

Standards and Management Practices: Evidence from Peru

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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.

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