

# Common Good Institutions, Identity in the Workplace, and Value Dynamics\*

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## Abstract

The theory of social choice stresses that the general interest determined through the aggregation of individual preferences implies interpersonal utility comparisons and hence necessarily a notion of common good beyond individual preferences. The pursuit of the common good falls to all services of the state and drives their individual decisions. Economic model of identity in the workplace predicts that outsider public sector workers may internalize the common good value to minimize cognitive dissonance. To test this hypothesis, I study the dynamics of preferences for workers in public versus private sector jobs. For identification, I use panel data and exploit within-individual variations, alleviating endogeneity concern related to selection into occupation. Further addressing the dynamic self-selection concern, I find that, for any given public sector, switching into the public sector increases by 15% the likelihood of exhibiting the common good value while having a negative effect on state preferences. By contrast, switching into the private sector crowds out common good value. Examining causal mechanisms, I show that the public sector effect is most pronounced for workers facing higher dissonance costs. Furthermore, I find that workers adopting the common good value in the workplace adopt a general behavior consistent with active participation in the public realm, pointing to value internalization. Overall, this paper highlights how investing in factual public sector's common good pursuit narrative can have broader and rapid implications for the prevalence of common good value in the society.

**Keywords:** Value dynamics; Identity in the workplace; Cognitive dissonance; Common good; State; Public versus private sector; Crowding out effect; Workplace socialization; Institutional narrative.

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“This is publick spirit ; which contains in it every laudable passion, and takes in parents, kindred, friends, neighbours, and every thing dear to mankind ; it is the highest virtue, and contains in it almost all others ; steadfastness to good purposes, fidelity to one’s trust, resolution in difficulties, defiance of dangers, contempt of death, and impartial benevolence to all mankind. It is a passion to promote universal good, with personal pain, loss, and peril : it is one Man’s care for many, and the concern of every man for all .”

Cato’s Letter No. 35 (1721) by Thomas Gordon, “Of Publick Spirit”

“The commonwealth seems to me to be a society of men constituted only for the procuring, preserving, and advancing their own civil interests. Civil interests I call life, liberty, health, and indolency of body; and the possession of outward things, such as money, lands, houses, furniture, and the like.”

A Letter Concerning Toleration by John Locke (1689)

## 1 Introduction

In the face of multiple global challenges, the pursuit of the common good has become an essential objective. To achieve it, tools that have been implemented so far are predominantly related to price incentives. While there is an emerging recognition in the economics literature of the need for complete societal change (Besley and Persson (2023)), in this paper I pay attention to the dynamics of values and investigate whether economic institutions could induce a shift in individual preferences to favor the common good. Specifically, I study the dynamics of preferences for workers in public versus private sector jobs. My aim is to explore the hypothesis that the public sector could make its workers *internalize* the common good value through its intrinsic institutional goal, that is, the pursuit of the common good beyond individual preferences.

My hypothesis builds on the insight from Akerlof and Kranton (2005) that, beyond the wage, identity is a component of a worker’s utility. Organizational goals carry values, workers have also their own values, hence they can be either insiders (they identify with the firm) or outsiders (they do not identify with the firm). In this framework, insider workers select organizations that share their values. But outsider workers may also change on their own their identity and adopt their organization’s value to minimize cognitive dissonance. The divide between the public and private sectors in their organizational goal has long been and is still among the most hotly debated issues. Advocates of the divide think of governments as essentially benevolent maximizers of social welfare motivated by the pursuit of the general interest, while the private realm is concerned with particular interests. Opponents of the divide consider governments as self-interested revenue maximizers<sup>1</sup>. However, the theory of social choice stresses that the only way to determine the general interest through the aggregation of individual preferences is to allow for interpersonal utility comparisons and hence necessarily a notion of common good beyond individual preferences. Thus, technically, regardless the state’s objective function, the pursuit of the common good falls to its services and drives the regulation they enact, their individual decisions and public services administration. My hypothesis is then that

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<sup>1</sup>As suggested by John Locke, each state seems to be captured by a group of men serving their own interests. See also Brennan and Buchanan (1980)’s description of governments as revenue-maximizing Leviathans, as well as Tilly (1975), Tilly (1985) and North (1990) on states serving the objectives of elites.

the intrinsic public-private differential in institutional goal as regards the pursuit of the common good beyond individual preferences leads to a public-private differential in workers' common good value through the selection and, most importantly, change in identity mechanisms.

The data used in this paper come from the Swiss Household Panel Survey (SHPS), a panel survey interviewing all household members of a random sample of around 5000 households, covering more than 12,000 individuals in Switzerland since 1999. These data are unique in four ways. First, they include a precise measure of individuals' preference for the common good. While at the institutional level the pursuit of the common good implies the primacy of the common good over individual preferences, at the individual level the preference for the common good measures *the propensity to prioritize universalism over self-interests*, with universalism referring to the propensity to expend a given budget more uniformly across people that are close to or more socially distant from them (Enke et al. (2022a) and Enke et al. (2022b)). The surveys include a precise measure of individuals' common good preference through the following question: "Are you in favour of Switzerland offering foreigners the same opportunities as those offered to Swiss citizens, or in favour of Switzerland offering Swiss citizens better opportunities?". For Swiss respondents, there is a clear choice between one pie to share equally with socially distant people (foreigners) but with smaller pieces for themselves (hence prioritizing universalism over self-interests), and one pie to share unequally with socially distant people with bigger pieces for themselves (hence prioritizing self-interests over universalism)<sup>2</sup>. This question hence explicitly elicits the individual's disposition to prioritize universalism over self-interests, that is, her preference for the common good. Second, the SHPS also provides information on respondents' occupational choice between institutional (public versus private) sectors as well as on their sectors of activity. Importantly, the 1999 to 2003 surveys include information on the individual's type of public organization, which allows introducing public sector-type controls. Third, these individual-level panel data allow to exploit longitudinal variation within individuals to isolate the impact of the institutional sector. The within estimator strongly alleviates the selection into occupation concern. However, if workers choose the time spent in an institutional sector as a function of their own dynamics in preferences, then workers who have a shock to their common good value may switch sector. I develop the strategy to address this dynamic self-selection concern further below. Fourth, there is a key advantage of exploiting Swiss data as regards the high permeability between the public and private sectors in Switzerland due to similarity in hiring procedure and requirements, income levels and workers' status<sup>3</sup>. Another specificity of the Swiss setting comes from its federal structure with most policies and markets regulation set at the state (cantonal) level. As the SHPS also provides information on respondents' commune of residence, it is possible to control for state-specific time dummies to account for time-varying confounders that operate at the local (state) level (e.g. eco-

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<sup>2</sup>Another way to comprehend this question is to consider universalism boundaries. The question then captures the individual's disposition to extend the boundaries of her universalism at the price of individual losses.

<sup>3</sup>The term 'open' civil service is used when there is no specific competitive exam to enter the civil service (Audier and Bacache-Beauvallet (2007)). Heterogeneity of workers' profiles within the public sector is consequently more important. In the particular case of Switzerland, Emery et al. (2014) underline that, due to its open civil service, public sector workers from the private sector are quite frequent at any hierarchical level. Guido Schilling AG (2023) finds that in a sample of 1045 top executives in the public sector (at the federal and cantonal levels), one third has at least one experience in the private sector. In addition, the civil servant status has been abolished in Switzerland in the 1990's in all states except two.

conomic distress, which drives both the policies to implement and individual preferences). I find that, for any given public sector, the likelihood to exhibit the preference for the common good increases when the same individuals work in the public rather than private (for-profit and nonprofit) sector, and the effect size is large: the estimated causal effect of switching into the public sector is about 15%. Results also indicate that workers lose this preference when they quit the public sector for the private sector, unveiling a crowding out effect of the private sector. Overall, these findings are consistent with the fact that the primacy of the common good over individual interests is intrinsically bound up with the public sector, defining the identity of public sector workers.

An alternative explanation for my finding is that working in the public sector, which pursues other goals than the common good, drives a change in workers' other related preferences, potentially correlated with the preference for the common good. For example, the state has an important role in poverty and inequality reduction. Workers in the public sector may then become more benevolent or inequality averse and therefore more in favor of the common good. As argued in the public choice literature, workers in the public sector may develop a preference for big governments and then a preference for the common good as a means of increasing governments size. Alternatively, working in the public sector may make workers have higher confidence in the state or political institutions and hence in its capacity to pursue the common good. To address this concern, I run the same fixed effect estimations but on workers' attitudes towards benevolence (through preferences over expenditure on welfare), inequality aversion (through preferences on taxes on high incomes), state size (through ideological preferences, "left" versus "right"), and public trust (through reported level of trust in the federal government and of satisfaction with democracy). I find that working in the public sector makes bureaucrats have a worse opinion of the state and public institutions and become in favor of less state.

After establishing that working in the public sector turns individuals into advocates of the common good, I turn to the task of distinguishing between channels of causality. One mechanism, which is the article's focus, is that the public sector fosters the congruence between institutional and workers' common good value through cognitive dissonance reduction, that is, through a change in identity. However, there is also a second potential channel. Because the public sector has a specific institutional setup (e.g. incentives and constraints), its workers may acquire – but not internalize – the preference for the common good.

I undertake four exercises to identify the relative importance of these channels. First, I investigate how the estimated causal effect of the public sector changes when controlling for specific incentives and constraints, namely extrinsic incentives (through individual's yearly income) and social incentives (through reported level of satisfaction with work colleagues). I find that the treatment effect increases instead of being attenuated with respect to the baseline counterpart and that the controls have a coefficient very close to zero. These estimation results are not consistent with a mediating effect of the public sector's specific institutional setup.

In the second and third exercises, rather than controlling for the specific public sector setup, I investigate heterogeneity by cognitive dissonance costs. If my hypothesis is valid, that is, if the public sector effect on workers' common good value channels through workers' change in identity to reduce dissonance costs, I should observe that its effect is larger for workers facing higher dissonance costs. In the second strategy, I focus on workplace socialization (Schein (1965), Van Maanen and Schein (1979)) as a driver of treatment intensity at a given principal. Specifically, I exploit exogenous cultural shifters at the

individual level of the share of co-workers for whom the salience of the public sector’s common good pursuit is more important and test whether the public sector’s impact is stronger for workers with a larger share of such co-workers. To this aim, I build upon French history to argue that the perception of the state as advocate of the common good is particularly salient in the French culture. In particular, the actual French Constitution is both the result of the republican and universalist ideals of the French revolution as regards the primacy of the common good beyond individual preferences<sup>4</sup> and state capture by the Council of State, who, to consolidate their legitimacy, appropriated public services under the Third Republic. Thus, France offers a particular case for Mukand and Rodrik (2018)’s model in which ideas and vested interests feed into each other and created a factual institutional narrative according to which the state is provided with some tutelary power in order to guarantee the common good. I also provide empirical evidence that there are spillover effects on French-speaking Swiss culture. I hypothesize then an increased public sector effect through workplace socialization at a given principal for workers with a larger share of French-speaking Swiss co-workers. This is exactly what I find, with the effect doubling in terms of magnitude.

