times \text{Exam Bottom 10\% } \times \text{cohort2000s } (\eta)$	-5.81** [0.01]	-0.42 [0.82]
$\alpha=\beta$ (p-value)	0.00	0.13
Other teams $(\alpha)$ =Seniors team $(\alpha)$ (p-value)	0.03	
Other teams $(\beta)$ =Seniors team $(\beta)$ (p-value)	0.00	
$\mu=\pi$ (p-value)	0.00	0.00
$\theta=\eta$ (p-value)	0.02	0.75
Other teams $(\theta)$ =Seniors team $(\theta)$ (p-value)	0.75	
Other teams $(\eta)$ =Seniors team $(\eta)$ (p-value)	0.06	
Controls	Yes	
Cohort & time FE	Yes	
person x mon	12430	
cohorts	31	

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Cameron Gelbach & Miller (2008) cluster bootstrap-t p-values in parentheses.

*Note:* The unit of observation is a civil servant-month. Fast-track promotions is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. I define Working in the senior's (other) teams and promoted is a dummy that turns on one whenever the juniors is (not) working in the team of their first seniors. These two variables are used to create the different categories for multinomial logit. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based rank, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Cohort & month-year FE and controls included. All specifications exclude first job.

Table 13: OLS - Do seniors use pvt. info meritocratically?

	Dependent variable: Fast-track promotions (second job onwards)				
	$\overline{Tax}=\text{Top } 10\%$	$\overline{Tax}=\text{Top } 20\%$	$\overline{Tax}=\text{Top } 30\%$	$\overline{Tax}=\text{Top } 40\%$	$\overline{Tax}=\text{Top } 50\%$
	(1)	(2)	(3)	(4)	(5)
$\overline{Power} \times \text{Exam Top}10\% \times \overline{Tax} (\alpha)$	0.85*** (0.18)	0.66 (0.39)	0.69 (0.43)	0.44 (0.34)	0.61 (0.41)
$\overline{Power} \times \text{Exam Top}10\% (\beta)$	0.50* (0.24)	0.32 (0.31)	0.36 (0.34)	0.49 (0.34)	0.59* (0.32)
$\overline{Power} \times \text{Exam Mid}80\% \times \overline{Tax}(\pi)$	0.33*** (0.11)	0.14 (0.40)	0.19 (0.42)	0.23 (0.41)	0.35 (0.37)
$\overline{Power} \times \text{Exam Mid}80\% (\gamma)$	0.39*** (0.11)	0.19 (0.38)	0.22 (0.40)	0.21 (0.41)	0.37 (0.37)
$\overline{Power} \times \text{Exam Bot}10\% \times \overline{Tax} (\mu)$	0.40*** (0.14)	-0.04 (0.42)	0.01 (0.45)	0.03 (0.45)	0.18 (0.41)
$\overline{Power} (\theta)$	-0.38** (0.14)	-0.16 (0.41)	-0.19 (0.43)	-0.19 (0.42)	-0.36 (0.38)
Exam Top10%	0.08 (0.11)	0.09 (0.11)	0.09 (0.11)	0.09 (0.10)	0.08 (0.11)
Exam Mid80%	0.13 (0.08)	0.14* (0.07)	0.14* (0.07)	0.14* (0.07)	0.13 (0.09)
$\overline{Tax}$	0.01 (0.06)	0.02 (0.06)	0.05 (0.05)	0.07 (0.07)	-0.01 (0.05)
Ho: $\alpha=\beta$ (p-value)	0.23	0.23	0.27	0.83	0.93
Ho: $\gamma=\pi$ (p-value)	0.49	0.55	0.74	0.87	0.76
Ho: $\mu=\theta$ (p-value)	0.01	0.89	0.82	0.80	0.49
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
Mean	0.35	0.35	0.35	0.35	0.35
person x mon	5668	5668	5668	5668	5668
Cohorts	29	29	29	29	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Tax}$  is a dummy that turns on one when the civil servant is in the top 10, 20, 30, 40 or 50% of the cohort in tax collection. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. All specifications exclude first job.

Table 14: Reduced form - Do seniors use pvt. info meritocratically?

	Dependent variable: Fast-track promotions (second job onwards)				
	$\overline{Tax}=\text{Top } 10\%$	$\overline{Tax}=\text{Top } 20\%$	$\overline{Tax}=\text{Top } 30\%$	$\overline{Tax}=\text{Top } 40\%$	$\overline{Tax}=\text{Top } 50\%$
	(1)	(2)	(3)	(4)	(5)
$\overline{Power}^p \times \text{Exam Top}10\% \times \overline{Tax}$ ( $\alpha$ )	0.97*** (0.20)	0.99** (0.38)	0.91** (0.42)	0.97** (0.40)	0.72* (0.37)
$\overline{Power}^p \times \text{Exam Top}10\%$ ( $\beta$ )	0.50*** (0.14)	0.52 (0.36)	0.69* (0.37)	0.65* (0.35)	0.91*** (0.32)
$\overline{Power}^p \times \text{Exam Mid}80\% \times \overline{Tax}$ ( $\pi$ )	0.23** (0.09)	0.26 (0.39)	0.39 (0.41)	0.44 (0.38)	0.51 (0.36)
$\overline{Power}^p \times \text{Exam Mid}80\%$ ( $\gamma$ )	0.30*** (0.07)	0.32 (0.39)	0.43 (0.40)	0.42 (0.39)	0.56 (0.36)
$\overline{Power}^p \times \text{Exam Bot}10\% \times \overline{Tax}$ ( $\mu$ )	0.26** (0.12)	0.07 (0.39)	0.20 (0.40)	0.22 (0.39)	0.33 (0.36)
$\overline{Power}^p$ ( $\theta$ )	-0.23** (0.11)	-0.25 (0.37)	-0.36 (0.39)	-0.36 (0.38)	-0.50 (0.35)
Exam Top10%	0.09 (0.10)	0.09 (0.10)	0.09 (0.10)	0.08 (0.09)	0.09 (0.09)
Exam Mid80%	0.13 (0.08)	0.13* (0.07)	0.14* (0.07)	0.14* (0.07)	0.13 (0.09)
$\overline{Tax}$	0.02 (0.06)	0.02 (0.06)	0.05 (0.05)	0.07 (0.07)	-0.01 (0.06)
Ho: $\alpha=\beta$ (p-value)	0.05	0.06	0.44	0.22	0.36
Ho: $\gamma=\pi$ (p-value)	0.37	0.43	0.62	0.89	0.44
Ho: $\mu=\theta$ (p-value)	0.02	0.68	0.49	0.45	0.25
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
Mean	0.35	0.35	0.35	0.35	0.35
person x mon	5701	5701	5701	5701	5701
Cohorts	29	29	29	29	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Tax}$  is a dummy that turns on one when the civil servant is in the top 10, 20, 30, 40 or 50% of the cohort in tax collection. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. All specifications exclude first job.

Table 15: Second stage - Do seniors use pvt. info meritocratically?

Dependent variable: Fast-track promotions (second job onwards)					
	$\overline{Tax}=\text{Top } 10\%$	$\overline{Tax}=\text{Top } 20\%$	$\overline{Tax}=\text{Top } 30\%$	$\overline{Tax}=\text{Top } 40\%$	$\overline{Tax}=\text{Top } 50\%$
	(1)	(2)	(3)	(4)	(5)
$\overline{Power} \times \text{Exam Top}10\% \times \overline{Tax} (\alpha)$	1.33*** (0.13)	1.34*** (0.41)	1.42*** (0.43)	1.49*** (0.45)	1.52** (0.74)
$\overline{Power} \times \text{Exam Top}10\% (\beta)$	0.70*** (0.15)	0.70 (0.43)	0.87* (0.45)	0.82* (0.43)	1.09** (0.40)
$\overline{Power} \times \text{Exam Mid}80\% \times \overline{Tax}(\pi)$	0.35*** (0.08)	0.35 (0.48)	0.50 (0.49)	0.55 (0.46)	0.63 (0.44)
$\overline{Power} \times \text{Exam Mid}80\% (\gamma)$	0.43*** (0.11)	0.42 (0.48)	0.54 (0.48)	0.53 (0.47)	0.69 (0.43)
$\overline{Power} \times \text{Exam Bot}10\% \times \overline{Tax} (\mu)$	0.35* (0.19)	0.09 (0.50)	0.25 (0.50)	0.29 (0.49)	0.39 (0.46)
$\overline{Power} (\theta)$	-0.34 (0.23)	-0.33 (0.46)	-0.45 (0.47)	-0.44 (0.45)	-0.62 (0.43)
Exam Top10%	0.08 (0.10)	0.08 (0.10)	0.08 (0.10)	0.05 (0.10)	0.07 (0.11)
Exam Mid80%	0.13 (0.08)	0.13* (0.08)	0.14* (0.08)	0.14* (0.08)	0.13 (0.09)
$\overline{Tax}$	0.03 (0.05)	0.03 (0.05)	0.05 (0.05)	0.07 (0.06)	-0.01 (0.06)
Ho: $\alpha=\beta$ (p-value)	0.00	0.00	0.00	0.00	0.52
Ho: $\gamma=\pi$ (p-value)	0.36	0.42	0.63	0.85	0.47
Ho: $\mu=\theta$ (p-value)	0.10	0.66	0.47	0.43	0.25
Control	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
Mean	0.35	0.35	0.35	0.35	0.35
person x mon	5668	5668	5668	5668	5668
Cohorts	29	29	29	29	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Tax}$  is a dummy that turns on one when the civil servant is in the top 10, 20, 30, 40 or 50% of the cohort in tax collection. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. All specifications exclude first job.

Table 16: First stage - Do seniors use pvt. info meritocratically?

	Dependent variable:				
	Promotion power of seniors ( $\overline{Power}$ )				
	$\overline{Tax}=\text{Top } 10\%$	$\overline{Tax}=\text{Top } 20\%$	$\overline{Tax}=\text{Top } 30\%$	$\overline{Tax}=\text{Top } 40\%$	$\overline{Tax}=\text{Top } 50\%$
	(1)	(2)	(3)	(4)	(5)
$\overline{Power}^p \times \text{Exam Top}10\% \times \overline{Tax}$ ( $\alpha$ )	0.73*** (0.21)	0.72*** (0.22)	0.54* (0.28)	0.57** (0.22)	0.21 (0.23)
$\overline{Power}^p \times \text{Exam Top}10\%$ ( $\beta$ )	-0.00 (0.00)	-0.00 (0.01)	-0.01 (0.02)	-0.02 (0.03)	-0.00 (0.01)
$\overline{Power}^p \times \text{Exam Mid}80\% \times \overline{Tax}$ ( $\pi$ )	0.00 (0.00)	-0.00 (0.01)	-0.01 (0.02)	-0.00 (0.03)	-0.00 (0.01)
$\overline{Power}^p \times \text{Exam Mid}80\%$ ( $\gamma$ )	0.00 (0.00)	0.00 (0.01)	-0.00 (0.02)	0.00 (0.03)	0.00 (0.01)
$\overline{Power}^p \times \text{Exam Bot}10\% \times \overline{Tax}$ ( $\mu$ )	0.01 (0.01)	-0.00 (0.01)	-0.01 (0.02)	-0.01 (0.03)	-0.00 (0.01)
$\overline{Power}^p$ ( $\theta$ )	-0.01* (0.01)	-0.01 (0.01)	-0.01 (0.02)	-0.02 (0.03)	-0.00 (0.01)
Exam Top10%	0.00 (0.00)	0.00 (0.01)	0.01 (0.01)	0.02 (0.01)	0.01* (0.01)
Exam Mid80%	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.01)	0.00 (0.00)
$\overline{Tax}$	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)
AP F Statistic-I	3379	1825	680	277	22
AP F Statistic-II	1658	450	3708	25790	1578
AP F Statistic-III	631	385	255	262	323
AP F Statistic-IV	655	266	301	432	266
AP F Statistic-V	5870	2999	3980	3496	3441
AP F Statistic-VI	47	624	511	371	407
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
person x mon	5668	5668	5668	5668	5668
Cohorts	29	29	29	29	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Tax}$  is a dummy that turns on one when the civil servant is in the top 10, 20, 30, 40 or 50% of the cohort in tax collection. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Angrist & Pischke (2009) f-stat is reported for each endogenous variable at the bottom. Cohort & month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. All specifications exclude first job.

