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**Timeline**

2014-2018

**Sample Size**

300-350 data entry operators

**Research Implemented by IPA**

No

# Worker Selection, Productivity, and Firm Development in India

## Abstract

While workers in larger firms tend to be more productive than those in smaller ones, the underlying reasons for these differences are unclear. In India, researchers are conducting a randomized evaluation among data entry employees, to measure the impact of different work arrangements (office- versus home-based) on worker productivity.

## Policy Issue

In many countries, research has shown that workers in informal and household enterprises tend to have lower productivity than those in larger firms. However, more evidence is needed to understand why this difference exists. One theory is that high-ability workers are more likely to choose to work at larger firms. Another theory is that in larger firms the work environment itself may increase worker productivity. This could happen, for example, if production is more efficient when organized in an office setting or if workers learn more quickly in an office environment. Testing these theories could have useful implications for government and private sector policies that seek to enhance worker productivity.

## Context of the Evaluation

This study is taking place in India, where information technology-related services contribute 9.5 percent of GDP and employ 3.7 million people. The sector is also the fourth-largest urban employer of women. The Small Enterprise Finance Centre (SEFC), the study's implementation partner, has set up a data entry office that mimics the characteristics of an actual data entry firm in an easily accessible location in Chennai.

## Details of the Intervention

Researchers are partnering with SEFC to conduct a randomized evaluation that measures to what extent any differences in productivity between workers in larger firms versus small ones are driven by the environment and/or by the workers who self-select into jobs at those types of firms.

At the beginning of the study, a set of potential employees will be invited to participate in a week of paid training, during which the research team will collect data on worker productivity, measured by each participants' data entry speed, effort levels by hours, and intensity of work. Employees will then be allowed to express their preference to either work from the office or from home (this will mimic the "self-employment" or smaller firm environment), and they will be randomly assigned to either work environment for a three-month work assignment. In different three-month rounds of participants, the research team will make changes to the office environment such as changing the level of monitoring, the amount of routine present, and how much coordination among co-workers is required to complete the tasks.

Researchers will monitor participants' productivity and effort levels during this period. After the three-month employment period, all participants will receive references and training certificates and will be matched to an employment agency to seek future employment.

## Results and Policy Lessons

Project ongoing. Results forthcoming.

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