In the third exercise, I build upon Athias and Ventelou (2024), who investigate heterogeneity in common good value, to identify the potential outsider workers in the public sector. In particular, they develop a survey-based measure of common good value, based on Enke et al. (2022b)’s survey-based measure of moral universalism, to which they associate in some items a personal cost. They find that, conditional on moral universalism, the college educated and the right-wingers exhibit less the common good value, that is, they prioritize less universalism over self-interests. More precisely, they find that the right-wingers systematically exhibit less the common good value but the college educated exhibit a domain-dependent common good value: they are disposed to prioritize universalism over self-interests when the money spent is in public services, such as in health services. Thus, while right-wingers are very likely to be outsider employees in the public sector, it is less clear for college educated insofar as they are able to exhibit common good identity in a specific context. I find that the public sector effect is indeed most pronounced for right wingers and also more pronounced but to a far lesser extent for college educated individuals.

My final strategy examines behavioral outcomes. The dissonance reduction channel implies that the preference for the common good is internalized, that is, becomes generalized reason for behavior<sup>5</sup>. Western political philosophers, particularly political theorists of republicanism, have long argued that the pursuit of the common good is linked to the existence of an active, public-spirited citizenry and a rejection of the notion that society is composed of atomized individuals. This idea is also mentioned in Smith (1790)’s *The Theory of Moral Sentiments*. I expect then individuals who adopt the preference for the common good by working in the public sector will engage in more active behavior in the public realm and be more deeply embedded in social relationships. Using self-reports of public-spirited commitments, social behaviors, and morale, I find in the fixed effects regression that individuals who acquire the preference for the common good by working in the public sector believe they have a higher influence on government policy. This perceived

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<sup>4</sup>“The French Revolution changed subjects into citizens” mention Akerlof and Kranton (2000) p.727, that is, into members of the political body able to transcend their particularities and interests in order to determine the interest of the people as a whole.

<sup>5</sup>Evidence of preference internalization explaining behaviors in new contexts is given in Athias and Macina (2022), who find that ancestor’s exposure to the slave trade impacts descendants’ contemporary behavioral health outcomes through the internalization of mistrust.

influence does not stem from higher participation in polls – indeed, their poll participation decreases–, but rather from a higher likelihood of participating in demonstrations and boycotts, though not in strikes. Their public-spirited commitment also translates into increased voluntary activities in associations. In terms of social networks, these individuals report feeling less lonely and more satisfied with their personal relationships, despite meeting their friends less frequently and having less close friends. They also are less likely to have a religion and to attend religious events. Regarding morale outcomes, they are more satisfied with life but less satisfied with themselves and are less likely to be optimistic. Overall, these results underline that a shift in common good value due to working in the public sector is associated with an increase in public-spirited behavior and a shift in personal relationships towards wider but less profound connections. Furthermore, it provides a strong sense of purpose but also imposes behavioral constraints that are more challenging to fulfill. Thus, these findings point to value internalization, taking on the status of general motive or constraint on behavior.

In the last part, I conclude the analysis by considering the effect beyond the public sector and ask whether public employees are an important horizontal channel of transmission of the common good value within society, particularly to non-workers. I do this by leveraging time-varying variation at the state level in the share of public employees holding the common good value in fixed effects estimation. I hence explore whether increased exposure of non-workers to the common good value, through an increased share of public employees exhibiting this value, increases the likelihood of a shift in their own common good value, while controlling for other horizontal channels such as state ideology and the local environment. My findings suggest that public sector employees play a significant role as a horizontal channel of transmission of the common good value in society, almost as influential as the local environment. Finally, I discuss the implications of all my results in the context of the debates about public-sector reforms.

All in all, this paper shows that states are the only possible common good institutions, that is, institutions whose goal is to pursue the common good beyond individual interests, and as such they may induce a rapid shift in common good value of public employees searching for identification with their organization to minimize cognitive dissonance. Evidence suggests that public sector workers further transmit this value within the society.

The causal identification challenge lies in the potential dynamic self-selection. If workers choose the time spent in an institutional sector as a function of their own dynamics in values, then workers who have a positive shock to their common good value may switch to the public sector. However, the existing theoretical (see Francois (2003)) and empirical (see Gregg et al. (2011)) literature formalizes and finds that agents who have a civic-minded interest in service and consider the level or quality of service important self-select into caring services (defined as health, education and social care; HES hereafter), which are delivered by both the public and private sectors but more likely by the public sector. This implies that the self-selection mechanism based on common good value is at the service-type level rather than at the public sector level. This is exactly what I find when I investigate pre-trends in common good value of switchers, comparing switchers' initial common good value (before they switch) with the one of stayers in the same sector. It is then possible to address the dynamic omitted variable concern in the fixed effects estimation by considering the public sector effect within non-HES industries. I find that the estimated causal effect of working in the public sector on the likelihood to exhibit the common good value increases from 7 p.p to 10 p.p (from 10% to 15%). This increase

suggests that individuals who self-select into the public sector for matching on common good value lose their value once in the public sector. This could be explained by cognitive dissonance: workers who believe that public sector employment should be common-good based suffer a loss in utility from being employed in an environment where they are monitored and/or rewarded based on other output, and then decide to not hold this value anymore to reduce dissonance costs.

This paper contributes to several strands of the literature. First, this work speaks to the literature on states. While the literature has largely highlighted that for much of history, states have served the objectives of elites (e.g. Tilly (1975), Tilly (1985) and North (1990)), or have behaved as Leviathans (e.g. Brennan and Buchanan (1980)), or are mere bureaucracies (e.g. Bowles (1998)), or substitutes to trust (Aghion et al. (2010)), this paper stresses that states are (also) intrinsically common good institutions (as in Besley (2020) and Dittmar and Meisenzahl (2020)), and by definition the only possible ones as for the primacy of the common good over individual interests. As such, since preferences are endogenous, in particular due to cognitive dissonance, states generate common good value – instead of being a substitute to it. Specifically, as the pursuit of the common good is technically intrinsic to the public sector, bureaucrats can identify with this goal, even more when it is associated with a factual institutional narrative, but also even when the state is captured, allowing to run counter to state’s capture from inside the public sector. But bureaucrats also transmit their value beyond the public sector within society and take actively part in the public realm, that is, run counter to state capture also from outside the public sector. This paper has then important implications for the literature on state capacity through bureaucratic effectiveness (see Besley et al. (2022) for a review) by strengthening the importance of Weberian bureaucracy, protected from political interference (as unveiled in Spenkuch et al. (2023)), to preserve the pursuit of the common good in the public sector. Paradoxically enough, this paper further unveils that state capture does not have only a “dark side” (see Slinko et al. (2004) for associated economic outcomes); unintended desirable outcomes are possible if associated with public-spirited ideals, as illustrated by the French state capture in association with Republican ideals. This paper hence also speaks to studies on the structure and consequences of institutional narratives (Mukand and Rodrik (2018), Shiller (2017), Cantoni et al. (2017), Bénabou et al. (2018), Akerlof and Snower (2016), Esposito et al. (2023)). Finally, this paper suggests how Acemoglu and Robinson (2022)’s “Shackled Leviathan” may emerge. The state’s pursuit of the general interest necessarily implies the pursuit of the common good beyond individual preferences, that is, some state’s tutelary powers. However, this paper shows that this state’s role also generates active, public-spirited citizenry, leading to a balance between the state’s and society’s capacities, that is, to a Shackled Leviathan: “a simultaneously powerful state and still accountable and responsive to society” (Acemoglu and Robinson (2022) p.324).

Second, this paper is inspired by the literature on identity in economics (Akerlof and Kranton (2000), Akerlof and Kranton (2010), Bénabou and Tirole (2011), Kranton (2016)) and relates more specifically to the literature on the importance of values and identity in the workplace (Akerlof and Kranton (2005)). Whereas the literature has mainly underlined the importance of organizational and workers’ value alignment for selection (Besley and Ghatak (2005)) and workers’ effort (e.g. Spenkuch et al. (2023)), it is the first paper to identify a causal effect of value misalignment on workers’ identity – and general behavior – and to show that the channel of causality is dissonance reduction, hence contributing to the literature on the consequences of cognitive dissonance in economics (Hirschman (1965)),

Akerlof and Dickens (1982), Konow (2000), Bénabou and Tirole (2006)). In particular, as identity in the public sector is equated to the ideal of prioritizing the common good over individual interests, identification with the organization leads workers to self-select into the public sector based on their common good value. But the drive for self-consistency leads public employees with lower identification to quite rapidly change their identity and become in favor of the common good, and to behave accordingly. Alternatively stated, since the choice to work in the public sector has already been made, reduction of dissonance can be achieved by changing one's values in the direction of greater harmony with the organizational goal, so that value change is a consequence of behavioral change, rather than its precondition. To Akerlof and Kranton (2005)'s model, this paper suggests that dissonance costs could be independent of the principal and function of workplace socialization. An implication of this result is that organizational values may persist over time even if they are not shared by the principal, which might impede changes in organizational goals desired by the principal and create tension in identity between the previous and new values. This echoes the Weberian view of social order constructed at the individual level through the meaning which individuals attribute to their actions taking account of the behavior of others (Weber (1968)). Furthermore, states as common good institutions and workers identification with this institutional goal points specifically to common-good motivation as the defining feature of public sector workers' motivation, further distinguishing the public sector from the private nonprofit sector. Therefore, this paper departs from the literature on nonprofit organizations, which equates private nonprofit and public organizations as mission-oriented organizations due to their common non-profit characteristic (Rose-Ackerman (1996), Francois (2003), Besley and Ghatak (2005)), by unveiling the importance to use an identity-oriented incentive scheme specific to the public sector. Specifically, incentives in the public sector should be combined with moral messages centred on the pursuit of the common good, exploiting complementarities between the two (Kranton (2019)).