# Figures

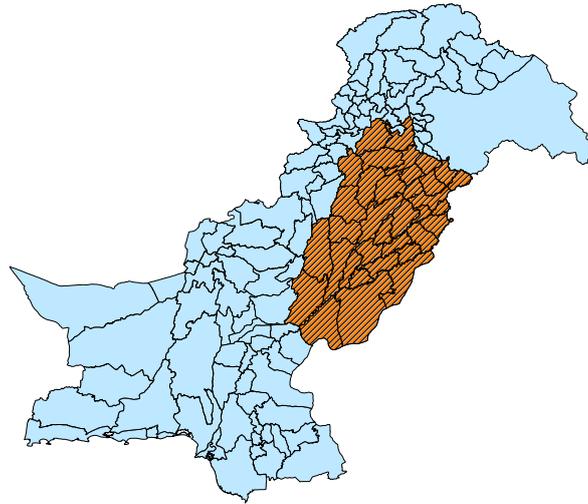


Figure 1: Pakistan

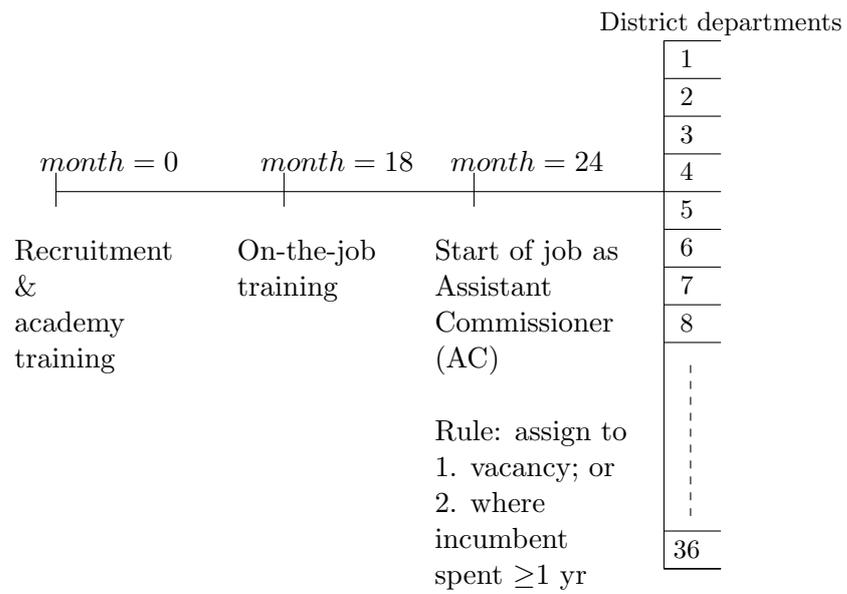


Figure 2: Timeline of the initial career of PAS new recruits

### Cohort sizes of Pakistan Administrative Services in Punjab (1962-2015)

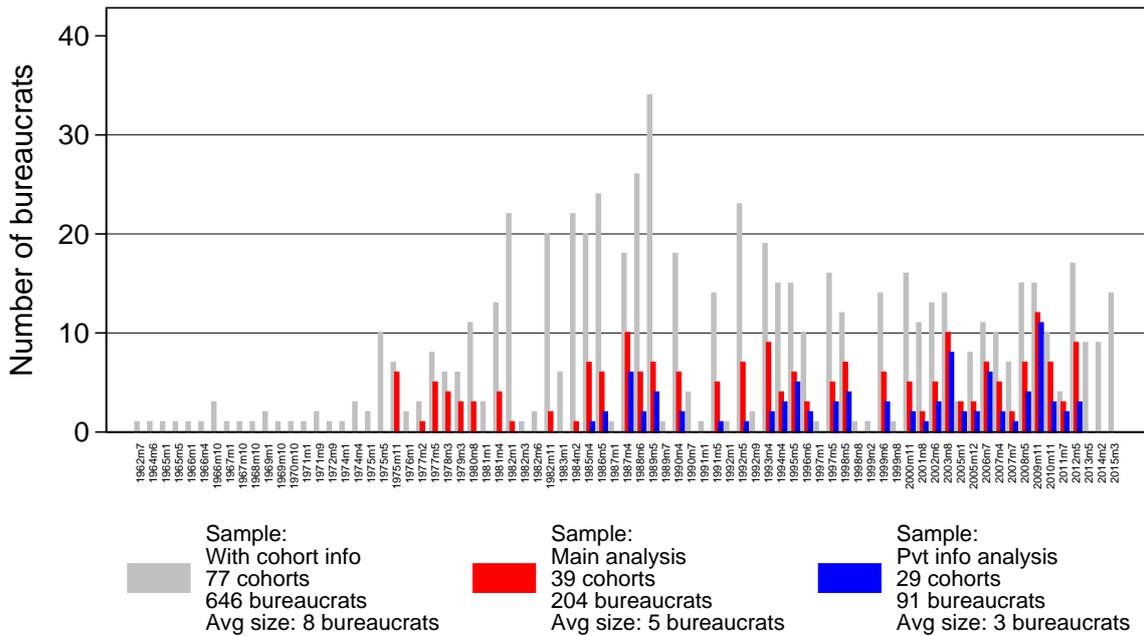


Figure 3: This figure shows the data-set on Pakistan Administrative Services (PAS) bureaucrats and the data used in the analysis in the study. There are 785 PAS bureaucrats in the data, of whom 646 have cohort information. Exam rank data is important to understand meritocracy of promotions. This information is available for 482 PAS bureaucrats, that start training in 1975. To keep causal identification tractable the analysis was restricted to the first set of seniors. This information is available for 290 bureaucrats of which a subset work as Assistant Commissioners. The main analysis of fast-track promotions is carried out for 204 PAS bureaucrats across 39 cohorts that trained between 1975-2012. These are the set of bureaucrats on whom exam rank information is available and who worked as Assistant Commissioners in the first job. The analysis of whether seniors use their private information meritocratically is constraint by the availability of tax performance data in the first job. The analysis in section 5 is, therefore, carried out for 91 PAS bureaucrats across 29 cohorts that started their on-the-job training between 1985-2012 (see section 2.2 and online data appendix for details).

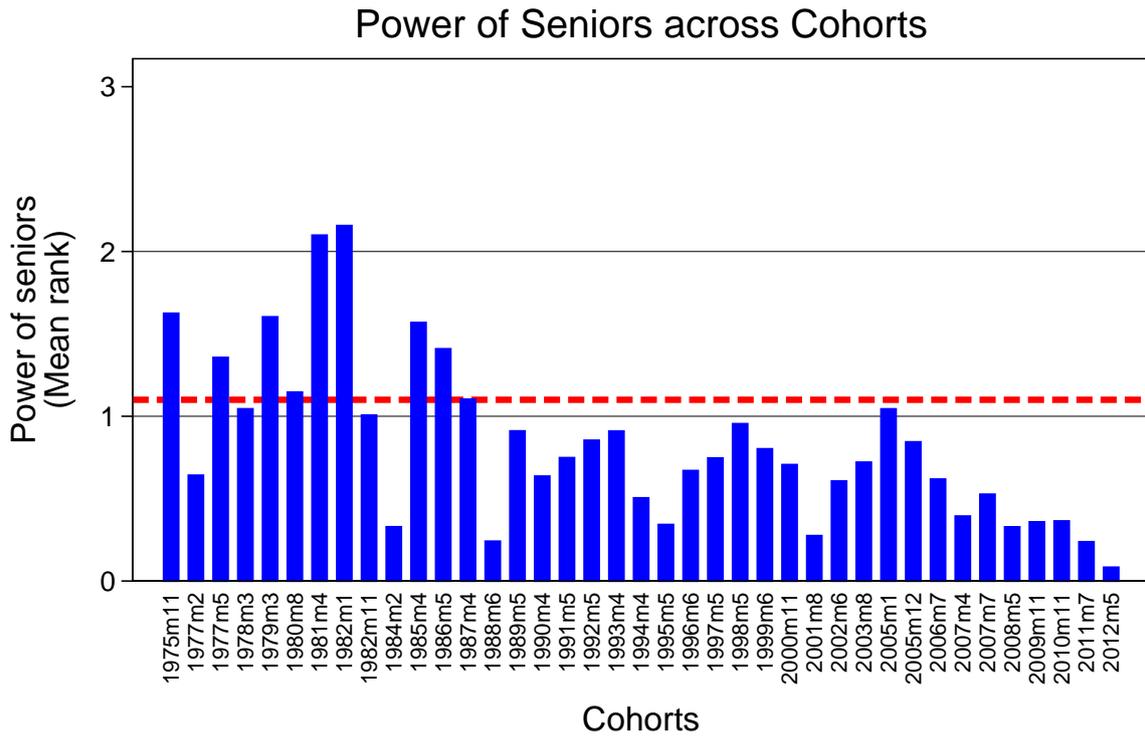


Figure 4: Variation in promotion power of seniors across cohorts

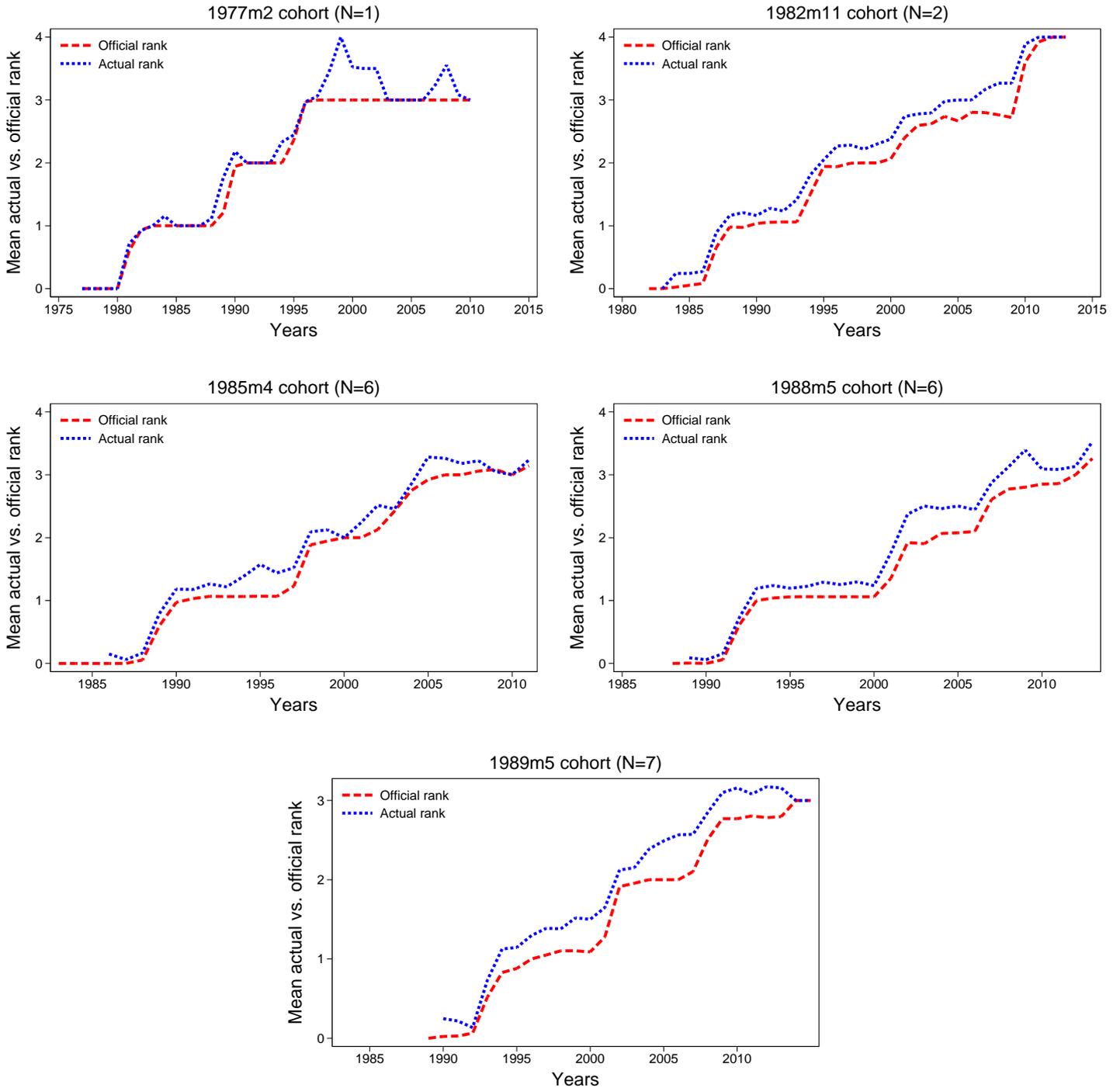


Figure 5: Actual vs. official rank: The blue line is the actual rank of a cohort while the red line is their official rank. Official rank is based on official promotions. Official promotions are those that are based on experience, training and subjective performance evaluation of a bureaucrat by his or her immediate bosses. Actual rank can differ from official seniority at the discretion of senior civil servants and chief executive of the province.

