

Delegation to Workers across Countries and Industries: Social Capital and Coordination Needs Matter*

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Abstract

The degree of delegating authority to non-managerial and non-supervisory workers substantially varies across countries and industries. By examining worker-level data from 14 countries, I empirically explain this variation by region-specific social capital that proxies workers' degree of self-centeredness and the industry-specific need for coordination. The empirical results of this study confirm the theoretical predictions by Alonso, Dessein, and Matouschek (2008)[†] for the first time: the negative association between coordination needs and decentralization is mitigated in regions with lower self-centeredness of workers. In particular, when self-centeredness of workers (respectively, need for coordination) is very low, the degree of delegation is always high regardless of the level of the need for coordination (self-centeredness of workers). Positive associations between delegation and its benefits, including job satisfaction, wages (proxy for higher productivity), and skill upgrading of workers, are also found.

JEL Classification: L22, L23, Z13

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[†] Alonso, Ricardo, Wouter Dessein, and Niko Matouschek. 2008. "When Does Coordination Require Centralization?" *American Economic Review*, 98(1): 145-179.