Third, my research contributes to the literature on the impact of economic institutions on the formation and dynamics of values (Bowles (1998), Alesina and Fuchs-Schündeln (2007), Aghion et al. (2010), Di Tella et al. (2012), Maystre et al. (2014), Davies (2023)). This paper underlines that economic institutions differ in terms of organizational goals and therefore their impact on individual preferences in the whole society may channel through the workplace. Highly importantly, this paper shows that the feedback effect is of important size and above all not slow (as in Alesina and Fuchs-Schündeln (2007)) but quite rapid. To Bisin and Verdier (2001), my work unveils potential effects of market versus public institutions on cultural evolution, which might explain the different equilibria observed across countries with different incidence of the public sector. It also suggests the peculiar importance of public employees as horizontal vector of value transmission. Overall, my research participates in rebooting welfare economics (Atkinson (2001), Coyle et al. (2023)) as it unveils where the motivation, value and preference essential for society's survival come from. It entails therefore important normative implications while mitigating the standard equity-efficiency tradeoff insofar as identification with the pursuit of the common good may increase public sector's cost efficiency (see Athias and Wicht (2024) for first empirical evidence).

Finally, my contribution can also be situated relative to the growing economics literature that studies the determinants and consequences of moral boundaries (Ashraf et al. (2020), Enke (Forthcoming) for a review). This research unveils the importance of a new value, the common good value, which corresponds to the prioritization of moral univer-

salism (Enke et al. (2022a), Enke et al. (2022b)) over self-interests (Athias and Ventelou (2024)), to explain economic and political behaviors. Furthermore, in contrast to those studies in which moral values are considered as static features of individuals, I am concerned with the process through which values may develop within the same individual. I highlight the prominent role of the public sector to induce a shift in individual preferences from the primacy of self-interests towards the primacy of the common good.

The outline of the paper is as follows. In Section 2, I begin my analysis by first laying out the conceptual framework. I discuss the economic theoretical literature on the general interest determination as well as on identity in the workplace. Section 3 discusses the empirical strategy. Section 4 contains details on the data, before reporting my estimates in Section 5. In Section 6, I examine specific mechanisms and test whether the public sector induces a change in workers' common good value through cognitive dissonance reduction. Section 7 provides evidence for the role of public sector workers in the transmission of common good value within the society and discusses the implications of the results in the context of the debates about public-sector reforms. Section 8 concludes.

## 2 Conceptual Framework

### 2.1 The state and the pursuit of the common good

In economics, the general interest is defined on the basis of the individual interests of the society. Even when there is a divergence between individual interests and the general interest, especially in the allocation of resources for public goods, education, health, and national defence, any allocation of resources is evaluated on the basis of all individual interests. The pareto-optimal allocation which maximizes the general interest is then obtained through the aggregation of all individual preferences on the allocation of resources. However, such an aggregation is faced with important difficulties (see Condorcet paradox and Arrow (1951)'s theorem) that the theory of social choice has attempted to solve (see Sen (1970)). Their conclusion is clear-cut: the only way to determine the general interest through the aggregation of individual preferences is to allow for interpersonal utility comparisons. Thus, the determination of the general interest depends in the end on ethical general considerations: in which kind of society individuals want to live, should it be in terms of social justice, social cohesion, spatial or regional equality, environmental protection. Alternatively stated, the general interest cannot emerge uniquely from the consideration of individual preferences. It is necessarily the reflection of a level of societal justice, that is, of common good, which has nothing to do with individual preferences, and which is by definition pursued by the state<sup>6</sup>.

Furthermore, an important issue with this economics approach is related to the identification of the members of the society to be considered when determining the general interest. They are not only the future generations but also, in a global interconnected world, actual people present in other societies<sup>7</sup>. None of these – geographically or time-

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<sup>6</sup>The private sector could also follow some general interest objectives, as reflected by the concepts of corporate social responsibility (CSR) or Benefit corporations (B-corp), but there is no primacy of the general interest over individual interests. Consequently, as Besley and Ghatak (2007) formally show, firms that use CSR will produce public goods at exactly the same level as predicted by the standard voluntary contribution equilibrium for public goods. Similarly, Dewatripont and Tirole (2022) show that corporate choices are more ethical than owners would wish if and only if agents enjoy rents.

<sup>7</sup>For instance, climate change is associated with death toll due to exposure to unprecedented heat predominantly in countries where emissions today are around half of the global average (Lenton et al.

related distant – people are present in the society in question to defend their interests while being affected by the pursuit of interests of its contemporary members. If contemporary citizens integrate the well-being of those distant people into their own well-being, then the general interest could be defined on the basis of individual preferences. In the opposite case, the general interest should not result from the aggregation of individual preferences. Tutelary powers could then be given to the state to achieve the general interest, that is, the state would be in charge of formulating and imposing this general interest on the whole society. If states are benevolent maximizers of social welfare, the general interest defined by these wise men could lead to the best. But if states are captured by a group of men pursuing their own interests, the tutelary powers given to them could lead to the worst, however under the constraint imposed by the Constitution<sup>8</sup> and the control of active citizens.

Overall, the pursuit of the general interest is bound up with the state, and this general interest, even when we want it to be determined uniquely through the aggregation of individual preferences, implies common good considerations beyond individual preferences. An interesting question that emerges then is whether public sector workers, in charge of embodying and implementing this common good, could acquire and internalize the disposition to go beyond their particular interests to promote and prioritize the common good.

## 2.2 Public sector workers' identity

In their economic model of identity in the workplace, Akerlof and Kranton (2005) highlight that, beyond monetary incentives, identity<sup>9</sup> is a fundamental source of motivation in organizations. In particular, they develop a principal-agent model in which workers have identities that lead them to be either insiders or outsiders according to whether they identify with their organization<sup>10</sup>. In their model, worker's identity affects the utility she gets from her job in two ways. First, a worker's identity determines the utility she gets from belonging to one of these two categories (*insider* or *outsider*). Second, a worker's identity determines whether she gains or loses in utility from behavior that conforms or deviates from the values for her category. For instance, a worker who identifies with being insider in her organization loses utility if her behavior differs from the organization's ideal. On the other hand, a worker who identifies with being outsider in her organization loses utility if her behavior conforms to the organization's ideal. Thus, the model predicts that not only a lower overall pay is needed for an insider to be willing to work, but also less monetary rewards are needed to induce an insider worker to take the activity that is in the organization's best interest. By contrast, a higher pay and more monetary rewards are needed to induce an outsider worker to work for and in the interests of the organization. Interestingly, in this model, outsider workers may become insiders through two channels. A first channel lies in firms' investment to change a worker's identity from an outsider to an insider, since the latter is associated with lower overall pay and less variation in

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(2023)).

<sup>8</sup>Constitutions determine the general rules of functioning of the society as a society to ensure the preservation of the common good.

<sup>9</sup>The term identity corresponds to a person's self-image, ideals, values (Tabellini (2008)), commitments (Sen (1977)), moral preferences (Harsanyi (1982)), that constitute the moral motivations for behavior, that is, that guide behavior across situations.

<sup>10</sup>These two types of identity reflect the fact that people think of themselves in terms of social category, which is central in sociology and psychology.

wages. The second channel is internal to the individual. Outsider workers may change their identity on their own to minimize cognitive dissonance between their behavior in the workplace and values<sup>11</sup>.

The previous section demonstrates that even when the general interest is equated with the aggregation of individual preferences, there is still a notion of common good distinct from individual preferences that the public sector should embody. In other words, even with no willingness to emphasize the pursuit of the common good as institutional goal, this goal is intrinsic to the public sector. This common good is carried by all services of the state and drives the regulation they enact, their individual decisions and the way they administer public services. There is considerable evidence that public sector workers share a common moral motivation or identity that comes from the primacy of the common good over particular interests. In their pioneer work, Perry and Wise (1990) identify norm-based motives associated with public sector employees. In particular, building upon Lasson (1978)'s book *Private Lives of Public Servants*, they mention that one of the most commonly identified normative foundations for public employment is a desire to serve the general interest. They take the example from Lasson of the "physician who joined the Food and Drug Administration to protect the public from inadequately tested drugs and who provided the following reflection about his motivations: "I realize, intellectually, that I have accomplished far more in my years at Food and Drug than I could have in private practice. When I helped take 'MER/29' off the market I did more good than a life time of seeing individual patients" (Perry and Wise (1990), p. 369). Furthermore, Karl (1979) takes the example of Brownlow's career to highlight that public employees are dedicated to the pursuit of the general interest over their self-interests<sup>12</sup>. In the same vein, Heckman et al. (1996) found that case workers in Job Training Partnership Act (JTPA) training centers were motivated to help the least well-off, even though this gave their center a worse placement record, and reduced the performance payments it received. Public administration scholars have hence created a specific term 'Public Service Motivation' to refer to "the belief, values and attitudes that go beyond self-interest and organizational interest, that concern the interest of a larger political entity and that motivate individuals to act accordingly whenever appropriate" (Vandenabeele (2007) (p. 547))<sup>13</sup>. Most importantly, Francois (2000) has formally shown that, even though outcome-oriented, this public service motivation can only occur in the public sector insofar as it is the only sector that can credibly commit not to make up for any shirking by adjusting other inputs<sup>14</sup>.

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<sup>11</sup>Cognitive dissonance theory, central in psychology, suggests that the drive for self-consistency can lead individuals to adjust on their own their values and hence social category to better match their behavior. This concept, first introduced by Festinger (1957), emphasized in Oxoby (2004), captures the fact that individuals seek to avoid the psychological burden (*i.e.* the cognitive dissonance costs) of having behavior dissonant with their social category. Festinger (1957, pp. 271–73) gives the following example of identity change subsequent to a change in behavior: "A worker in a factory, for example may be promoted to the job of foreman. Suddenly he finds himself giving orders instead of receiving them . . . these new actions will be dissonant in many instances with opinions and values which he acquired as a worker and still holds. In pursuit of dissonance reduction, one would expect this person to quite rapidly accept the opinions and values of other foreman, that is, opinions and values which are consonant with the things he now does." (as quoted in Bowles (1998), p. 81).

<sup>12</sup>Brownlow himself is well-known for describing people working in the public administration as individuals with "a passion for anonymity". In the same vein, Mollé (2006) describes the bureaucratic ethic in the following way: "Detachment from any personal interest, self-denial, ideally announce the purity of those responsible for the management of public affairs." (Mollé (2006) p. 13)

<sup>13</sup>See Ritz et al. (2016) for a systematic literature review on evidence that such a motivation exists.

<sup>14</sup>Indeed, "the worker must believe that, were she not to provide the effort, the level of service would fall" (Francois (2000) , p. 277).

Therefore, members of the public sector make an important distinction between insiders and outsiders, that is, between public sector workers and private sector workers. They have the ideal of how a public sector worker should behave, by exhibiting the “public spirit” in Thomas Gordon’s words.