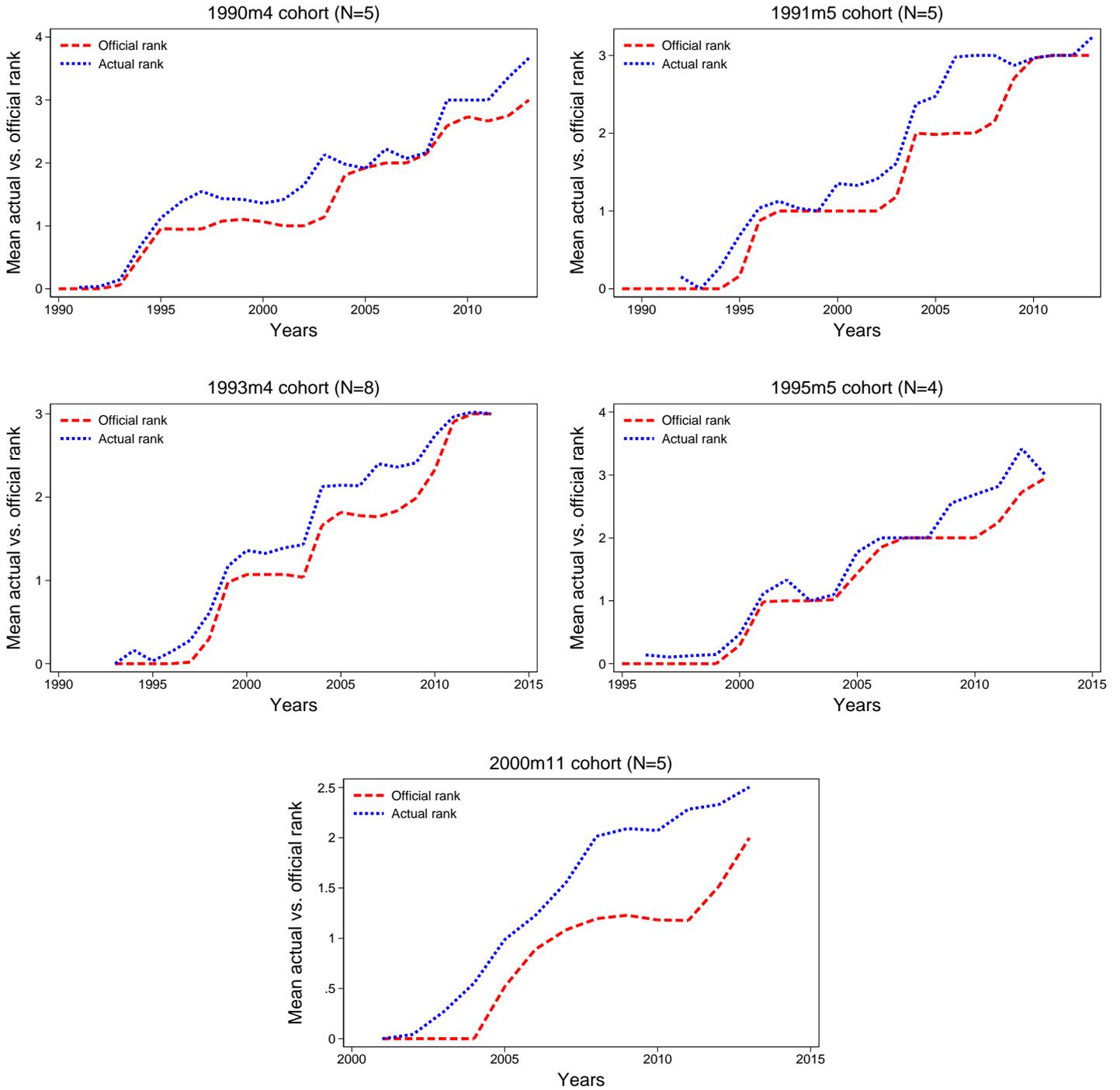


Figure 6: Actual vs. official rank: The blue line is the actual rank of a cohort while the red line is their official rank. Official rank is based on official promotions. Official promotions are those that are based on experience, training and subjective performance evaluation of a bureaucrat by his or her immediate bosses. Actual rank can differ from official seniority at the discretion of senior civil servants and chief executive of the province.

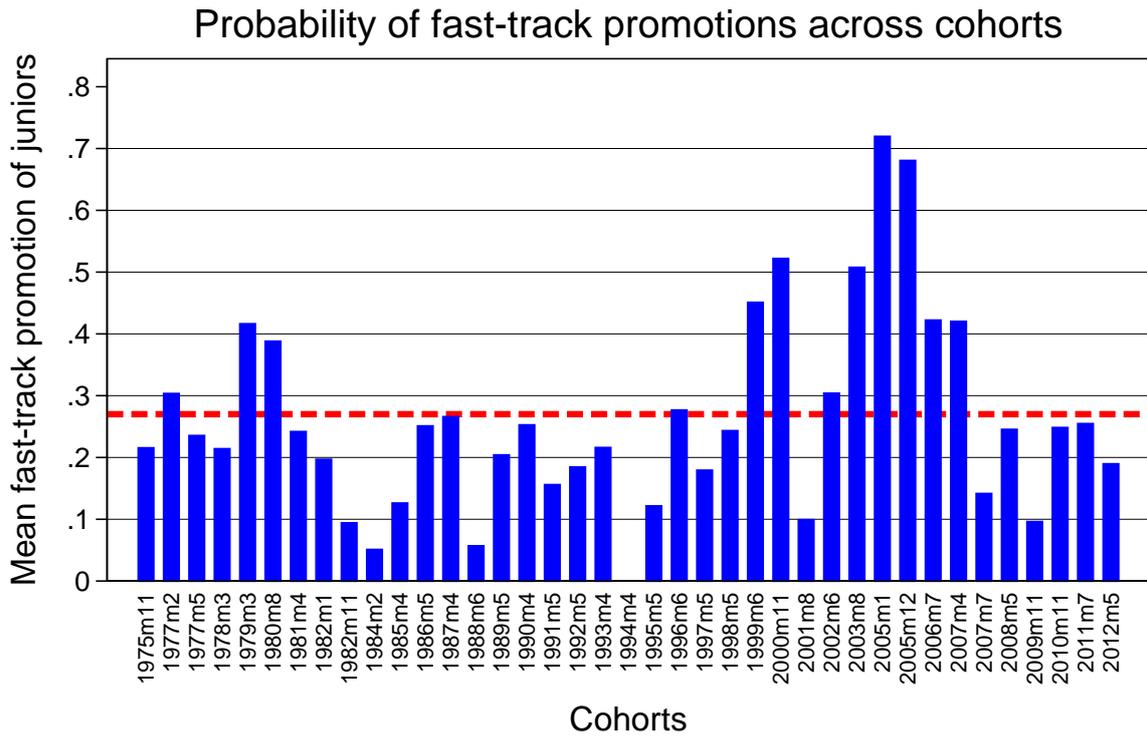


Figure 7: Fast-track promotion of juniors across cohorts. Red dotted line is the mean of fast-track promotions (0.27).

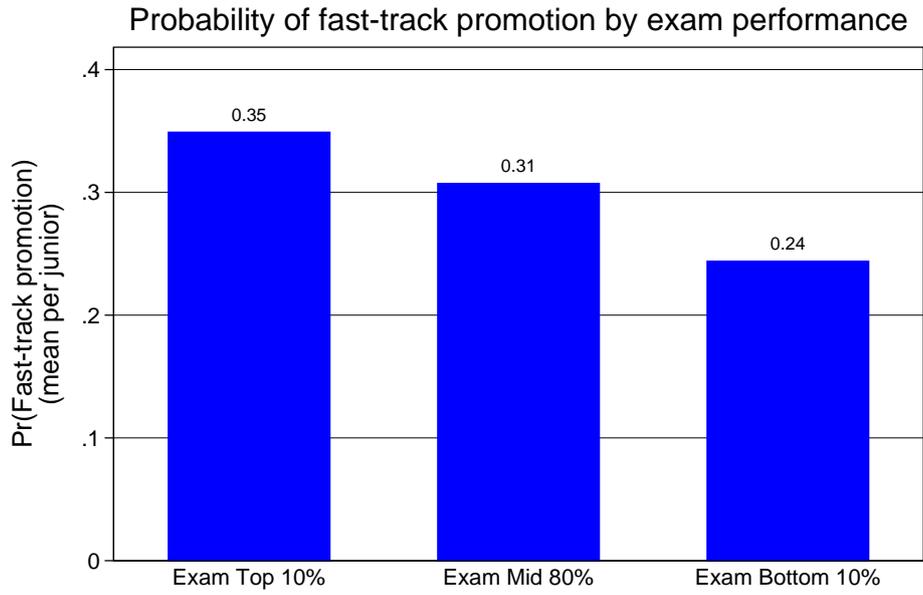


Figure 8: The figure shows the average length of career of different exam performing juniors they remain fast-tracked

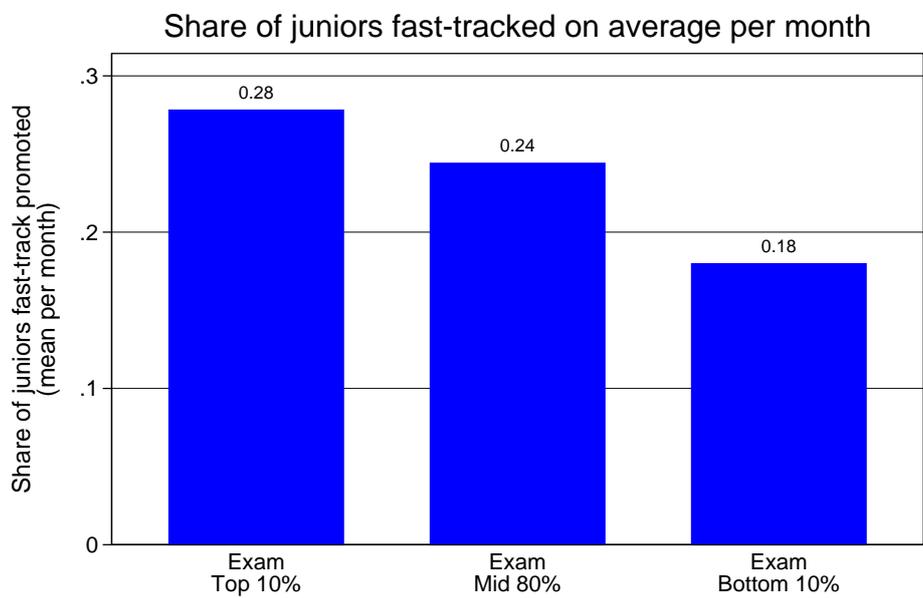


Figure 9: The figure shows the share of different exam performing juniors that are fast-tracked per month

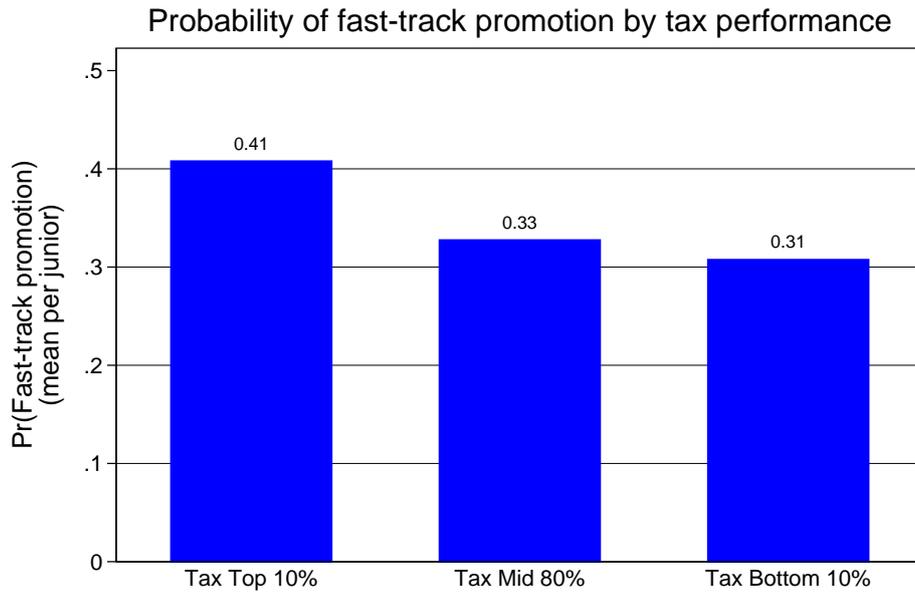


Figure 10: The figure shows the average length of career of different tax performing juniors they remain fast-tracked

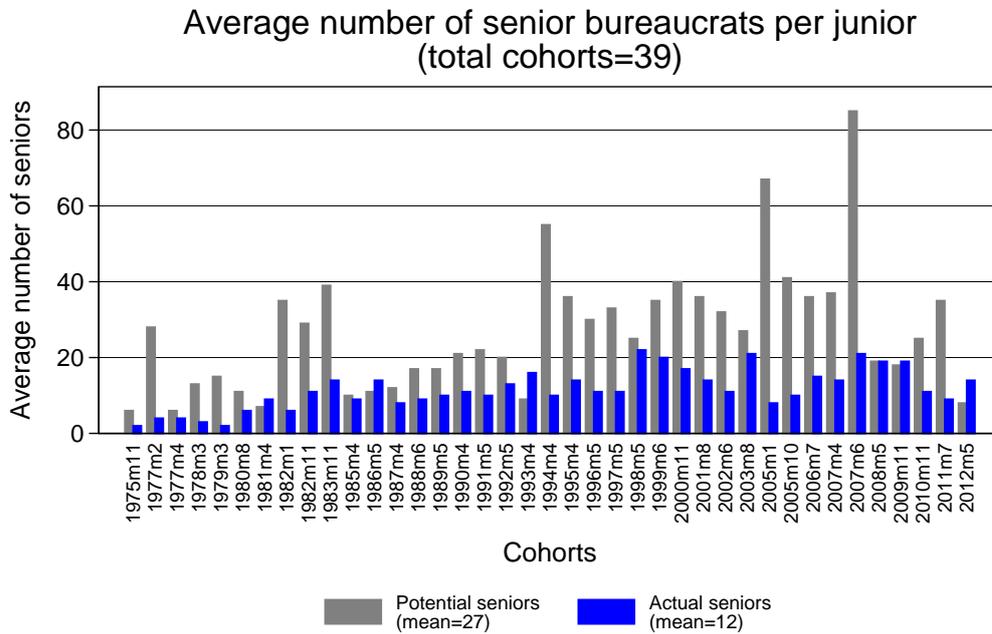


Figure 11: The figure shows the average number of seniors bureaucrats per junior in the sample of cohorts on whom the main analysis is conducted (see data section for details)

