

Standards and Management Practices: Evidence from Peru

David Alfaro-Serrano*

Columbia University

September, 2019

Job Market Paper

Abstract

This paper shows that a subsidy to certify process standards, such as ISO 9001, induces the adoption of better managerial practices in addition to the aimed standard certification. In the presence of complementarity between the standard requirements and modern management practices, a subsidy for standard certification will generate an improvement in management quality. I find evidence consistent with this hypothesis in a real policy setting in Peru using a regression discontinuity design. These results compare positively with those of a parallel intervention that follows the traditional approach of subsidizing the development of new technologies rather than the adoption of already known ones, which is unable to induce technology upgrading.

*E-mail: da2628@columbia.edu I would like to thank professors Eric Verhoogen, Jonas Hjort, and Réka Juhász for their advice and support; professors Michael Best, Donald Davis, Christian Pop-Eleches, Amit Khandelwal, Suresh Naidu, and David Weinstein for their valuable comments; Alejandro Afuso, Celia Cornejo, Rafael Castillo, Luis Mesías, Juan Manuel García, Santiago Cueto, and Eduardo Zegarra for their help during this project; and Andrea Quijano and Johnathon F. Cherry for their research assistance. I am also indebted with *Grupo de Análisis para el Desarrollo* (GRADE), for providing a productive and stimulating work environment during my stay Peru; and with *Innovate Perú* for providing information needed for this project. This research would not have been possible without the financial support provided by Columbia University's Department of Economic's development colloquium and Program of Economic Research, the Center for Development Economics and Policy (CDEP), and the National Science Foundation (NSF). All views, opinions, and conclusions expressed are my own.