This distinction between public sector and private sector workers has been amplified by the specific labour contract of public employees. Indeed, a unique institutional setup, the civil servant status, has been implemented in most countries. As underlined by Weber (1922), security of tenure is provided to prevent mission-motivated bureaucrats from being at the mercy of politicians who come and go, thereby ensuring durable expertise in public policy implementation<sup>15</sup>. However, this specific status has led civil servants to be perceived as lazy by workers in the private sector (Wilson (1989), Delfgaauw and Dur (2008)). Since the 1980’s and the advent of *New Public Management* reforms, this status has been reformed or even abolished in some countries, incorporating management and incentive practices from the private sector. Francois (2000) formalizes when such reforms can diminish employee effort based on public service motivation.

The identity and economics of organization model predicts that insider workers (who exhibit the preference for the common good) self-select into the public sector based on this ideal. The extant theoretical (see Francois (2003)) and empirical literature (see Gregg et al. (2011)) highlights that this selection mechanism is at work in caring services, defined as health, education and social services, in which service providing workers have a civic-minded interest in service and factor the value of the output they produce into the amount of effort that they put in.

By contrast, an outsider in the public sector is a worker who thinks that her decisions should be based solely on individual interests and arbitration between individual interests. In particular, Athias and Ventelou (2024) find that heterogeneity in common good value is significantly related to college education and political ideology. Specifically, college educated people and right-wingers exhibit less the common good value, hence are more likely to be the outsider workers in the public sector. However, once in the public sector, outsider workers experience the institutional goal and may have to behave differently to embody this goal. In other words, they have to depart from the one price/efficiency criteria they are willing to consider to make their decisions to encompass multiple criteria<sup>16</sup>. Furthermore, the Constitution as well as citizenry impose a constraint on outsider public sector workers not disposed to the primacy of the common good over individual interests. All this implies that outsider public employees may face a cognitive dissonance issue. The cognitive elements in dissonance here are the worker’s behavior – pursuit of the common good – in the workplace, or her choice to work in the public sector for other reasons than its institutional goal (for instance for better work-life balance), which is inconsistent

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<sup>15</sup>Using data on the entire U.S. federal bureaucracy between 1997-2019, Spenkuch et al. (2023) observe no political cycles in the civil service (*i.e.*, rank-and-file bureaucrats). Aneja and Xu (2023) demonstrate the positive impact of a civil service reform during the Gilded Age in the US, which aimed to shield bureaucrats from political interference, on public sector performance. Additionally, Shan (2023) investigates the discretionary promotions of junior Pakistan Administrative Services bureaucrats by their senior officials and finds that meritocratic promotion (based on ability) was prioritized over nepotism.

<sup>16</sup>The literature in public procurement is in this respect very illustrative. Public procurement has been increasingly recommended as a crucial instrument to drive environmental and social change. Many related studies have then investigated the impact of the consideration of multiple criteria – which by definition increases the discretionary power of procuring authorities – instead of price-only criteria on various procurement outcomes. Recent findings point to the benefits of bureaucratic discretion and multiple criteria (Bosio et al. (2022), Bandiera et al. (2021), Coviello et al. (2018), Andreyanov et al. (2023), Athias and Fraga de Andrade (2024)).

with her values that she still holds. In pursuit of dissonance reduction, one would expect this person to quite rapidly change her identity and internalize the common good value, becoming generalized reason for behavior<sup>17</sup>.

My analysis tests for this change in identity effect of the public sector, examining the dynamics of values for workers in public versus private sector jobs.

### 3 Empirical Design

My aim is to assess the impact of working in the public sector on the probability that an individual exhibits the common good value (CGV). Specifically, I look at what happens when individuals switch sectors, in particular from the private to the public sector.

#### 3.1 Econometric equation

I estimate a fixed effects regression, controlling for individual fixed effects, where the sector effect is identified only from individuals who change sector. Hence, my generic approach consists of estimating the effect of the binary variable *PublicSector* (i.e. the coefficient  $\beta$ ) using a linear probability model<sup>18</sup> in the following econometric equation:

$$CGV_{it} = \beta \times PublicSector_{it} + X'_{it}\delta + \alpha_i + \epsilon_{it}. \quad (1)$$

The unit of observation is an individual ( $i$ )  $\times$  year ( $t$ ) cell, where  $\alpha_i$  is a constant individual specific effect, the variable *PublicSector* is equal to 1 if the individual works in the public sector and 0 if the individual works in the private (both for-profit and nonprofit) sector,  $X_{it}$  is a vector of federal- and state-specific time dummies to account for time-varying confounders that operate at the state and federal levels (e.g. political ideology or economic distress driving both the odds of working in the public sector or the policies to implement, and individual preferences). The variable *CGV* is equal to 1 if the individual exhibits the common good value and 0 otherwise. I explain below how each variable is constructed and provide the related estimation results. In the baseline analysis, standard errors are clustered at the individual level.

In Equation (1), the main estimation challenge relates to the endogenous nature of the institutional sector choice *PublicSector* <sub>$it$</sub> . Balancing tests (Appendix A Table 10) quantitatively confirm that individuals working in the public sector are different from those working in the private sector. They are typically older, they have more children, they are more likely to be female, married, union member, to live in a urban area, and to be college educated. Importantly, these factors are also susceptible to correlating with *CGV* <sub>$it$</sub> .

The within estimator alleviates this endogeneity concern and provides consistent estimates of  $\beta$  even with endogenous regressor *PublicSector* provided that *PublicSector* is correlated only with the time-invariant component of the error,  $\alpha_i$ , and not with the time-varying component of the error,  $\epsilon_{it}$  (that is, provided that the so-called parallel trend assumption holds). Thus, identification assumes that factors affecting selection into occupation exert a time-invariant influence on the outcome variable that can be filtered out

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<sup>17</sup>Note that alternatively, outsider workers could change jobs and switch from the public into the private sector depending on the importance of switching costs.

<sup>18</sup>Logistic regression leads to similar results but does not allow to adjust standard errors for potential clustering.

by the battery of fixed effects at the estimation stage. However, if workers choose the time spent in an institutional sector as a function of their own dynamics in preferences, then workers who have a shock to their common good value may switch sector. I develop the strategy to address such a concern in the next section.

### 3.2 Addressing the dynamic self-selection concern

To address the potential dynamic self-selection challenge, I build upon the existing theoretical and empirical literature (Francois (2003) and Gregg et al. (2011)) that formalizes and finds that motivated agents self-select into caring services (defined as health, education and social care (HES)). In such industries, workers often have a public-spirited interest in service and consider the level or quality of service important. Such services are present in both the public and private sectors but more likely in the public sector. Thus, I can assume that the dynamic selection of workers into the public sector based on dynamic common good value is driven by workers who self-select into such services. Alternatively stated, I assume no dynamic self-selection bias for workers who switch to the public sector but stay in non-HES services (that is, they switch for reasons that are not related to their common good value; it could be for instance for better work-life balance. As a result, the causal effect of the public sector could be obtained by considering its effect for these workers.

To provide supporting evidence for this assumption, I adopt the following strategy. First, I compare switchers' initial common good value, before they switch to the public sector, with the one of stayers in the private sector:

$$CGV_{it}^{Private} = \phi \times Switch_i^{Public} + X'_{it}\delta + Z'_{it}\gamma + u_{it} \quad (2)$$

where  $Switch_i^{Public}$  is an indicator variable equal to one if the individual switches into the public sector at any point in the future. In addition to the vector  $X_{it}$  as before, I include a set of control variables for individual characteristics (gender, number of children, age, religion, culture, college education, marital status, health status, urban) in  $Z_{it}$ . The coefficient on the switching indicator therefore captures systematic differences in common good value between those who stay in the private sector and those who switch out of the private sector into the public sector at some future point. I do find that individuals who switch from the private to the public sector at some point in the future are systematically more in favor of prioritizing the common good over individual interests than individuals who stay in the private sector, but the coefficient decreases in magnitude and becomes not significant when controlling for  $Z_{it}$  (see columns (1) and (2) in Table 1).

My prior is that this sorting is driven by switches into HES (health, education and social care) industries. I then consider four binary indicators representing the public and private non-HES sectors and the public and private HES sectors and estimate the following models:

$$CGV_{it}^{PrivateNonHES} = \phi \times Switch_i^{PublicHES} + X'_{it}\delta + Z'_{it}\gamma + u_{it} \quad (3)$$

$$CGV_{it}^{PrivateHES} = \phi \times Switch_i^{PublicNonHES} + X'_{it}\delta + Z'_{it}\gamma + u_{it} \quad (4)$$

where  $PublicHES$  stands for occupations in health, education and social care services in the public sector and  $PublicNonHES$  all other occupations in the public sector (and similarly for the  $PrivateHES$  and  $PrivateNonHES$  variables in the private sector). I find that the coefficient on the switching indicator in Equation (3) is highly statistically

significant and doubles in magnitude, even more when including  $Z_{it}$  (see columns (3) and (4) in Table 1). Specifically, I find that workers who switch out of non-HES private sector occupations into public sector HES occupations are 15 percentage points more likely to exhibit the common good value when they are in non-HES private sector occupations than the stayers in those occupations. Results in columns (5) and (6) confirm that self-selection based on CGV is at the service-type level rather than at the institutional sector level since I find that workers who self-select into non-HES occupations – even though in the public sector – are less likely to exhibit the common good value than stayers in private sector HES occupations.

I then check whether there is no selection into the public sector based on CGV for those staying in non-HES occupations estimating the following model:

$$CGV_{it}^{PrivateNonHES} = \phi \times Switch_i^{PublicNonHES} + X'_{it}\delta + Z'_{it}\gamma + u_{it} \quad (5)$$

I provide below, in columns (7) and (8) in Table 1, the related results. In particular, I find that the difference in common good value between workers switching from the private non-HES to the public non-HES sector and stayers in the private non-HES is insignificant and that the coefficient on the switching indicator decreases when additional controls are included.

I further consider switches across institutional sectors within HES occupations. Since the HES private sector is very likely to be non-profit, it allows to test whether switchers from the private non-profit to the public are different in terms of common good value. I hence estimate the following model:

$$CGV_{it}^{PrivateHES} = \phi \times Switch_i^{PublicHES} + X'_{it}\delta + Z'_{it}\gamma + u_{it} \quad (6)$$

Results in columns (9) and (10) show that individuals who switch from the private HES to the public HES sector at some point in the future are more likely to exhibit the common good value than individuals who stay in the private HES sector: the coefficient is positive and increases when controlling for  $Z_{it}$ . These results, together with the results in columns (9) and (10) of Table 12, tend to corroborate my hypothesis that common-good motivation is the defining feature of public sector workers' motivation, distinguishing the public sector not only from the private for-profit sector but also from the private nonprofit sector.