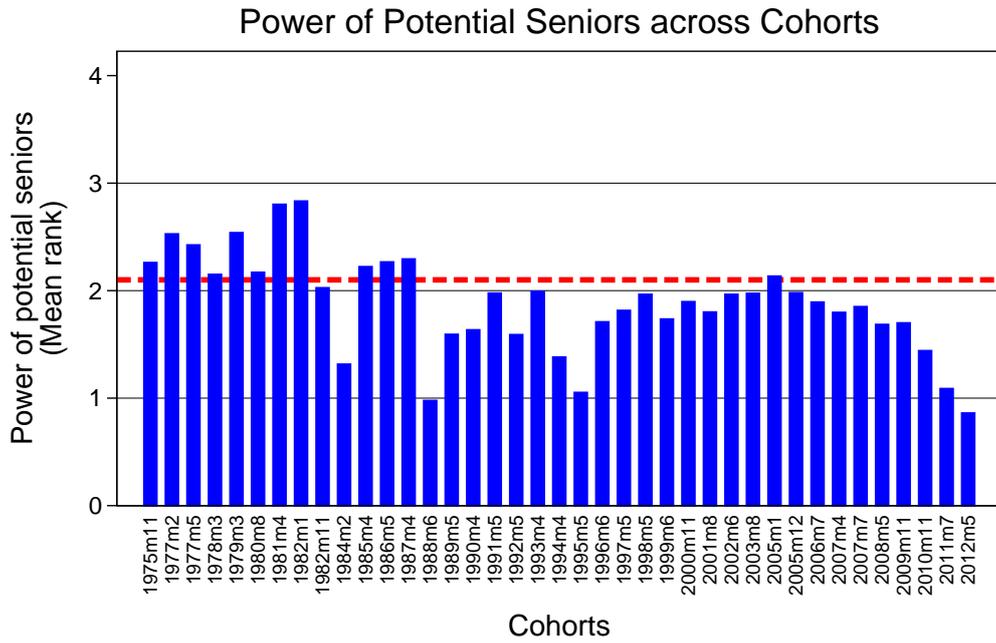


Figure 12: Variation in promotion power of potential seniors across cohorts

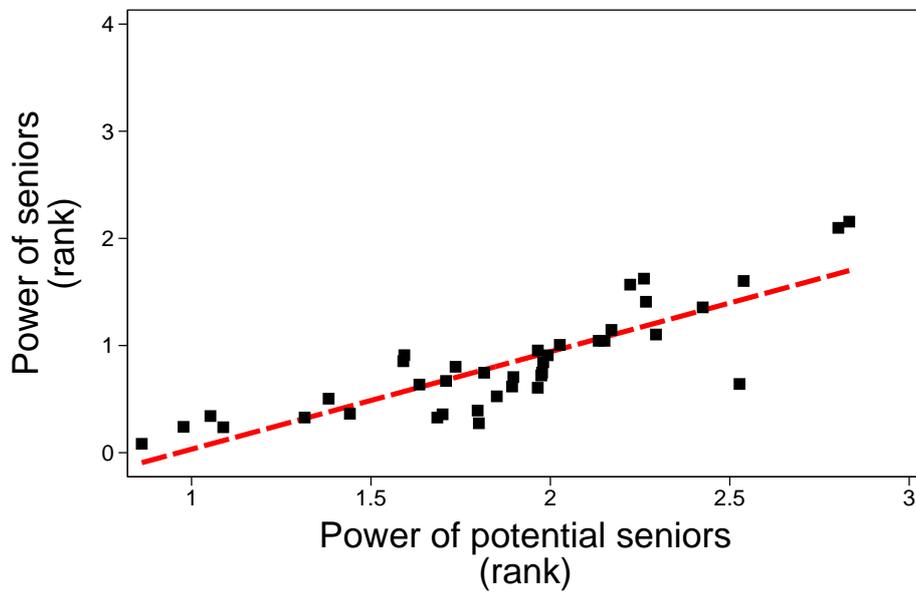


Figure 13: Cross sectional correlation between promotion power of potential and actual seniors

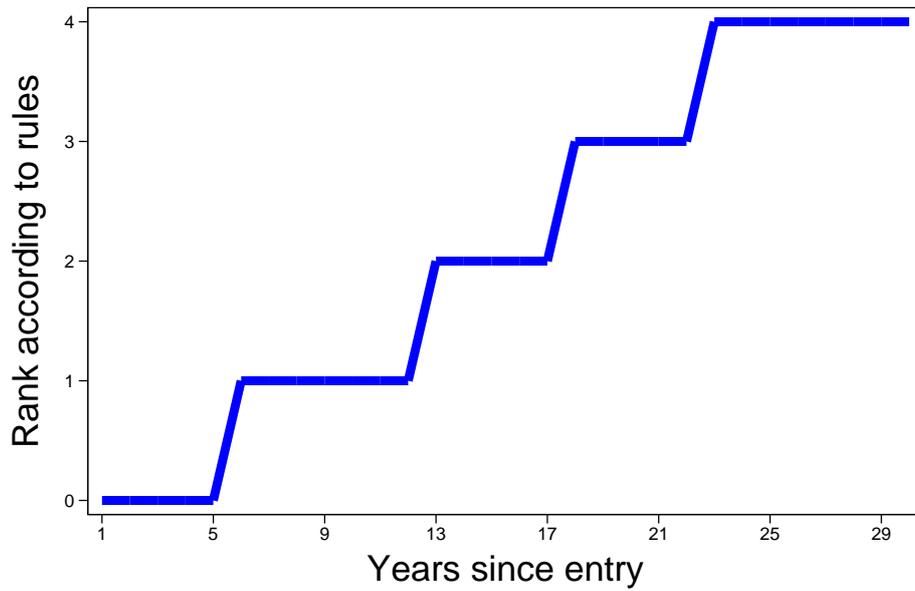


Figure 14: Rank of seniors according to minimum length of service rules. This rule is used to create predicted promotion power of potential seniors.

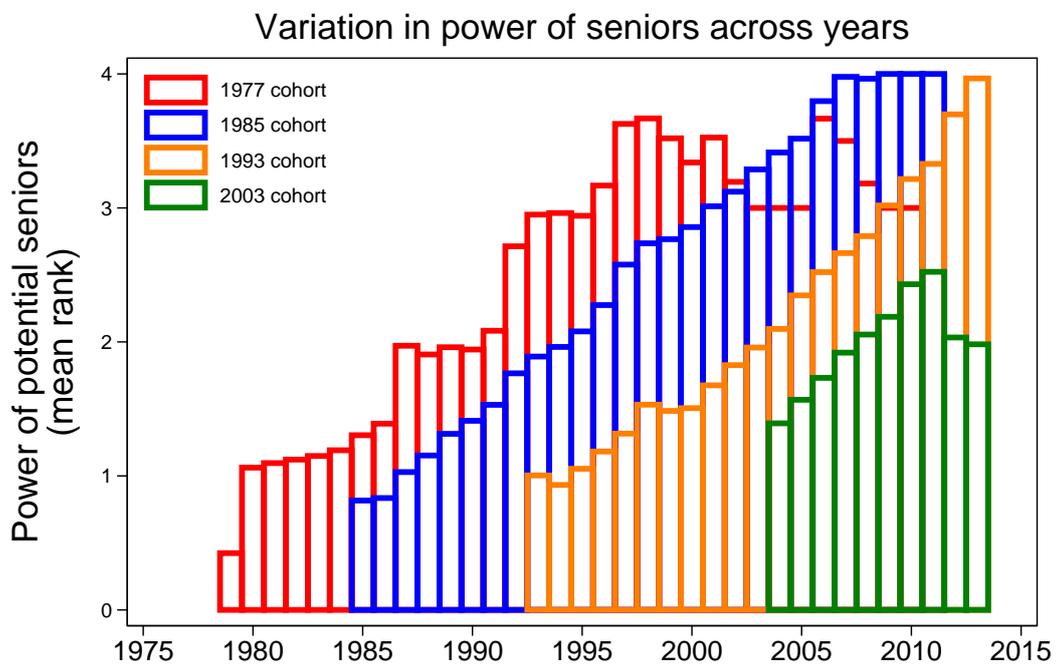


Figure 15: Time variation in promotion power of potential seniors

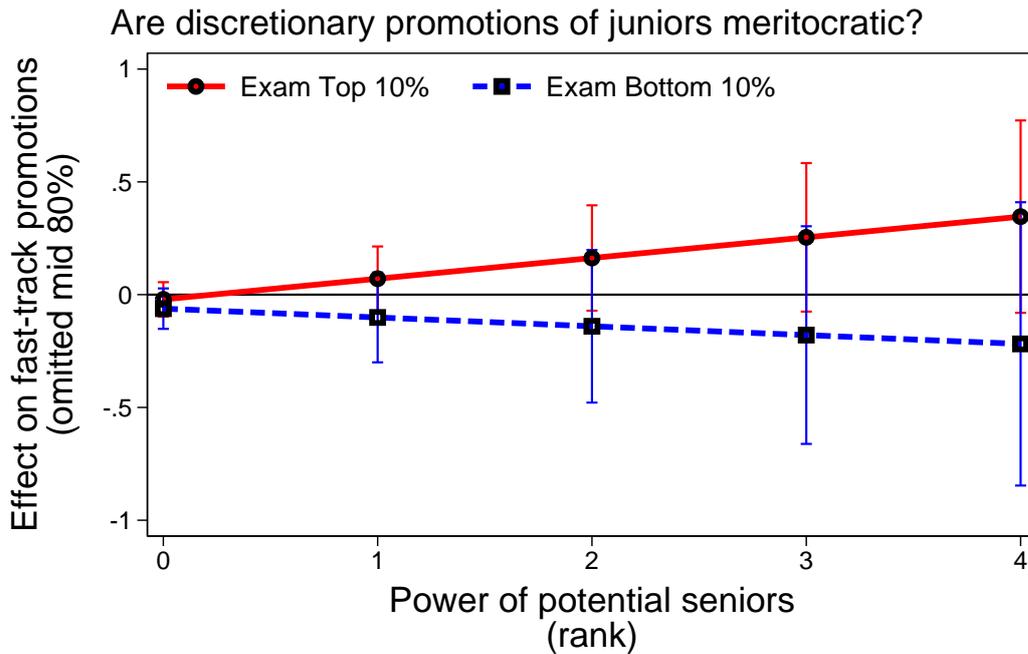


Figure 16: The figure plots the predicted probability of fast-track promotions from the reduced form model in column (8) of table 7. Each dot is the predicted probability and the bars are 90% confidence intervals. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers.

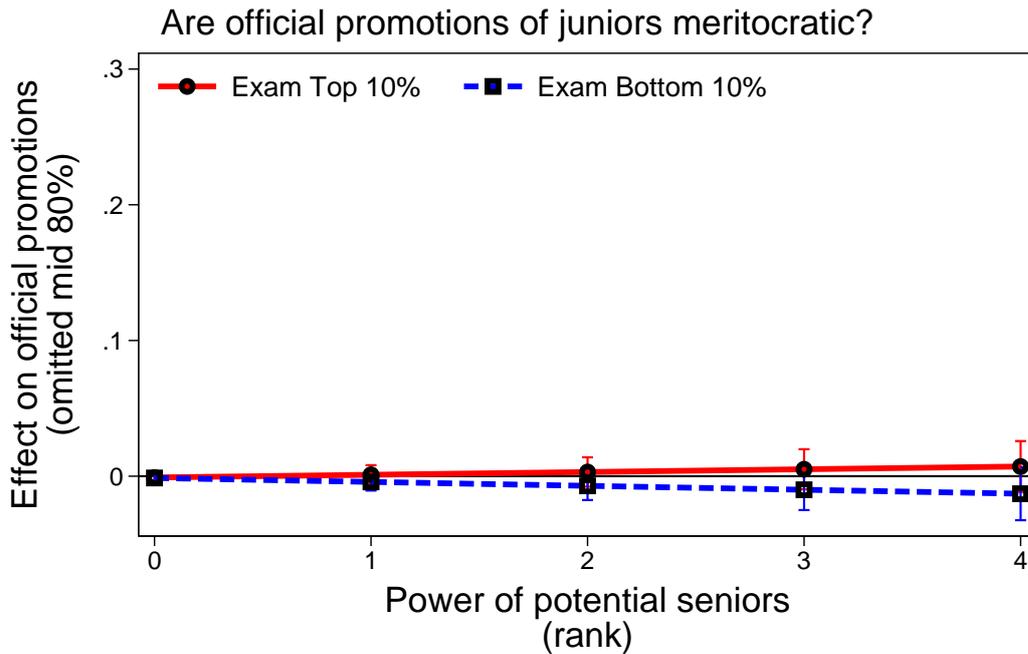


Figure 17: The figure plots the predicted probability of official promotions from the reduced form model in column(9) of table 7. Each dot is the predicted probability and the bars are 90% confidence intervals. Official promotions are promotions that are based on experience, training and subjective performance evaluation of the bureaucrat by the immediate bosses. Promotion power of potential seniors ( $\overline{Power}^p$ ) is measured as the average rule-based seniority (according to minimum length of service rules), over time, of the first set of potential seniors that the cohorts of newly recruited PAS civil servants could have gotten in their first job in the first month, based on initial allocation rules of the government. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers.

