

Título: Sweetening the Carrot: Motivating Public Physicians for better Performance

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Abstract

This paper presents a theoretical model to explain shirking behavior among public physicians and explores combinations of monitoring and incentive mechanisms that meet the twin objectives of inspiring the shirkers without losing the motivated. Drawing upon the basic Shapiro-Stiglitz shirking model and the social custom model of Chang and Lai (1999), the paper develops and presents a design of incentive structures that consists of punitive monitoring systems accompanied by non-pecuniary rewards. The analysis shows that intensive monitoring persuades the shirking physicians to improve their performance but may have a negative effect on the morale of those already motivated. Our findings indicate that non-pecuniary rewards and recognition for the latter can potentially restore the incentives and counter the deleterious effect of increased supervision.

JEL Classification: I11; I18; J33

Keywords: Public physicians; Shirking; Motivation; Monitoring; Incentives