Finally, to address the potential dynamic selection of workers into the private sector based on CGV, I consider switches in the other way. Estimates are reported in Table 12 in Appendix A (and Figure 6 in Appendix A summarizes regression estimates of the effects of all of the switching indicators on common good value). They corroborate that the selection is driven by occupations in HES services. Specifically, in columns (7) and (8), I also find a positive insignificant coefficient on the  $Switch_i^{PrivateNonHES}$  switching indicator in the public non-HES sector regression, confirming the absence of workers' selection into the public or private sector based on their common good value within non-HES occupations. Figure 6 summarizes regression coefficients of the switching indicators in all the previous equations. In Figure 7, I report the coefficients on the switching indicator in Equation (5) to investigate whether switchers into the public sector within non-HES industries hold systematic different state preferences and work satisfaction as compared to stayers in the private non-HES sector. I find no systematic difference, except for the level of satisfaction with the way in which democracy works.

I also study changing selection with switches in Table 11 in Appendix A. Compared to workers who chose the public non-HES sector in the first place, workers switching from

the private non-HES sector to the public non-HES sector are significantly less likely to be college educated, and hence lower income earners. Thus, we can infer that they do not occupy leading positions once they are in the public sector. They are also significantly younger, but by less than two years on average, with an average age of 39. Although experiences during so-called “formative years”, including early adulthood, can shape later-life preferences and views (Roth and Wohlfart (2018), Aneja et al. (2024)), switchers are evidently beyond their “formative years” and are not more malleable in terms of their preferences and views.

## 4 Data

The data used in this paper come from the Swiss Household Panel Surveys (SHPS), a unique longitudinal survey interviewing all household members of a random sample of around 5000 households, covering more than 12,000 individuals, in Switzerland since 1999. The SHPS collects information on the demographic and socio-economic characteristics of respondents and interviews individuals on a wide range of topics. In this paper, I use the individual-level panel data from SHP I (1999) to SHP V (2003), the only waves with all the necessary information. I select Swiss individuals with Swiss as a first nationality (as the question used to elicit individuals’ common good value involves a tradeoff between universalism and self-interests only for Swiss individuals) aged 20-54 (to focus on voluntary job-to-job mobility (Groot and Verberne (1997)) who are employed in the public or private sector (excluding the self-employed). My final sample contains 3777 individuals (9849 person observations).

### 4.1 Occupational choice

I define individuals’ institutional sector on the basis of the following question: “Are you employed by a private company or a state organization?”. I construct then the binary variable *PublicSector* which equals to 1 when the individual works in the public sector and 0 if she works in the private sector. Furthermore, respondents are also prompted with a list of options within state organizations: International organization, Confederation/Swiss Railways/Post office, Canton, Commune. As international organizations are not state organizations but non-governmental organizations, I removed these observations (there are only 112 of the respondents who answered international organization). For meaningful public sector-type controls, I exclude from my sample workers in the public sector at the municipal level. Public sector-state controls are inferred using SPHS information on respondents’ commune of residence, knowing that commuting is mostly local in Switzerland<sup>19</sup>.

As discussed, it is also important to have information about the occupational choice at the service level. Specifically, I use respondents’ choice in the nomenclature of economic

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<sup>19</sup>Using data from the Federal Statistical Office, the average commuting distance in 2000 was 12,9 km. Among commuters, 36,3% worked within the commune of residence, 49% in different communes but within the canton of residence, and 14,7% outside the canton of residence. This is consistent with Eugster and Parchet (2019)’s estimation of the cumulative frequency of commuting distances for all employed Swiss individuals in the three bilingual cantons, using individual data from the 2000 Federal Population Census. They find that more than 80% of all individuals reside within 20 kilometres of their workplace. Furthermore, some public-service missions impose an obligation of residence in the canton or even in the municipality (this was the case for teachers for example).

Table 1: Linear model, common good value (CGV), by sector

	CGV among private sector workers		CGV among private non-HES workers		CGV among private HES workers		CGV among private non-HES workers		CGV among private HES workers	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Workers who switch to the public sector	0.0758*	0.0631								
	(0.0436)	(0.0446)								
Workers who switch to the public HES			0.144***	0.156***						
			(0.0506)	(0.0542)						
Workers who switch to the public non-HES					-0.0806	-0.0791				
					(0.0805)	(0.0774)				
Workers who switch to the public non-HES							0.0920	0.0835		
							(0.0817)	(0.0809)		
Workers who switch to the public HES									0.0530	0.0694
									(0.0596)	(0.0614)
Control variables	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Observations	3,425	3,167	2,452	2,273	2,456	2,273	575	541	497	475

Notes: All regressions control for federal- and state-year fixed effects. Robust standard errors are clustered at the individual level. CGV stands for common good value. HES stands for occupation in Health, Education and Social care. Additional control variables are gender dummy, number of children, age, religion type, culture, college education, marital status, urban, and income (logarithm). \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

activities to distinguish workers in caring services, defined as health, education and social care in the literature, from the others. Individuals working in these services comprise 26% of my total sample. Note that while the survey does not allow to distinguish between the non-profit and the for-profit sectors within the private sector, it is highly likely that HES services within the private sector are delivered by nonprofit private organizations. Table 2 summarises the distribution of non-HES services across sectors. Non-HES services are concentrated in the private sector but 18% of individuals employed in non-HES industries work in the public sector.

As I adopt a within-individual estimation strategy to identify the role played by the public sector on the common good value, the source of identification is the switchers in the sample, that is, individuals who either switch out of the public sector to the private sector or the other way. Information on the switches in my sample is summarized in Table 3. In all, 72% of the 9849 individual-year observations worked in the private sector, 28% in the public sector. Of the 3777 individuals, 10% worked some of the time in the private sector and some of the time in the public sector (in my data, I do not observe any individual to switch more than once). Of the individuals switching from the private to the public sector, 41% switch into the federal bureaucracy and this shares increases to 59% when considering switches only within non-HES industries.

Table 2: Distribution by sector

	Percentage
Public HES	15,61%
Private HES	10,57%
Public non-HES	13,29%
Private non-HES	60,52%
Sample size	8,352

Notes: Private refers to not-for-profit and for-profit private organizations.  
HES refers to health, education and social care industries.  
Non-HES refers to all other industries.

Table 3: Switches across sectors

Sector time $t - 1$	Sector, time $t$			
	public	private	public non-HES	private non-HES
public	2582	189		
private	185	6893		
public non-HES			1018	105
private non-HES			98	4946

Notes: This table shows destination and origin sectors for individuals observed in consecutive periods (very few for individuals observed in non-consecutive periods).

## 4.2 Individual common good value

The common good value corresponds to the individual's propensity to go beyond her interests and particularities to prioritize the common good, that is, "goods" (whether material or not) to which there is a commitment to collective and uniform provision. Such a value implies then not only to exhibit the disposition to expend a given budget more uniformly across people that are close to or more socially distant from them (corresponding

to the definition of universalism given by Enke et al. (2022a) and Enke et al. (2022a)), but also to prioritize universalism over self-interests. Specifically, the surveys include a precise measure of such a value. They encompass the following question: “Are you in favour of Switzerland offering foreigners the same opportunities as those offered to Swiss citizens, or in favour of Switzerland offering Swiss citizens better opportunities?”. For Swiss respondents, there is a clear choice between one pie to share equally with socially distant people referred as foreigners in the question but with smaller pieces for themselves, and one pie to share unequally with socially distant people but with bigger pieces for themselves. This question hence explicitly elicits the individual’s disposition to prioritize universalism over self-interests.

In my sample, 32% of the individuals do not exhibit the common good value. This share is rather stable over time even though it has declined after the 2007-2008 financial crisis up to 2014 (see Figure 2 in Appendix A). Figure 5 in Appendix A displays ordinary least squares (OLS) estimates from regressions of my CGV measure on a set of covariates. I find that the college educated, the left-wingers, the urban and higher income are more likely to hold the common good value whereas it is the opposite for the religious and individuals with a higher number of kids. Table 4 shows a clear distinction in the prevalence of the common good value between the public and private sector. 76% of people working in the public sector exhibit the common good value, compared to only 66% in the private sector. The difference reflects a general public sector effect since the proportion of individuals holding this value within HES industries and within non-HES industries varies significantly and similarly between the public and private sectors. Figure 3 in Appendix A shows that the differences remained relatively constant over time. Importantly, the within standard deviation of the *CGV* dummy variable is of 0.21 within the public non-HES sector.

Table 4: Common good value, by sector

Common good value	N	Public sector		Private sector		(3) Difference
		(1) Mean	Within s.d.	(2) Mean	Within s.d.	
all industries	8,672	0.759 (0.427)	0.19	0.664 (0.473)	0.23	0.096*** (0.010)
within HES	1,917	0.825 (0.380)	0.17	0.772 (0.420)	0.20	0.053*** (0.019)
within non-HES	5,436	0.696 (0.460)	0.21	0.649 (0.477)	0.23	0.046*** (0.016)

Note: HES refers to health, education and social care. Non-HES refers to all other industries. Column (3) presents the difference in the mean value of the common good value between the public and private sectors. Columns (1) and (2) standard deviation in parentheses. Columns (3) robust standard errors in parentheses. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

## 5 Empirical Results

### 5.1 Fixed effects estimation results

Estimates of Equation (1) are reported in Table 5. In the first column, the public sector effect is identified from individuals who change sectors, either from the private to the

public sector or the other way around. The estimated coefficient for the public sector,  $\beta$ , is positive and statistically significant. This is consistent with the hypothesis that working in the public sector positively affects individuals' common good value. Because the private sector could adversely affect such a value by laying more emphasis on particular interests, in column (2), I report estimates considering only switches from the private to the public sector. The estimated coefficient for the public sector is still significant and increases, pointing to the positive public sector impact being more driven by value creation in the public sector than by value loss in the private sector. As discussed in Section 3, to address the potential dynamic self-selection concern I shall consider only switches from the private to the public sector within non-HES occupations. Column (3) displays the corresponding estimation results. They confirm that the public sector has a strong and significant effect on the common good value. In terms of magnitude, I find that working in the public rather than private (either for-profit or nonprofit) sector brings more than a 15% increase in the likelihood to exhibit the common good value for the same individuals.