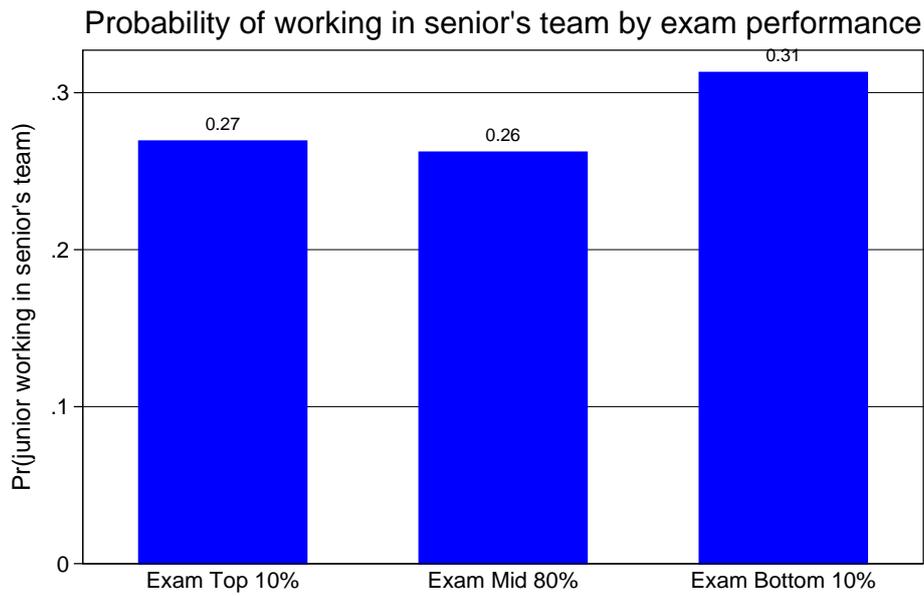


Figure 18: The figure shows in the long run, the average time spent by juniors in the team of the first seniors, by exam performance. I exclude the first job where junior workers meet their first seniors and see what is the probability that in the rest of the long run career of the first seniors and junior workers they systematically work together

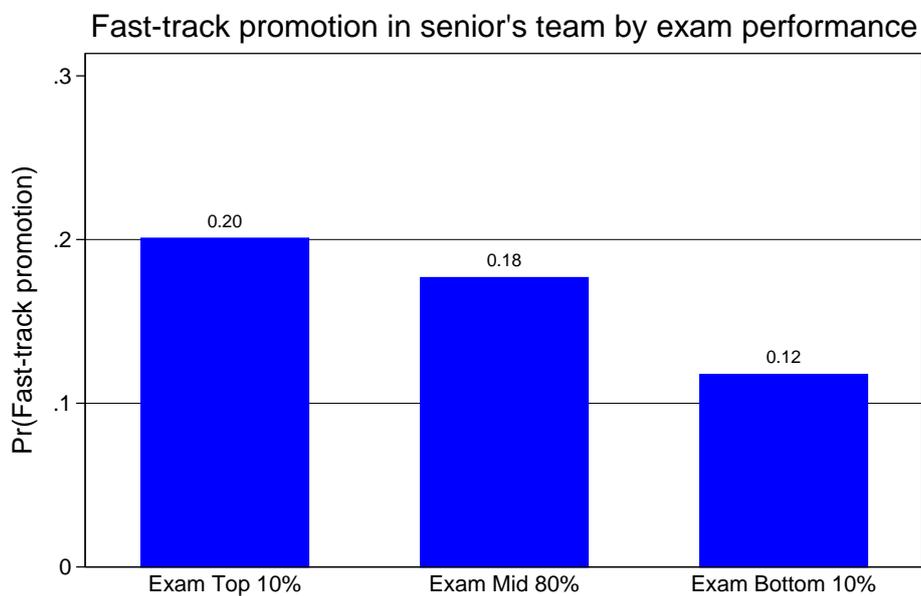


Figure 19: The figure shows the average length of time time that different exam performing juniors remain fast-tracked in the team of the first seniors. This probability is reported for the long run career of juniors after excluding their first job, where juniors meet their first seniors.

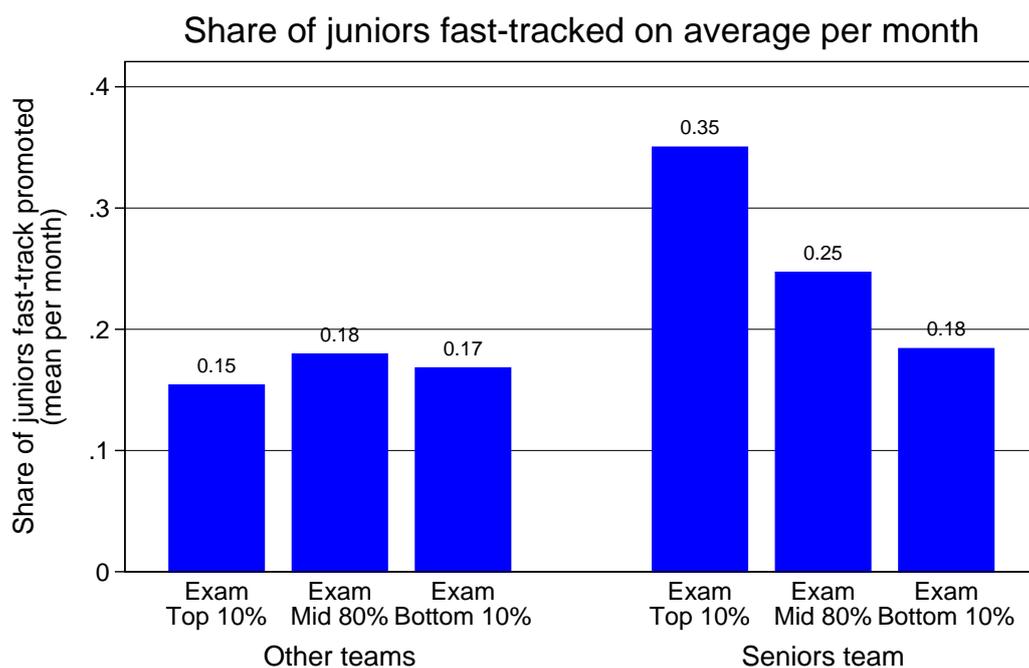


Figure 20: This figure shows the average share of different exam performing juniors that are fast-tracked per month in the team of the first senior versus other teams. This probability is reported for the long run career of juniors after excluding their first job, where juniors meet their first seniors.

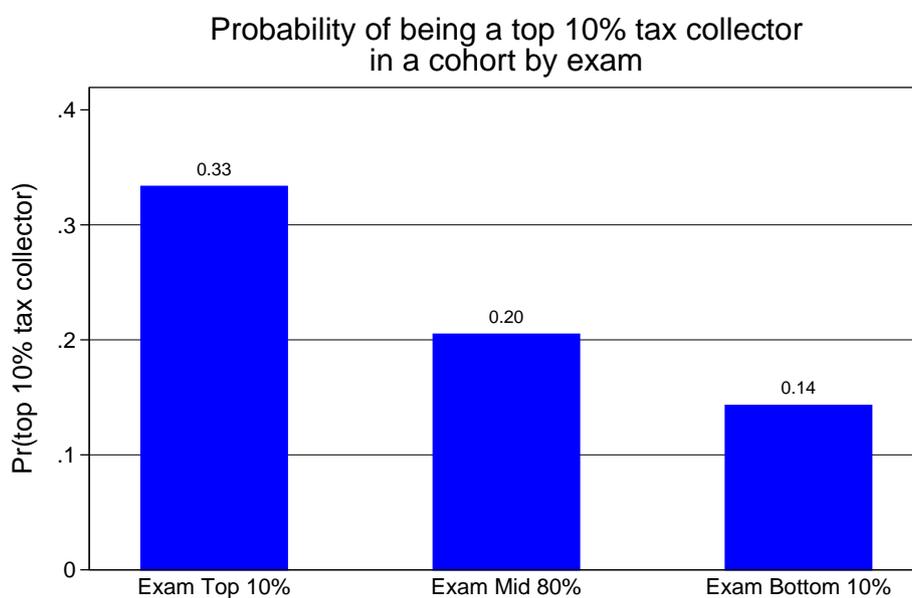


Figure 21: Probability of different exam performing juniors in a cohort to be top 10% tax collectors.

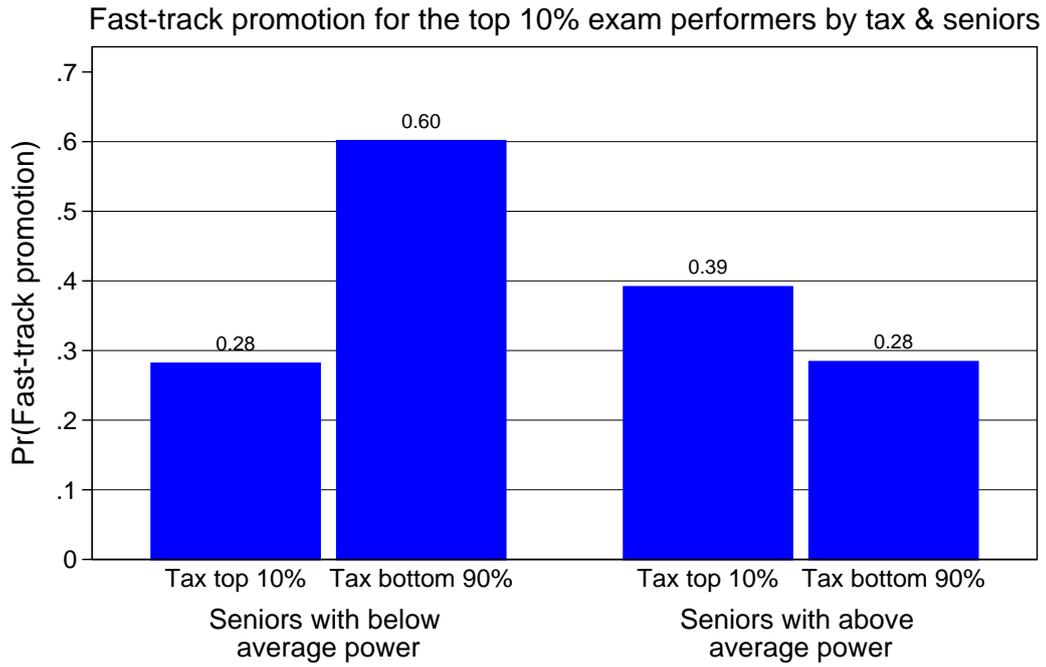


Figure 22: The figure plots the probability of fast-track promotion of top 10% exam performers by their tax performance and the power of their seniors

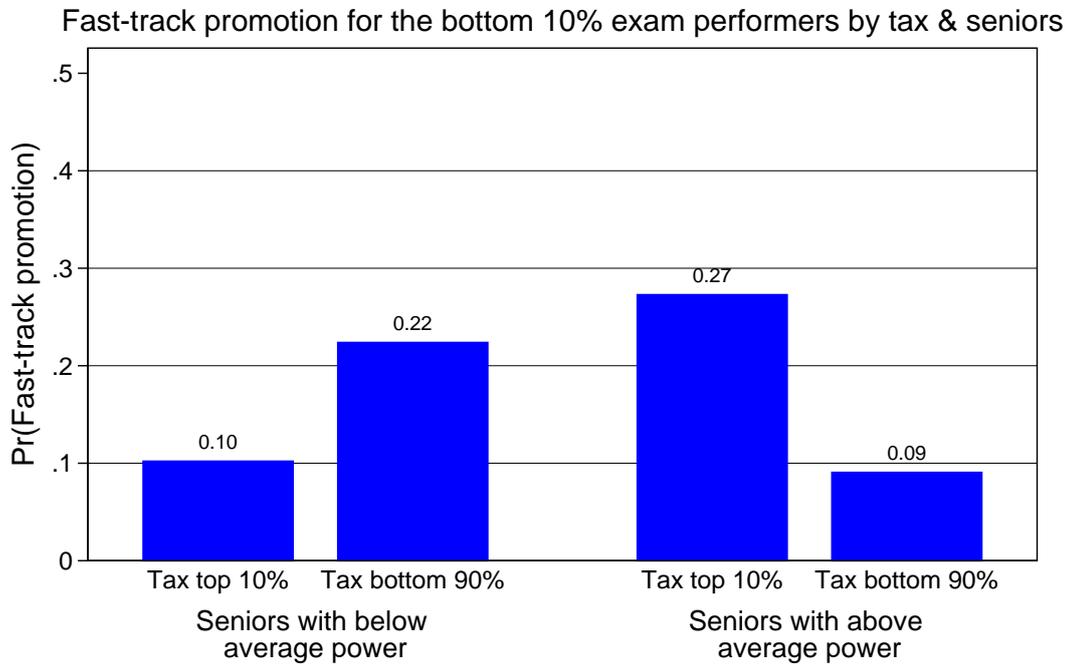


Figure 23: The figure plots the probability of fast-track promotion of bottom 10% exam performers by their tax performance and the power of their seniors

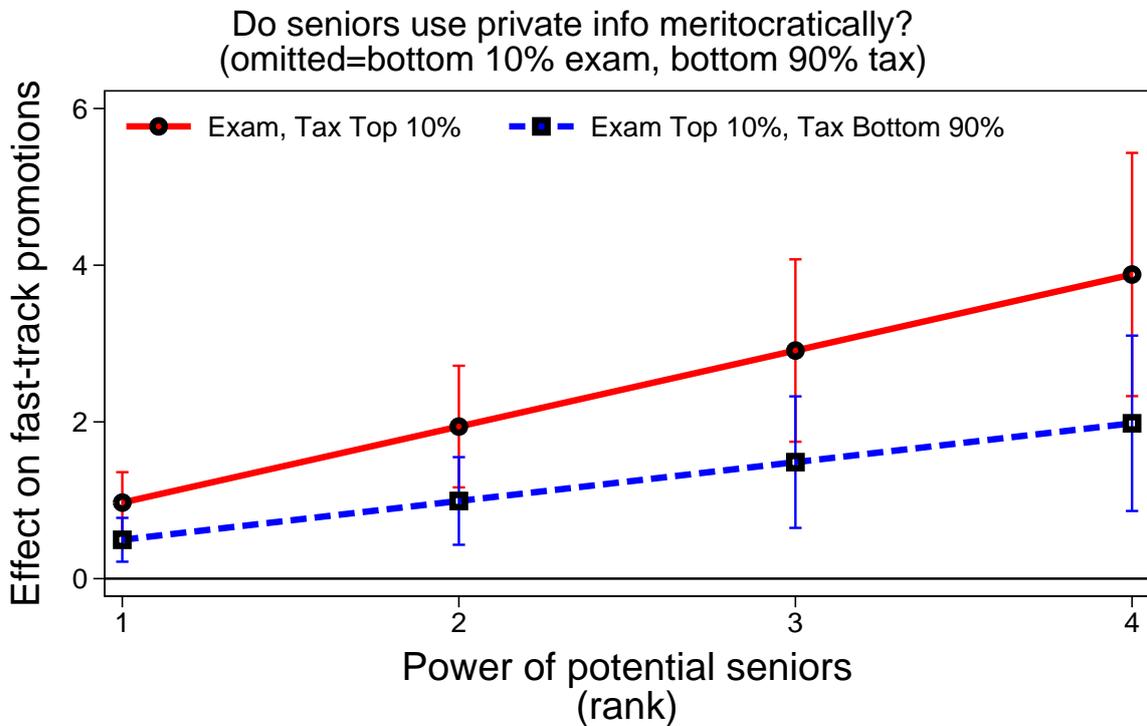


Figure 24: The figure plots the predicted probability from the reduced form model in column (1) of table 14. Each dot is the predicted probability and the bars are 90% confidence intervals. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Promotion power of potential seniors ( $\overline{Power^p}$ ) is measured as the average rule-based seniority (according to minimum length of service rules), over time, of the first set of potential seniors that the cohorts of newly recruited PAS civil servants could have gotten in their first job in the first month, based on initial allocation rules of the government. Exam top 10% is a dummy that turns on one for those civil servants that were the top 10% of their cohort in the recruitment exam. Tax top 10% is a dummy that turns on one when the civil servant is in the top 10% of the cohort in tax collection. Tax performance by junior bureaucrats at their first job is the private information of the first set of seniors. It is not observed by others in the organization.

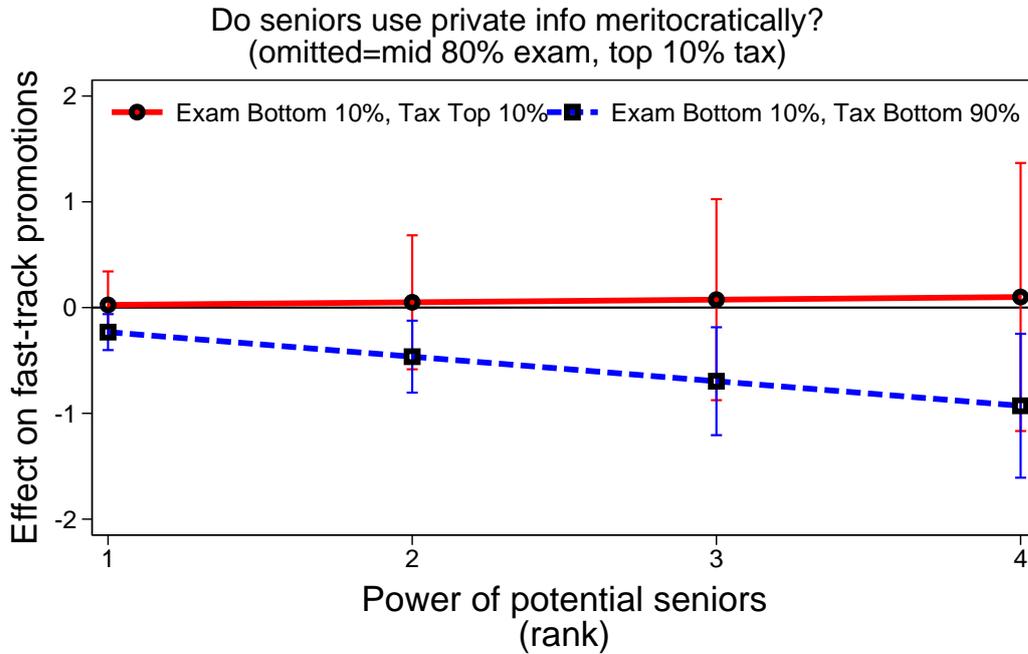


Figure 25: The figure plots the predicted probability from the reduced form model in column (1) of table 14. Each dot is the predicted probability and the bars are 90% confidence intervals. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Promotion power of potential seniors ( $\overline{Power}^p$ ) is measured as the average rule-based seniority (according to minimum length of service rules), over time, of the first set of potential seniors that the cohorts of newly recruited PAS civil servants could have gotten in their first job in the first month, based on initial allocation rules of the government. Exam bottom 10% is a dummy that turns on one for those civil servants that were the bottom 10% of their cohort in the recruitment exam. Tax top 10% is a dummy that turns on one when the civil servant is in the top 10% of the cohort in tax collection. Tax performance by junior bureaucrats at their first job is the private information of the first set of seniors. It is not observed by others in the organization.

## 7 Appendix A: Tables

Table A1: OLS - Do seniors promote meritocratically?

Dependent variable: Fast-track promotions											
	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$
	Top5%	Top6%	Top7%	Top8%	Top9%	Top10%	Top11%	Top12%	Top13%	Top14%	Top15%
	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$	$\overline{Exam} : \overline{Exam} :$
	Bot5%	Bot6%	Bot7%	Bot8%	Bot9%	Bot10%	Bot11%	Bot12%	Bot13%	Bot14%	Bot15%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
$\overline{Power}$	-0.05 (0.04)	-0.04 (0.04)	-0.04 (0.05)	-0.03 (0.04)							
$\overline{Exam}$	-0.03 (0.05)	-0.03 (0.05)	-0.02 (0.04)	-0.02 (0.04)	-0.02 (0.04)	-0.01 (0.04)	-0.01 (0.04)	-0.01 (0.04)	-0.01 (0.04)	-0.00 (0.04)	-0.03 (0.03)
$\underline{Exam}$	0.01 (0.04)	-0.01 (0.05)	-0.01 (0.05)	-0.05 (0.05)	-0.06 (0.05)	-0.06 (0.05)	-0.06 (0.04)	-0.07 (0.05)	-0.05 (0.04)	-0.04 (0.04)	-0.04 (0.04)
$\overline{Power} \times \overline{Exam}$	0.14** (0.07)	0.14** (0.07)	0.13* (0.07)	0.13* (0.07)	0.13* (0.07)	0.13* (0.07)	0.14** (0.07)	0.14** (0.07)	0.14** (0.07)	0.14** (0.07)	0.06 (0.06)
$\overline{Power} \times \underline{Exam}$	0.07 (0.05)	-0.04 (0.08)	-0.04 (0.08)	0.05 (0.09)	-0.05 (0.12)	-0.06 (0.10)	-0.06 (0.10)	-0.06 (0.10)	-0.04 (0.08)	-0.02 (0.08)	-0.05 (0.07)
Controls	Yes										
Fixed effects	Yes										
Mean	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
person x mon	17229	17229	17229	17229	17229	17229	17229	17229	17229	17229	17229
Cohorts	39	39	39	39	39	39	39	39	39	39	39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A2: Reduced form - Do seniors promote meritocratically?

Dependent variable: Fast-track promotions											
	$\overline{Exam}$ :										
	Top5% Top6% Top7% Top8% Top9% Top10% Top11% Top12% Top13% Top14% Top15%										
	$\underline{Exam}$ :										
	Bot5% Bot6% Bot7% Bot8% Bot9% Bot10% Bot11% Bot12% Bot13% Bot14% Bot15%										
	(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11)										
$\overline{Power}^p$	-0.05 -0.05 -0.05 -0.04 -0.04 -0.03 -0.04 -0.03 -0.04 -0.04 -0.03										
	(0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05)										
$\overline{Exam}$	-0.04 -0.04 -0.03 -0.03 -0.03 -0.02 -0.02 -0.02 -0.02 -0.01 -0.04										
	(0.04) (0.04) (0.04) (0.04) (0.04) (0.04) (0.04) (0.04) (0.04) (0.03) (0.03)										
$\underline{Exam}$	0.02 -0.01 -0.00 -0.05 -0.06 -0.06 -0.06 -0.06 -0.05 -0.04 -0.04										
	(0.04) (0.04) (0.04) (0.05) (0.05) (0.04) (0.04) (0.04) (0.04) (0.04) (0.04)										
$\overline{Power}^p \times \overline{Exam}$	0.08+ 0.08+ 0.08+ 0.09* 0.08* 0.09* 0.10** 0.10** 0.10** 0.10* 0.03										
	(0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05) (0.05)										
$\overline{Power}^p \times \underline{Exam}$	0.04 -0.02 -0.02 0.04 -0.03 -0.04 -0.04 -0.04 -0.02 -0.01 -0.04										
	(0.05) (0.05) (0.05) (0.07) (0.09) (0.07) (0.07) (0.07) (0.06) (0.06) (0.04)										
Controls	Yes										
Fixed effects	Yes										
Mean	0.31 0.31 0.31 0.31 0.31 0.31 0.31 0.31 0.31 0.31 0.31										
person x mon	17411 17411 17411 17411 17411 17411 17411 17411 17411 17411 17411										
Cohorts	39 39 39 39 39 39 39 39 39 39 39										

+ p<0.12, \* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A3: Second stage - Do seniors promote meritocratically?

Dependent variable: Fast-track promotions											
	$\overline{Exam}$ : Top5%	$\overline{Exam}$ : Top6%	$\overline{Exam}$ : Top7%	$\overline{Exam}$ : Top8%	$\overline{Exam}$ : Top9%	$\overline{Exam}$ : Top10%	$\overline{Exam}$ : Top11%	$\overline{Exam}$ : Top12%	$\overline{Exam}$ : Top13%	$\overline{Exam}$ : Top14%	$\overline{Exam}$ : Top15%
	$\underline{Exam}$ : Bot5%	$\underline{Exam}$ : Bot6%	$\underline{Exam}$ : Bot7%	$\underline{Exam}$ : Bot8%	$\underline{Exam}$ : Bot9%	$\underline{Exam}$ : Bot10%	$\underline{Exam}$ : Bot11%	$\underline{Exam}$ : Bot12%	$\underline{Exam}$ : Bot13%	$\underline{Exam}$ : Bot14%	$\underline{Exam}$ : Bot15%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
$\overline{Power}$	-0.13 (0.10)	-0.11 (0.09)	-0.11 (0.09)	-0.10 (0.09)	-0.09 (0.09)	-0.08 (0.09)	-0.08 (0.09)	-0.08 (0.09)	-0.09 (0.09)	-0.09 (0.09)	-0.09 (0.09)
$\overline{Exam}$	-0.04 (0.05)	-0.04 (0.05)	-0.03 (0.04)	-0.03 (0.04)	-0.03 (0.04)	-0.02 (0.04)	-0.02 (0.04)	-0.02 (0.04)	-0.01 (0.04)	-0.01 (0.04)	-0.04 (0.03)
$\underline{Exam}$	0.03 (0.04)	-0.00 (0.04)	0.00 (0.04)	-0.04 (0.05)	-0.05 (0.05)	-0.06 (0.05)	-0.06 (0.05)	-0.06 (0.05)	-0.05 (0.05)	-0.03 (0.04)	-0.03 (0.04)
$\overline{Power} \times \overline{Exam}$	0.12 (0.08)	0.12 (0.08)	0.12 (0.08)	0.13+ (0.08)	0.13+ (0.08)	0.14* (0.08)	0.15* (0.08)	0.15* (0.08)	0.15* (0.08)	0.14* (0.08)	0.03 (0.07)
$\overline{Power} \times \underline{Exam}$	0.09 (0.08)	-0.04 (0.10)	-0.04 (0.10)	0.05 (0.11)	-0.04 (0.13)	-0.06 (0.10)	-0.05 (0.10)	-0.05 (0.10)	-0.03 (0.09)	-0.01 (0.08)	-0.06 (0.07)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mean	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
person x mon	17166	17166	17166	17166	17166	17166	17166	17166	17166	17166	17166
Cohorts	39	39	39	39	39	39	39	39	39	39	39

+ p<0.13, \* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A4: First stage - Do seniors promote meritocratically?