Interestingly, the coefficient expansion between columns (2) and (3) suggests that individuals who self-select into the public sector for matching on common good value lose their value once in the public sector. This could be explained by cognitive dissonance. Workers who believe that public sector employment should be common-good based suffer a loss in utility from being employed in an environment where they are monitored and/or rewarded based on other output, and then decide to not hold this value anymore to reduce dissonance costs. These results are in line with the evidence found in columns (5) and (6) of Table 12 in Appendix A related to selection into the private non-HES sector from the public HES sector workers. I find that these switchers are highly significantly different from the stayers in the public HES sector: they are 11 percentage points less likely to exhibit the common good value. They could be those individuals who self-selected into the public sector based on their common good value but decided to change identity to reduce dissonance costs. However, since the public sector has no specific identity anymore for those individuals, they can get a higher payoff from outside employment opportunities, in particular from a job in the private for-profit (the private non-HES) sector where income could be higher.

Results in column (4) also indicate that workers lose their common good value when they quit the public sector for the private sector. When controlling for the potential selection concern in column (5), the estimated coefficient for the private sector decreases as expected. These results are in line with the large theoretical and experimental literature (see Bowles and Polania-Reyes (2012) for a review) that shows that financial motives and social motives are substitutes.

To demonstrate the robustness of the main result, I assess the extent to which it is driven by the federal bureaucracy. Results in column (1) of Table 13 in Appendix A show that the main finding holds when dropping the federal level. The coefficient is still significant and of similar size. Furthermore, analysis of heterogeneity by state political ideology shows that the effect is more important in right-wing oriented states (see column (2)). This result can be explained by a higher share of outsiders in such states, as further developed in the section on mechanisms.

Overall, the findings are consistent with the fact that the pursuit of the common good is intrinsically bound up with the public sector, inducing common good value realignment in public sector workers.

Table 5: Linear fixed effects model, common good value

CGV	All switches (1)	Switches only from private to public sector (2)	Switches only from private non-HES to public non-HES (3)	Switches only from public to private sector (4)	Switches only from public non-HES to private non-HES (5)
Public sector	0.0474** (0.0202)	0.0676** (0.0292)	0.0966** (0.0482)		
Private sector				-0.0596* (0.0311)	-0.0732 (0.0610)
Observations	8,672	6,374	4,531	2,632	1,084
Number of individuals	3,590	2,800	1,960	1,112	441

Notes: All regressions control for individual fixed effects and include federal- and state-specific time dummies. Robust standard errors are clustered at the individual level.  $*p < 0.10$ ,  $**p < 0.05$ ,  $***p < 0.01$ .

## 5.2 Public sector effect on state preferences

An alternative explanation for my finding is that working in the public sector, which pursues other goals than the common good, drives a change in workers' other related preferences, potentially correlated with the preference for the common good. Therefore, I estimate the treatment effect (*i.e.* the coefficient  $\beta$ ) of the variable *PublicSector* (where the treatment effects are identified only from individuals who switch from the private non-HES into the public non-HES sector) with other individual preferences – potentially affected by working in the public sector and correlated with the common good value – as dependent variables in Equation (1).

In particular, the state has an important role in poverty and inequality reduction. Workers in the public sector may then become more benevolent or inequality averse and therefore more in favor of the common good. I measure attitudes towards benevolence and inequality aversion using respondents' opinion on social expenses and on taxing on high incomes, whether they are in favor of a diminution, status quo or increase. Not only are the coefficient estimates in columns (1) and (2) of Table 6 statistically not significant, but they are also of opposite signs, potentially explained by efficiency considerations.

Furthermore, as argued in the public choice literature, workers in the public sector may develop a preference for big governments and then a preference for the common good as a means of increasing governments size. I use respondents' ideological preferences, from “right” to “left” (that is, from 0 to 10), that I then aggregate into three categories (right: from 0 to 3; center: from 4 to 6; left: from 7 to 10) as measures for attitudes towards big government. The estimated public sector coefficient is statistically significant but negative (column (3) of Table 6), meaning that working in the public sector makes individuals become less left-wing oriented.

Alternatively, working in the public sector may make workers have higher confidence in the state or political institutions and hence in its capacity to pursue the common good. I use information on respondents' reported level (from 0 to 10) of trust in the federal government and of satisfaction with democracy as proxies for public trust. I find that working in the public sector affects negatively these preferences (columns (4) and (5)). The negative is even significant on the outcome variable capturing satisfaction with democracy. This result suggests that working in the public sector makes individuals more aware of state capture.

Overall, these results emphasize the clear distinction between bureaucrats and politicians, as famously argued by Weber (1922) and emphasized in Besley et al. (2022)<sup>20</sup>. Bureaucrats who have first-hand experience working in the public sector, while they adopt the pursuit of the common good goal and internalize the common good value, they also get a worse opinion of the state than when they do not have such an experience, and become in favor of less state. Alternatively stated, “reality” can change beliefs (as in Di Tella et al. (2012)).

Table 6: Linear fixed effects model, state preferences

	(1) Opinion on Social exp.	(2) Opinion on Taxes on high incomes	(3) Political position: Right to left (3 cat.)	(4) Trust in Federal Gov.	(5) Satisfaction with democracy
Public sector	-0.0983 (0.104)	0.0292 (0.122)	-0.144** (0.0643)	-0.321 (0.265)	-0.407* (0.229)
Observations	4,980	5,036	4,451	5,091	5,046
Number of individuals	2,030	2,040	1,898	2,052	2,039

Notes: The sample includes only switches from the private non-HES to the public non-HES sector. All regressions control for individual fixed effects and include federal- and state-specific time dummies. Robust standard errors are clustered at the individual level. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

## 6 Testing for Channels of Causality

Up to this point, I have asked whether the public sector caused its workers to adopt the common good value due to its specific institutional goal, that is, the pursuit of the common good. The evidence I presented is consistent with my hypothesis that the public sector induces a shift in its workers’ identity: those working in the public sector whose values are not aligned with the organizational common good goal bear cognitive dissonance costs that they reduce by changing identity, that is, by internalizing the common good value. However, a second explanation is also possible. Public sector workers may acquire – but not internalize – the preference for the common good because of the public sector’s specific institutional setup in terms of incentives and constraints. In this section, I pursue four strategies to distinguish between the two channels. The first strategy investigates how the estimated causal effect of the public sector varies when controlling for external factors. The three other strategies instead focus on the internal channel and explore whether the public sector effect is more important for workers facing higher dissonance costs (second and third strategies) and whether individuals who adopted the common good value in the workplace adopt a general behaviour consistent with such a value (fourth strategy).

### 6.1 Effects of the public sector through external factors

With the aim of documenting the extent to which the public sector’s incentives and constraints favor the acquisition of the common good value, I first estimate the baseline Equation (1) controlling for external factors.

<sup>20</sup>Besley et al. (2022) recall that the term *bureaucrats* refers to paid officials responsible for carrying out the core functions of public administration. They have to be distinguished from politicians insofar as they are selected by a superior whereas politicians are elected (Alesina and Tabellini (2007)).

The fact that extrinsic rewards may affect preferences is acknowledged in the literature. For instance, Enke et al. (2022a) and Cappelen et al. (2022) find a highly significant negative individual-level correlation between income and universalism not only in the US but also in any group of countries. Numerous well-designed experiments show that the desirability of an activity may be reduced by inducing individuals to engage in the activity as a means toward an extrinsic goal, such as being paid. Differences in incentives between public and private sector workers are well documented (Dixit (2002), Besley et al. (2022)). In particular, firing costs are often high for public sector workers, and extrinsic incentives are rarely used in bureaucratic remuneration. Under Akerlof and Kranton (2005)’s identity model in organizations, these differences in incentives are thought to be compensated by a non-pecuniary benefit for public employees, i.e. having an identity aligned with their organization (that is, public sector employees, who are motivated by the pursuit of the common good, volunteer a portion of their services for free). Thus, the salience of intrinsic reward in the public sector could then have effects on the preference for the common good to the extent that when people are induced to behave in line with the pursuit of the common good with little or no extrinsic incentive, they may come to believe that their common good behavior was intrinsically motivated. To test for this channel, I include the log of the individual’s yearly work income as a control, yet an endogenous control since it could reflect the selection of extrinsic-oriented individuals into high-paying occupations. However, the fixed effects estimation alleviates this concern. I find in column (1) of Table 7 that the control is not statistically significant and has a coefficient very close to zero rather than negative.

Furthermore, if workers’ utility function are augmented by a parameter that takes into account colleagues’ utility, workers in the public sector may adopt the common good value through social incentives (Ashraf and Bandiera (2018)). Specifically, if the worker cares about her colleagues and if the worker’s effort affects colleagues’ welfare, the influence of social interactions with co-workers exhibiting more likely the common good value in the public sector due to the self-selection mechanism on the worker’s own marginal benefit of effort shapes her motivation to pursue the common good. To test for this channel, I include a control for respondents’ reported level of satisfaction with colleagues (using the following question: On a scale from 0 ”not at all satisfied” to 10 ”completely satisfied” can you indicate your degree of satisfaction for the atmosphere between you and your work colleagues?). This control captures the social incentives parameter, that is, the weight that the worker puts on the utility of her co-workers. If the public sector effect channels through social incentives, we expect then a positive impact of such a variable on the propensity to adopt the common good value. I find that the control is not statistically significant with a coefficient very close to zero.

Overall, column (1) in Table 7 shows that not only the public sector effect increases instead of being attenuated with respect to the baseline counterpart but also the controls have a coefficient very close to zero. Thus, these estimation results are not consistent with a mediating effect of the public sector’s specific institutional setup.

## **6.2 Effects of the public sector through cognitive dissonance reduction**

In this section, I focus on the cognitive dissonance reduction channel and test whether the public sector’s impact is stronger for individuals facing higher cognitive dissonance costs.

### 6.2.1 Heterogeneity by intensity of exposure through workplace socialization

Organizational psychologists have long emphasized the importance of the influence of workplace socialization in shaping cultural change (see Schein (1965))<sup>21</sup>. According to Van Maanen and Schein (1979), workplace socialization or “organizational socialization refers... to the fashion in which an individual is taught and learns what behaviors and perspectives are customary and desirable within the work setting as well as what ones are not” (Van Maanen and Schein (1979), p. 4). Thus, co-workers, instead of affecting the marginal cost or benefit of effort of the agent with social preferences, affect the meaning which the agent attributes to her actions through their behaviors (Weber (1968)). This implies that workplace socialization could impact on the agent’s cognitive dissonance costs by making the organizational goal more or less salient at a given principal. In this second exercise, my aim is to exploit exogenous cultural shifters at the individual level of the share of co-workers for whom the salience of the public sector’s common good pursuit is more important to test whether the public sector’s impact is stronger for outsider workers with a larger share of such co-workers, that is, for outsider workers incurring higher dissonance costs.