	Dependent variable: Fast-track promotions										
	$\overline{Exam}$ : Top5%	$\overline{Exam}$ : Top6%	$\overline{Exam}$ : Top7%	$\overline{Exam}$ : Top8%	$\overline{Exam}$ : Top9%	$\overline{Exam}$ : Top10%	$\overline{Exam}$ : Top11%	$\overline{Exam}$ : Top12%	$\overline{Exam}$ : Top13%	$\overline{Exam}$ : Top14%	$\overline{Exam}$ : Top15%
	$\underline{Exam}$ : Bot5%	$\underline{Exam}$ : Bot6%	$\underline{Exam}$ : Bot7%	$\underline{Exam}$ : Bot8%	$\underline{Exam}$ : Bot9%	$\underline{Exam}$ : Bot10%	$\underline{Exam}$ : Bot11%	$\underline{Exam}$ : Bot12%	$\underline{Exam}$ : Bot13%	$\underline{Exam}$ : Bot14%	$\underline{Exam}$ : Bot15%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
$\overline{Power}^p$	0.53*** (0.09)	0.54*** (0.09)	0.54*** (0.09)	0.54*** (0.09)	0.54*** (0.09)	0.54*** (0.09)	0.54*** (0.09)	0.54*** (0.09)	0.53*** (0.09)	0.53*** (0.09)	0.54*** (0.09)
$\overline{Exam}$	-0.04 (0.04)	-0.04 (0.04)	-0.04 (0.04)	-0.03 (0.04)	-0.03 (0.04)	-0.02 (0.04)	-0.03 (0.04)	-0.03 (0.04)	-0.02 (0.03)	-0.02 (0.04)	-0.01 (0.03)
$\underline{Exam}$	0.08* (0.04)	0.07** (0.03)	0.07** (0.03)	0.07** (0.03)	0.06** (0.03)	0.07** (0.03)	0.06** (0.03)	0.07** (0.03)	0.07** (0.03)	0.07** (0.03)	0.09*** (0.03)
$\overline{Power}^p \times \overline{Exam}$	-0.11 (0.10)	-0.12 (0.10)	-0.12 (0.10)	-0.11 (0.10)	-0.11 (0.10)	-0.11 (0.10)	-0.10 (0.10)	-0.10 (0.10)	-0.10 (0.10)	-0.10 (0.09)	-0.09 (0.06)
$\overline{Power}^p \times \underline{Exam}$	0.07 (0.06)	-0.07 (0.09)	-0.07 (0.09)	-0.05 (0.07)	-0.04 (0.07)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.02 (0.05)	-0.02 (0.05)	-0.05 (0.04)
AP F Statistic-I	42	48	48	49	56	54	53	52	48	48	46
AP F Statistic-II	112	103	109	123	127	139	143	143	135	147	264
AP F Statistic-III	302	305	304	270	312	414	420	418	558	626	527
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
person x mon	17166	17166	17166	17166	17166	17166	17166	17166	17166	17166	17166
Cohorts	39	39	39	39	39	39	39	39	39	39	39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A5: OLS - Do seniors promote meritocratically?

	Dependent variable: Fast-track promotions				
	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$
	Top 10%	Top 20%	Top 30%	Top 40%	Top 50%
	(1)	(2)	(3)	(4)	(5)
$\overline{Power}$	-0.047 (0.043)	-0.041 (0.044)	-0.051 (0.050)	-0.048 (0.053)	-0.010 (0.048)
$\overline{Power} \times \overline{Exam}$	0.136** (0.067)	0.049 (0.063)	0.036 (0.043)	0.032 (0.044)	-0.027 (0.048)
$\overline{Exam}$	-0.004 (0.037)	-0.002 (0.028)	-0.017 (0.028)	-0.004 (0.028)	0.008 (0.032)
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
Mean	0.31	0.31	0.31	0.31	0.31
person x mon	17229	17229	17229	17229	17229
Cohorts	39	39	39	39	39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A6: Reduced form - Do seniors promote meritocratically?

	Dependent variable: Fast-track promotions				
	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$
	Top 10%	Top 20%	Top 30%	Top 40%	Top 50%
	(1)	(2)	(3)	(4)	(5)
$\overline{Power}^p$	-0.050 (0.051)	-0.048 (0.053)	-0.061 (0.056)	-0.056 (0.058)	-0.038 (0.053)
$\overline{Power}^p \times \overline{Exam}$	0.094* (0.049)	0.031 (0.049)	0.040 (0.036)	0.033 (0.039)	-0.004 (0.040)
$\overline{Exam}$	-0.013 (0.034)	-0.006 (0.028)	-0.022 (0.028)	-0.008 (0.028)	0.004 (0.030)
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
Mean	0.31	0.31	0.31	0.31	0.31
person x mon	17411	17411	17411	17411	17411
Cohorts	39	39	39	39	39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A7: Second Stage - Do seniors promote meritocratically?

	Dependent variable: Fast-track promotions				
	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$	$\overline{Exam} =$
	Top 10%	Top 20%	Top 30%	Top 40%	Top 50%
	(1)	(2)	(3)	(4)	(5)
$\overline{Power}$	-0.111 (0.093)	-0.114 (0.097)	-0.134 (0.104)	-0.126 (0.106)	-0.104 (0.096)
$\overline{Power} \times \overline{Exam}$	0.137* (0.080)	0.035 (0.071)	0.056 (0.050)	0.048 (0.052)	0.002 (0.051)
$\overline{Exam}$	-0.013 (0.037)	-0.013 (0.029)	-0.026 (0.031)	-0.012 (0.029)	-0.002 (0.029)
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
Mean	0.31	0.31	0.31	0.31	0.31
person x mon	17166	17166	17166	17166	17166
Cohorts	39	39	39	39	39

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A8: First Stage - Do seniors promote meritocratically?

	Dependent variable:				
	Promotion power of seniors ( $\overline{Power}$ )				
	$\overline{Exam} =$ Top 10%	$\overline{Exam} =$ Top 20%	$\overline{Exam} =$ Top 30%	$\overline{Exam} =$ Top 40%	$\overline{Exam} =$ Top 50%
	(1)	(2)	(3)	(4)	(5)
$\overline{Power}^p$	0.547*** (0.087)	0.543*** (0.089)	0.531*** (0.093)	0.530*** (0.094)	0.524*** (0.094)
$\overline{Power}^p \times \overline{Exam}$	-0.104 (0.098)	-0.048 (0.053)	-0.007 (0.048)	-0.000 (0.047)	0.011 (0.035)
$\overline{Exam}$	-0.033 (0.037)	-0.041 (0.026)	-0.040 (0.031)	-0.038 (0.032)	-0.032 (0.022)
AP F Statistic-I	45	38	35	35	35
AP F Statistic-II	99	177	246	280	404
Controls	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes
person x mon	17166	17166	17166	17166	17166
Cohorts	39	39	39	39	39

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank.  $\overline{Exam}$  is as defined at the top of each column. As we move from left to right, it is a dummy that turns on one for those civil servants that were the top 10% to 50% of their cohort in the recruitment exam, respectively. Mean is mean value for the outcome variable in the estimation sample. Experience, experience squared of the new recruit, time trend of the first job, official rank of the junior and dummy for whether the job is in the field offices is included. Cohort & month-year FE included in all specifications. All specifications exclude first job.

Table A9: Correlation between end of training and vacancies

	Dependent variable: Vacancies			
	All districts		Large districts	
	(1)	(2)	(3)	(4)
Training end	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.000 (0.002)
Year FE	Yes	Yes	Yes	Yes
Tehsil FE	No	Yes	No	Yes
Observations	1173784	1173784	387492	387492

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a tehsil-month. Training end (dummy) turns on 1 a day before the end of on-the-job training of newly recruited civil servants. It stays zero otherwise. Vacancy is a dummy that turns on 1 whenever the position is vacant in a tehsil. It remains zero otherwise. Large districts include Rawalpindi, Lahore, Multan, Gujranwala, Faisalabad, Sargodha, Bahawalpur and Sialkot. Standard errors are clustered at the tehsil level.

Table A10: Correlation between end of training and vacancies

	Dependent variable: Vacancies			
	All districts		Large districts	
	(1)	(2)	(3)	(4)
Training end	-0.001 (0.001)	-0.000 (0.001)	-0.001 (0.002)	-0.000 (0.002)
Year FE	Yes	Yes	Yes	Yes
Tehsil FE	No	Yes	No	Yes
Observations	1173784	1173784	387492	387492

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a tehsil-month. Training end (dummy) turns on 1 a month before the end of on-the-job training of newly recruited civil servants. It stays zero otherwise. Vacancy is a dummy that turns on 1 whenever the position is vacant in a tehsil. It remains zero otherwise. Large districts include Rawalpindi, Lahore, Multan, Gujranwala, Faisalabad, Sargodha, Bahawalpur and Sialkot. Standard errors are clustered at the tehsil level.

Table A11: Correlation between district characteristics, vacancies and tenure

	Dependent variable:			
	Vacancies (% per year)		Tenure (days per year)	
	(1)	(2)	(3)	(4)
Districts with large cities	1.638 (1.394)	6.939 (25.704)	-188.110** (79.934)	398.320 (674.876)
Real wage (Rs.)	0.027 (0.034)	0.062 (0.046)	0.734 (0.770)	0.154 (0.994)
Population	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Literacy (%)	-0.039 (0.062)	-0.066 (0.076)	0.217 (2.601)	-0.503 (3.966)
Rural employment (%)	-0.006 (0.054)	-0.066 (0.081)	-0.945 (2.290)	0.995 (2.372)
Number of hospitals	0.080 (0.228)	-0.922 (0.887)	11.576 (10.084)	-28.166 (55.007)
Number of Rural Health Centers	-0.044 (0.124)	0.058 (0.437)	0.756 (7.137)	16.330 (20.036)
New electricity connections	-0.031 (0.044)	-0.037 (0.064)	1.774* (1.024)	-0.002 (2.908)
Number of primary schools	-0.001 (0.001)	0.002 (0.006)	0.092 (0.077)	-0.139 (0.296)
Primary school enrolment	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Terrorist attack (dummy)	0.657 (1.530)	0.748 (2.166)	-2.959 (37.311)	-16.524 (46.020)
Year FE	Yes	Yes	Yes	Yes
District FE	No	Yes	No	Yes
Observations	167	167	167	167

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Clustered standard errors in parentheses.

*Note:* The unit of observation is a district-year from 2005-2009. AC vacancy is defined as a percentage of time in a year that AC position remained vacant in a given district. AC tenure is days spent at an AC job on average. Districts with large cities include Rawalpindi, Lahore, Multan, Gujranwala, Faisalabad, Sargodha, Bahawalpur and Sialkot. The provincial capital is Lahore. Data on all variables except terrorism is from the Pakistan Bureau of Statistics. Terrorist attacks data is from the Global Terrorism Data-set. Fiscal yr FE and district FE are included in column (2) and (4). Standard errors are clustered at the district level.

Table A12: Are tax targets determined by power of seniors?

	Tax Targets (Rs. in million)	
	(1)	(2)
$\overline{Power}^p$	0.05 (2.99)	-1.09 (3.33)
$\overline{Power}^p \times \text{Exam Top 10\% } (\alpha)$		0.37 (4.08)
$\overline{Power}^p \times \text{Exam Bottom 10\% } (\beta)$		-3.01 (3.53)
Exam Top 10%		-0.85 (2.86)
Exam Bottom 10%		1.41 (2.43)
mean	9.00	9.41
person x mon	1483	1297
cohorts	31	30

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil-servant month. Tax target is the annual target (in rupees) set by the BOR for the Assistant Commissioners in a tehsil. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Exam top (bottom) 10% is a dummy that turns on one for those civil servants that were the top (bottom) 10% of their cohort in the recruitment exam. The omitted category is mid 80% exam performers. Standard errors are clustered at the cohort level.

Table A13: Determinants of tax targets

	Tax Target (Rs. in million)	
	(1)	(2)
Past tax collection	-0.029 (0.121)	0.022 (0.200)
Election year	0.346 (3.749)	6.574 (5.489)
Real wage	-0.008 (0.048)	0.006 (0.058)
Population estimates	-0.912* (0.523)	-7.281 (6.464)
Rural employment	0.439** (0.216)	0.529 (0.375)
Agriculture production	0.355*** (0.127)	1.341*** (0.356)
Irrigated area	0.026*** (0.005)	0.047*** (0.018)
year FE	Yes	Yes
district FE	No	Yes
Observations	121	121

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Clustered standard errors in parentheses.

*Note:* The unit of observation is a district-fiscal year. Tax target is the annual target (in rupees) set by the BOR for the Assistant Commissioners in tehsils. Election year is a dummy that turns on one in election years. Data on past tax collection has been digitized from records of BOR. Data on rest of the independent variables is from the Pakistan Bureau of Statistics.

Table A14: First stage - Do seniors use pvt. info meritocratically?

	Dependent variable:	
	Promotion power of seniors	
	$(\overline{power})$	
	(1)	(2)
$\overline{Power}^p$	0.70*** (0.08)	0.68*** (0.11)
$\overline{Power}^p \times \text{Tax Top 10\% } (\gamma)$	0.09** (0.04)	0.09 (0.07)
Tax Top 10%	-0.03 (0.02)	-0.05*** (0.01)
$\overline{Power}^p \times \text{Exam Top 10\% } (\alpha)$		0.05 (0.06)
Exam Top 10%		0.04** (0.02)
AP F Statistic-I	88	55
AP F Statistic-II	945	709
AP F Statistic-III		69
Controls	Yes	Yes
Cohort & time FE	Yes	Yes
person x mon	6673	5668
Cohorts	29	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Tax top 10% is a dummy that turns on one when the civil servant is in the top 10% of the cohort in tax collection. Exam top 10% is a dummy that turns on one when the civil servant is in the top 10% of the cohort in recruitment exam. Angrist & Pischke (2009) f-stat is reported for each endogenous variable at the bottom. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. All specifications exclude first job.

Table A15: Second stage - Do seniors use pvt. info meritocratically?

	Dependent variable: Fast-track promotions (second job onward)					
	OLS		IV		Reduced Form	
	(1)	(2)	(3)	(4)	(5)	(6)
$\overline{Power}$ ( $\theta$ )	0.00 (0.07)	-0.02 (0.09)	-0.02 (0.14)	-0.04 (0.17)		
$\overline{Power} \times \text{Tax Top 10\%}$ ( $\gamma$ )	-0.04 (0.07)	0.01 (0.09)	-0.05 (0.07)	0.02 (0.09)		
Tax Top 10%	-0.01 (0.04)	0.02 (0.06)	-0.01 (0.04)	0.03 (0.06)	-0.01 (0.04)	0.02 (0.06)
$\overline{Power} \times \text{Exam Top 10\%}$ ( $\alpha$ )		0.27 (0.19)		0.50*** (0.13)		
Exam Top10%		-0.03 (0.06)		-0.04 (0.06)		-0.03 (0.05)
$\overline{Power}^p$ ( $\theta$ )					-0.01 (0.10)	-0.03 (0.12)
$\overline{Power}^p \times \text{Tax Top 10\%}$ ( $\gamma$ )					-0.05 (0.06)	0.01 (0.08)
$\overline{Power}^p \times \text{Exam Top 10\%}$ ( $\alpha$ )						0.37*** (0.12)
Ho: $\gamma=\alpha$ (p-value)		0.27		0.00		0.03
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Cohort & time FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean	0.33	0.35	0.33	0.35	0.33	0.35
person x mon	6673	5668	6673	5668	6706	5701
Cohorts	29	29	29	29	29	29

\* p<0.1, \*\* p<0.05, \*\*\* p<0.01. Clustered standard errors in parentheses.

*Note:* The unit of observation is a civil servant-month. Promotion power of seniors ( $\overline{Power}$ ) is the average seniority of first seniors of newly recruited PAS bureaucrats that they work with in the first month of the first job. It is measured as the average official promotions, over time, of the set of seniors. Promotion power of potential seniors ( $\overline{Power}^p$ ) is the average rule-based seniority, over time, of the first set of potential seniors that junior PAS bureaucrats could have worked with in the first job. Fast-track promotions are promotions at the discretion of the senior civil servants and the chief executive of the province. It is defined as a dummy that turns on one whenever the actual rank of the junior bureaucrat is higher than his or her official rank. Tax top 10% is a dummy that turns on one when the civil servant is in the top 10% of the cohort in tax collection. Exam top 10% is a dummy that turns on one when the civil servant is in the top 10% of the cohort in recruitment exam. Mean is mean value for the outcome variable in the estimation sample. Cohort & month-year FE, experience of the new recruit, time trend of the first job and official rank of the junior is included. All specifications exclude first job.

# 8 Appendix B: Data



No. \_\_\_\_\_

Name \_\_\_\_\_

Date of birth \_\_\_\_\_

\*Post: \_\_\_\_\_

\*Date of present appointment: \_\_\_\_\_

Field

Secretary

Corporation

Soft

Hard

Foreign

### SERVICE

Year	Year of Service	Post held	Class/Grade	Department /	Station	ACR Assessment		Remarks for Promotion
						Reporting Officer	Countersigning Officer	
1975	1st	E.A.C.	10-1-75 to 31-12-75	S & G.A.D	KASUR	AVG.	GOOD	PREMATURE
1976	2nd	"	1-1-76 to 31-12-76	"	"	GOOD	GOOD	PREMATURE
1977	3rd	"	1-1-77 to 31-12-77	"	"	GOOD	V.GOOD	FIT
1978	4th	"	1-1-78 to 31-12-78	"	"	GOOD	GOOD	FIT
1979	5th	"	1-1-79 to 31-12-79	"	LAHORE	GOOD	AVG.	IN THE CHARGE
1980	6th	"	1-1-80 to 31-12-80	"	"	V.GOOD	GOOD	FIT
1981	7th	"	1-1-81 to 31-12-81	"	WAZIRABAD	V.GOOD	GOOD	FIT
1982	8th	"	1-1-82 to 31-12-82	"	"	V.GOOD	GOOD	FIT
1983	9th	"	1-1-83 to 31-12-83	"	"	V.GOOD	GOOD	FIT
1984	10th	"	1-1-84 to 31-12-84	"	HANKANAN	V.GOOD	GOOD	FIT
1985	11th	"	1-1-85 to 31-12-85	"	"	GOOD	GOOD	FIT
1986	12th	"	1-1-86 to 31-12-86	"	"	GOOD	V.GOOD	FIT
1987	13th	"	1-1-87 to 31-12-87	"	"	NO REPORT	NO REPORT	NO REPORT
1988	14th	"	1-1-88 to 31-12-88	"	CHINIOT	GOOD	GOOD	FIT
1989	15th	"	1-1-89 to 31-12-89	"	KASUR	GOOD	GOOD	FIT
1990	16th	"	1-1-90 to 31-12-90	"	"	NO REPORT	NO REPORT	NO REPORT
1991	17th	"	1-1-91 to 31-12-91	"	"	NO REPORT	NO REPORT	NO REPORT
1992	18th	"	1-1-92 to 31-12-92	"	"	NO REPORT	NO REPORT	NO REPORT
1993	19th	"	1-1-93 to 31-12-93	"	"	NO REPORT	NO REPORT	NO REPORT
1994	20th	"	1-1-94 to 31-12-94	"	"	NO REPORT	NO REPORT	NO REPORT
1995	21st	"	1-1-95 to 31-12-95	"	"	NO REPORT	NO REPORT	NO REPORT
1996	22nd	"	1-1-96 to 31-12-96	"	"	NO REPORT	NO REPORT	NO REPORT
1997	23rd	"	1-1-97 to 31-12-97	"	"	NO REPORT	NO REPORT	NO REPORT
1998	24th	"	1-1-98 to 31-12-98	"	"	NO REPORT	NO REPORT	NO REPORT
1999	25th	"	1-1-99 to 31-12-99	"	"	NO REPORT	NO REPORT	NO REPORT

\*Entries with lead-pencil.

CONFIDENTIAL 407 847

### INDIVIDUAL CAREER PLANNING CHART

1. No. \_\_\_\_\_

2. Occupational Group Service **EX P.C.S. (E.S.) DIRECT RECRUIT (L.S.)**

3. Name \_\_\_\_\_

4. Seniority Position **145**

5. Date of joining Govt. service \_\_\_\_\_

6. Religion **ISLAM**

7. Date of birth \_\_\_\_\_

8. Appointment with grade **E.A.C. (17)**

9. Marital status **MARRIED**

10. Date of superannuation \_\_\_\_\_

11. District **PUNJAB**

12. Service particulars of spouse:  Federal  Provincial  Private

13. Home District **BAHAWALPUR**

14. Medical category:  Location: \_\_\_\_\_ \*Post held: \_\_\_\_\_ \*Size of family: \_\_\_\_\_

15. Qualifications: Academic: **B.A. (POLITICAL SCIENCE)**

Professional: **LLB.**

Languages known: **ENGLISH, URDU, E.PUNJAB.**

16. Training received

Name of institution attended	Country	Duration		Particulars of the course
		From	To	
				<b>REVENUE</b>

17. Countries visited

Country	Duration		Purpose
	From	To	

18. Merit position in

P.P.S.C Competitive Examination	Year	Position
P.P.O Examination		
Any other Examination		

19. Date of entry/promotion

Grade	16	17	18	19	20	21	22	23
Temporary								
Substantive								

\*Entries with lead-pencil

Figure B1: This figure shows career chart of civil servants. The source of the data is Services and General Administration Department (S & GAD)

**FEDERAL PUBLIC SERVICE COMMISSION**

Aga Khan Road, F-5/1

Islamabad the 10<sup>th</sup> May, 2017.

**PRESS NOTE**

Subject: - **FINAL RESULT OF COMPETITIVE EXAMINATION (CSS), 2016 FOR RECRUITMENT TO POSTS IN BS-17 UNDER FEDERAL GOVERNMENT.**

No.F.2/4/2017-CE. The roll numbers and names of 199 candidates who have finally qualified the CSS Competitive Examination 2016, are given below in order of merit. Out of them 193 have been recommended by the FPSC for appointment to posts in BS-17 under the Federal Government in the Groups/Services mentioned against each:-

Merit No.	Roll No.	Name	Domicile	Group/Service allocated
1	19052	MALEEHA IESAR	PUNJAB	PAS
2	12639	QURAT UL AIN ZAFAR	PUNJAB	PAS
3	2329	MARIYA JAVAID	PUNJAB	PAS
4	1560	MUHAMMAD EJAZ SARWAR	PUNJAB	PAS
5	14428	ZOHA SHAKIR	PUNJAB	PAS
6	13321	SAYEDA TEHNIYAT BUKHARI	PUNJAB	PAS
7	10316	HAMOOD UR REHMAN	PUNJAB	PAS
8	13932	TAYYAB HAYAT	PUNJAB	PAS
9	15699	AHMED SHAH	K.P.K.	PSP
10	14782	AMEER TAIMOOR	PUNJAB	PAS
11	11051	MARHABA NEMAT	PUNJAB	PAS
12	2521	SAMMAN ABBAS	PUNJAB	PAS
13	11014	MALIK MUHAMMAD DANISH	PUNJAB	FSP
14	12632	QUDSIA NAZ	PUNJAB	PAS
15	13416	SHAHMEER KHALID	PUNJAB	PSP
16	6409	UBAID UR RAHMAN DOGAR	PUNJAB	PAS
17	14055	UMMAR AWAIS	PUNJAB	PAS
18	4235	DANYAL HASNAIN	PUNJAB	FSP
19	1625	MUHAMMAD SHAHAB ASLAM	PUNJAB	PAS
20	12288	MUHAMMED ARSLAN SALEEM	PUNJAB	PAS
21	3962	ANISHA HISHAM	SINDH URBAN	PAS
22	8815	ABIDA FAREED	PUNJAB	PAS
23	5189	MUHAMMAD HASSAAN AHSAN	PUNJAB	PAS
24	3704	ABDUL QADEER	PUNJAB	PAS
25	3251	NAWAB SAMEER HUSSAIN LAGHARI	SINDH URBAN	PAS
26	12766	RANA HUSSAIN TAHIR	PUNJAB	PSP
27	12738	RAMEESHA JAVAID	PUNJAB	PAS
28	5770	SAAD ARSHAD	PUNJAB	PSP
29	11957	MUHAMMAD SAAD BUTT	PUNJAB	FSP
30	6613	ZEB UN NISA NASIR	PUNJAB	PAS
31	9390	AQEELA NIAZ NAQVI	PUNJAB	PSP
32	4193	BEENISH FATIMA	PUNJAB	PSP
33	9724	BILAL AHMAD	PUNJAB	PSP
34	2693	ABDUL SAMAD NIZAMANI	SINDH RURAL	PAS
35	5005	MOMIN AZIZ QURESHI	PUNJAB	FSP
36	11400	MUHAMMAD AHMAD ZAHEER	PUNJAB	PCS
37	4495	HASAN ABBAS	PUNJAB	FSP
38	656	MUHAMMAD ALI ASIF	PUNJAB	PCS

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Figure B2: Recruitment exam ranking published in newspapers



Figure B3: Historical tax records of central revenue agency i.e Board of Revenue's (BOR) record room

AGRICULTURAL INCOME TAX DISTRICT MUZAFFARGARH,  
FOR THE MONTH OF September, 2007.  
PREVIOUS A-I-T,

S No.	Name of Tehsil	Demand	Suspension	Net Demand Recoverable	Previous Recovery	Current Recovery	Total Recovery	Balance	Percentage Month	Total
1-	M. Garh	17102682	—	17102682	76650	9300	85950	17016732	—	1%
2-	Kot Adde	28353571	—	28353571	87793	38100	125893	28227678	—	—
3-	Alipur	2079273	—	2079273	34150	44706	78856	2000417	2%	4%
4-	Jatei	18396542	—	18396542	50010	9500	59510	18337032	—	—
Total A		65932068	—	65932068	248603	101606	350209	65581859	—	1%

CURRENT A-I-T,

1-	M. Garh	—	—	—	—	—	—	—	—	—
2-	Kot Adde	—	—	—	—	—	—	—	—	—
3-	Alipur	—	—	—	—	—	—	—	—	—
4-	Jatei	—	—	—	—	—	—	—	—	—
Total B		—	—	—	—	—	—	—	—	—
G.Total A+B		—	—	—	—	—	—	—	—	—

Figure B4: The BOR tax collection pro forma

STATEMENT SHOWING THE RECOVERY POSITION OF AGRICULTURAL INCOME TAX UNDER HEAD 011630001173 FOR THE MONTH OF December, 2007 District D.G.K.I

Head of Account No. 011630001173	Demand	Remission	Suspension	Net Demand	Previous Recovery	Recovery during month	Total recovery	Balance
A.I.T. (Previous)	9664766	—	6368392	3296374	2482954	114322	2597276	699098
A.I.T. (Current)	—	—	—	—	—	—	—	—
Total	9664766	—	6368392	3296374	2482954	114322	2597276	699098

verified for Rs. 114322/- (One lac, fourteen thousand = three hundred & twenty two only)

District Accounts Officer  
Dera Ghazi Khan

District Officer (Revenue)  
Dera Ghazi Khan

Figure B5: The BOR tax collection pro forma duly verified by District Accounts Officer



Figure B6: An example of an incumbency board: Assistant Commissioner Multan. Incumbency boards are a tradition from colonial times. Each incumbency board has the name of the civil servant and the dates when he or she held the job. This data was digitized to create a tehsil-day level panel of vacancy and tenure of Assistant Commissioner positions across Punjab. This data when combined with career charts data identified the set of potential seniors of newly recruited PAS bureaucrats.

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