Specifically, French history led to a superior conception of the state by French citizens. The French revolution, and associated republican ideals, interacted with state capture by the Nobles of the Robe (that is, the actual Council of State) created a factual institutional narrative according to which the state is provided with tutelary powers in the production of collective goods in order to guarantee the republican ideal of the primacy of the common good over individual interests (Bourdieu (1989), Cohen and Henry (1997), Michel (1999), Suleiman (1999), Bourdieu (2000), Brillet (2004), Bosvieux-Onyekwelu (2020))<sup>22</sup>. Thus, France offers a particular case for Mukand and Rodrik (2018)’s model in which ideas and vested interests feed into each other. The overall consequence is that in the French culture, the perception of the state as advocate of the common good was and is still<sup>23</sup> particularly salient. This has created a spirit of idealism in civil services in France underlined in Dixit (2002), but also in French-speaking cultures exposed to the French culture. In the particular case of Switzerland, Athias and Wicht (2024) provide contemporary empirical evidence for the persistent association between public services and the state. Leveraging the language border in Switzerland that sharply separates cultural groups at identical actual institutions, they find that contemporary French-speaking border municipalities are 60% more likely to provide in-house their services than German-speaking adjacent municipalities. Furthermore, another evidence of the salience of the public sector’s pursuit of the common good in the French-Swiss culture is provided by a drawing published in

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<sup>21</sup>Aneja et al. (2024) provide evidence for the importance of workplace socialization in shaping gender norms.

<sup>22</sup>The Nobles of the Robe, in order to consolidate their legitimacy under the Third Republic, bound up public services with the state. In particular, the tutelary power given to the state is explicitly written in the 9th paragraph of the preamble to the French Constitution of October 27, 1946, which still has constitutional validity today: “All property and all enterprises that have or that may acquire the character of a public service or de facto monopoly shall become the property of society”. This state’s appropriation of collective goods explains why they are called public services in France, insofar as they have to be owned by the state. By contrast, in order to distinguish between collective goods and the public sector, the European Union, under the influence of Germany, does not mention the term ‘public services’ but ‘services of general interest’.

<sup>23</sup>See Acemoglu and Robinson (2022) who theoretically highlight the importance of political culture in determining distribution of political power and in leading to their self-reinforcing path. Furthermore, the Covid pandemic crisis offered contemporary evidence of the capacity of the French state to impose drastic measures, widely accepted by the population, to protect the general interest.

the front cover of the most important French-speaking newspaper, displayed in Figure 1.

Figure 1: Saliency of the public sector’s pursuit of the common good in the French-Swiss culture



Charpette, *Le Temps*, August 23, 2016, p.1

This drawing was published in the newspaper *Le Temps* on August 23rd, 2016, on its front cover. We can see the head of the national airline of Switzerland *Swiss*, which belongs to the private German company Lufthansa and operates at Geneva airport – a public sector company belonging to Geneva state on the French-Swiss side, saying: “Geneva has to be profitable!” (knowing that *Swiss* was threatening to leave Geneva airport), leading to the following comment of one of the state company’s employee: “What a bad knowledge of the French-Swiss spirit”.

Thus, I hypothesize that the treatment intensity is higher – and hence cognitive dissonance costs are higher – for public sector outsider workers in workplaces with a large share of French-speaking co-workers at a given principal, leading to an increased effect of the public sector on the probability to become in favor of the common good for those workers. To test this hypothesis, I estimate Equation (1) augmented with the interaction term  $PublicSector_{it} \times French_i$  as explanatory variable:

$$CGV_{it} = \beta \times PublicSector_{it} + \theta \times PublicSector_{it} \times French_i + X'_{it}\delta + \alpha_i + \epsilon_{it}. \quad (7)$$

The French variable takes the value 1 if the individual is French-speaking and 0 otherwise. The interaction term captures therefore the differential effect of working in the public sector on CGV for French- versus German-speaking Swiss workers through the influence of working with a large share of French-speaking co-workers. As before,  $\alpha_i$  is a constant individual specific effect, and  $X_{it}$  is a vector of federal- and state-specific time dummies to account for time-varying confounders that operate at the state and federal levels. I also control for the influence of time-varying confounders that are common to French-speaking principals. Importantly, Figure 8 indicates no different patterns of selection between French-speaking and German-speaking Swiss individuals. The estimates reported in column (2) of Table 7 indicate that the differential effect is considerable: the public sector effect is twice as large (around 20 p.p.) when the outsider has French-speaking co-workers, confirming that my hypothesis is empirically relevant<sup>24</sup>.

<sup>24</sup>Note that the difference in the mean value of the reported level of satisfaction for the atmosphere with

I further exploit the unique setting of bilingual states (*i.e.* German- and French-speaking states) in Switzerland<sup>25</sup> where French- and German-speaking Swiss individuals work side-by-side to estimate whether this differential effect for French-speaking workers decreases (increases) when the share of French-speaking co-workers decreases (increases) at a given principal. More specifically, I estimate Equation (7) augmented with the interaction term  $PublicSector_{it} \times French_i \times Bilingual_i$  :

$$CGV_{it} = \beta \times PublicSector_{it} + \lambda PublicSector_{it} \times Bilingual_i + \theta \times PublicSector_{it} \times French_i + \psi PublicSector_{it} \times French_i \times Bilingual_i + X'_{it} \delta + \alpha_i + \epsilon_{it}. \quad (8)$$

The variable  $Bilingual_i$  is a variable taking the value 1 if the individual works in a bilingual state and 0 otherwise. This variable hence captures for French-speaking public sector workers a reduced share of French-speaking co-workers as compared in non-bilingual states, and for German-speaking public sector workers an increased share of French-speaking co-workers as compared in non-bilingual states.  $X_{it}$  is here a vector of federal-, state-, French- and bilingual-specific time dummies. Importantly, Figure 9 indicates no different patterns of selection within French-speaking individuals across bilingual and non-bilingual states (if any difference, it would bias the estimates against finding the effect). Interestingly, we observe that German-speaking Swiss workers in bilingual states who switch into the public non-HES sector at some future point are less likely to hold the CGV compared to stayers in the private non-HES sector. This strengthens the fact that the treatment intensity is lower for outsider French-speaking Swiss individuals working in bilingual states – hence facing lower dissonance costs. By contrast, it would bias the estimates against finding an increased effect for German-speaking Swiss workers in bilingual states<sup>26</sup>. My prior is then that  $\lambda$  is positive and  $\psi$  is negative. This is exactly what I find. The estimates reported in column (3) of Table 7 and replicated in Figure 10 indicate that the differential effect is reduced for French-speaking workers with German-speaking co-workers but higher (more than doubles) for German-speaking workers with French-speaking co-workers.

Overall, these results confirm the role for workplace socialization as a driver of treatment intensity, and hence the magnitude of dissonance costs, independently of the prin-

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colleagues between French-Swiss and German-Swiss in my sample of workers of interest is statistically significant under the 1% threshold and 0.4 point higher for German-Swiss. When I include this variable in Equation (7) as a control, the coefficient of the interaction term  $PublicSector_{it} \times French_i$  increases slightly. This result confirms that the satisfaction with colleagues variable captures the extent to which the welfare or the behavior of co-workers is considered.

<sup>25</sup>There are three bilingual states in Switzerland: Bern, Fribourg, Valais. In these bilingual states, public sector workers at the state level are both German-speaking and French-speaking.

<sup>26</sup>The fact that in bilingual states, there is a diverging pattern of selection between French-speaking and German-speaking Swiss individuals could be explained by Bisin and Verdier (2001)'s model. In this model, the investment in vertical transmission of values varies according to the horizontal environment, in particular is increasing with misalignment. We can extrapolate this to the present context. Specifically, it is possible that French-speaking Swiss individuals in bilingual states holding the CGV are aware that the public sector's pursuit of the common good goal is less salient for their German-speaking neighbours. They should then invest more to guarantee the institutional goal than French-speaking Swiss in non-bilingual states, that is, they are more likely to self-select into the public sector. Similarly, German-speaking Swiss individuals in bilingual states who hold the CGV are aware that the public sector's pursuit of the common good is more salient for their French-speaking neighbours. They hence less need to invest to ensure the preservation of the institutional goal compared to German-speaking Swiss in non-bilingual states, and therefore are less likely to self-select into the public sector.

cial, mirroring the Weberian view of social order constructed at the individual level through the meaning which individuals attribute to their actions taking account of the behavior of others (Weber (1968)).

### 6.2.2 Heterogeneity by worker’s characteristic

In the third strategy, I build upon Athias and Ventelou (2024), who investigate heterogeneity in common good value, to identify the potential outsider workers in the public sector. In particular, they develop a survey-based measure of common good value, based on Enke et al. (2022b)’s survey-based measure of moral universalism, to which they associate in some items a personal cost. They deploy this survey in a large, representative sample of the French population to study heterogeneity. They find that, conditional on moral universalism, the college educated and the right-wingers exhibit less the common good value, that is, they prioritize less universalism over self-interests. More precisely, they find that the right-wingers systematically hold less the common good value but the college educated exhibit a domain-dependent common good value: they are disposed to prioritize universalism over self-interests when the money spent is in public services, such as in health services. Thus, while right-wingers are very likely to be outsider employees in the public sector, it is less clear for college educated insofar as they are able to exhibit common good identity in a specific context, implying that dissonance costs are lower for them. I expect then that the public sector effect is more pronounced for right-wingers and also potentially for college educated but to a lesser extent. The estimates reported in columns (4) and (5) (and in Figure 11) show that the public sector effect is indeed highly more important (more than twice) for right wingers as compared to left-wingers, and tends to be also more important for college educated individuals as compared to non-college educated individuals, but to a far lesser extent. Interestingly, in line with Athias and Ventelou (2024)’s results, the level coefficient of *Collegeeduc.it* has a statistically discernible negative impact on the likelihood to hold the CGV.

Overall, the results are clear-cut and confirm the internal channel of causality: those working in the public sector whose values are not aligned with the organizational common good goal bear cognitive dissonance costs that they reduce by changing identity, that is, by internalizing the common good value. Thus, the public sector induces a deep shift in identity towards the primacy of the common good that should engender shifts in behavior outside the workplace.

## 6.3 Consequences of a shift in CGV on behavior

My final strategy considers behavioral outcomes insofar as internalized – but not acquired – preferences in the workplace may become generalized reason for behavior and hence explain behaviors in novel situations. The notion of the common good has been a constant theme in Western political philosophy and has been most clearly developed in the political theory of republicanism. It is consistently associated with an active, public-spirited commitment of citizens. For instance, in Book I of the *Politics*, Aristotle asserted that it is only through participation as citizens in the public realm that men may achieve the common good of community safety. For Rousseau, the notion of the common good, achieved through the active and voluntary commitment of citizens, was to be distinguished from the pursuit of an individual’s private will. Adam Smith himself also linked common good value to citizenry in *The Theory of Moral Sentiments*: “Man [...] ought to regard himself, not as something separated and detached, but as a citizen of the world, a member of the

Table 7: Linear fixed effects model, common good value, mechanisms

Common Good Value	(1)	(2)	(3)	(4)	(5)
Public sector	0.101*	0.0639	0.0542	0.0943*	0.0623
	(0.0553)	(0.0543)	(0.0605)	(0.0519)	(0.0453)
Ln yearly income	0.00481				
	(0.0243)				
Sat. with work colleagues	-0.00428				
	(0.00589)				
Public sector x Bilingual-state			0.0725		
			(0.0843)		
Public sector x French-CH		0.135**	0.137*		
		(0.0635)	(0.0773)		
Public sector x French-CH x Bilingual-State			-0.0362		
			(0.134)		
Public sector x College educ.				0.0103	
				(0.0514)	
College educ.				-0.203*	
				(0.110)	
Public sector x Right-winger					0.159**
					(0.0722)
Right-winger					0.0262
					(0.0206)
Observations	3,981	4,531	4,531	4,531	4,531
Number of individuals	1,809	1,960	1,960	1,960	1,960

Notes: The sample includes switches only from private non-HES to public non-HES sector. All regressions control for individual fixed effects, and include federal- and state-specific time dummies. Column (2) adds French-specific time dummies. Column (3) adds French- and bilingual-specific time dummies. Robust standard errors are clustered at the individual level. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

vast commonwealth of nature. To the interest of this great community, he ought at all times to be willing that his own little interest should be sacrificed.” Smith (1790), p. 123. Thus, proponents of the common good have asserted that people should live their lives as citizens deeply embedded in social relationships. The notion of common good is therefore a denial that society is and should be composed of atomized individuals. We could then expect individuals who adopt the common good value in the workplace to adopt active behavior in the public realm and to be more deeply embedded in social relationships.

To test this hypothesis, my approach consists of estimating Equation (1) on behavioural outcomes, augmented with  $CGV_{it}$  and the interaction term  $PublicSector_{it} \times CGV_{it}$  as explanatory variables (considering switches only from the private to the public sector within non-HES industries):

$$outcome_{it} = \beta \times PublicSector_{it} + \mu \times CGV_{it} + \theta \times PublicSector_{it} \times CGV_{it} + X'_{it} \delta + \alpha_i + \epsilon_{it}. \quad (9)$$

As before, the unit of observation is an individual ( $i$ )  $\times$  year ( $t$ ) cell, where  $\alpha_i$  is a constant individual specific effect,  $X_{it}$  is a vector of federal- and state-specific time dummies. The variable  $CGV$  is equal to 1 if the individual exhibits the common good value and 0 otherwise. The interaction term therefore captures the effect on behavior of adopting the CGV for individuals who have switched into the public sector. The variable  $outcome$  varies across specifications depending on the individual-level outcome I am investigating, either related to public-spirited commitment, social networks, or morale.

Behavioral outcomes in the public realm are captured through reported level of self-influence on government policy (from 0 ”no influence” to 10 ”a very strong of influence”),

participation in federal polls (how many they usually take part in 10 federal polls), certainty to take part in the future in a demonstration, a strike, or a boycott (from 0 "never" to 10 "certainly"), and whether they have voluntary activities within an association. Columns 1 to 6 of Table 8 show that individuals who have internalized the common good value by working in the public sector think their political influence is stronger. Interestingly, and consistent with the previous results related to the negative impact of working in the public sector on the level of satisfaction with democracy, this increased influence does not channel through increased participation in polls – instead their participation in federal polls decrease. Their increased political influence seems to channel through increased involvement in demonstrations and boycotts, but not in strikes. Furthermore, they are more likely to have voluntary activities in an association. Overall, these results are consistent with the important role of common good value for active participation in the public realm.

Social networks outcomes are captured using various measures: respondents' feelings of loneliness (on a scale from 0 "not at all lonely" to 10 "extremely lonely"), the frequency of meeting friends (categorized as never, less than once monthly, monthly, or weekly), the number of close friends (ranging from 0 to 5), and satisfaction with personal relationships (on a scale from 0 to 10). Additionally, religiosity outcomes are captured with a dummy variable indicating whether the individual has a religion and a variable measuring the frequency of attending religious events (on a scale from 0 to 8). I find that individuals who acquire the CGV by working in the public sector report feeling less lonely and more satisfied with their personal relationships, despite meeting their friends less frequently and having fewer close friends. They are also less likely to have a religion and to attend religious events. Comparing these results with those obtained by Enke et al. (2022b), who link variation in moral universalism to self-reports of social behaviors, I find similarities in that both universalists and advocates of the common good have fewer friends and spend less time with them. The rationale is that both groups invest less in forging close relationships. However, while Enke et al. (2022b) observe that universalists feel more lonely, I find instead that proponents of the common good feel less lonely and are more satisfied with their personal relationships. This discrepancy can be explained by the fact that proponents of the common good perceive themselves as more socially embedded and connected to the wider world, reflecting the philosophical arguments advanced by Smith (1790). This broader sense of connection can replace the need for frequent close social interactions and religious practices, contributing to their overall social satisfaction. Overall, these results further highlight that the common good value is fundamentally different from universalism.

Finally, in terms of morale outcomes, they are captured using respondents' answers to questions related to their level of satisfaction with their life, and themselves (from 0 "not at all satisfied" to 10 "completely satisfied"). I also consider their response to a question related to their frequency of optimism (from 0 "never" to 10 "always"). I find that individuals who acquire the CGV by working in the public sector exhibit higher life satisfaction but lower self-satisfaction and optimism. This could be attributed to the new value providing a sense of purpose, while simultaneously imposing stringent behavioral expectations that individuals feel they do not fully meet. The decreased frequency of optimism might be explained by the requirement to be more informed about societal issues, which could lead to a more critical and less hopeful outlook.

Although these analyses are built off of respondents' self-reports, they underline that a shift in common good value is associated with a shift in public-spirited behavior, in social

network and in morale. Thus, they point to common good value internalization, taking on the status of general motive or constraint on behavior. Overall, dissonance reduction provides the explanation for how the public sector induces its workers to internalize the common good value and why the new value becomes general reasons for behavior.

## 7 Discussion

In this section, I attempt to provide empirical evidence for the transmission of public sector workers' common good value within society. I also discuss the implications of the previous results in the context of the debates about public-sector reforms.

### 7.1 Public sector workers' common good value transmission within the society

In this section, I ask whether an increase in the share of public employees holding the CGV has an impact on the diffusion of this value in society, particularly to non-workers. The latter are typically individuals who are the most in contact with public sector workers, in particular street-level bureaucrats (who are also referred to as frontline providers) such as professors, caregivers or caseworkers. The street level bureaucracy literature stresses the important discretionary power of street level bureaucrats in the day-to-day implementation of public programs even when they are controlled (Lipsky (1980)). There are two opposite views on the use that street-level bureaucrats make of their discretion. One view describes street-level bureaucrats as state agents and emphasizes that self-interest guides street-level choices. Street-level workers would then use their discretion to make their work easier, safer, and more rewarding. By contrast, the other view describes street-level bureaucrats as citizen agents who act in response to individuals and circumstances, whose decisions and actions are not based on their self-interests but on normative choices, that is, on their "judgement of the worth of the individual citizen client" (Maynard-Moody and Musheno (2000)). It appears then that street-level bureaucrats are typically workers whose day-to-day decisions reveal their common good value. Alternatively stated, they could horizontally transmit their CGV and drive a shift in CGV of individuals exposed to them, beyond the impact of the global horizontal environment.

To investigate this question, I first depart from the previous individual-based analysis compare how the share of individuals exhibiting the common good value evolves over time for three distinct groups: public sector workers, private sector workers, and non workers. The goal is to investigate whether non workers share parallel trends with the one of public sector workers. I use the same SHP data as before, focusing also on Swiss nationals, and compute the yearly average of the variable *CGV* for the various groups. The time trends are displayed in Figure 4 in Appendix A. I observe that the share of individuals exhibiting the common good value is overall lower in the non-workers group. This is explained by the fact that most individuals in this group highly rely on state payments, for instance for their pension and unemployment insurance. They are hence clearly individuals whose self-interests are more important in the tradeoff that the common good value entails. Second, in terms of trend, Figure 4 unveils clear parallel trends between non-worker and public sector employee groups.

To provide micro-level evidence for the horizontal transmission of CGV by public employees to non-workers, beyond the global horizontal environment, I leverage time-

Table 8: Linear fixed effects model, behavioral outcomes

	Public-spirited commitment						Social network						Morale		
	(1) 0-10 Feeling about politic. Influ.	(2) 0-10 Part. over 10 fed. polls	(3) 0-10 Part in a demonstr.	(4) 0-10 Part in a strike	(5) 0-10 Part in a boycott	(6) dummy Voluntary in an orga.	(7) 0-10 Feel lonely	(8) 1-5 Freq. meet. friends	(10) 0-5 Number of close friends	(11) 0-10 Sat. pers. rel.	(12) dummy Has a religion	(13) 0-8 Freq. religion attendance	(14) 0-10 Sat. life	(15) 0-10 Sat. onself	(16) 0-10 Freq. of optimism
Public sector x CGV	0.623 (0.558)	-0.392 (0.445)	0.0732 (0.657)	-0.245 (0.714)	0.272 (0.806)	0.0786 (0.197)	-0.207 (0.352)	-0.0449 (0.139)	-0.208 (0.363)	0.0564 (0.295)	-0.0160 (0.0493)	-0.0378 (0.341)	0.0502 (0.280)	-0.593* (0.358)	-0.463 (0.572)
Observations	4,490	4,511	4,497	4,484	4,486	2,975	2,393	4,528	3,458	4,524	4,531	3,319	2,391	3,317	
Number of individuals	1,951	1,950	1,954	1,948	1,954	1,644	1,366	1,958	1,682	1,960	1,960	1,629	1,363	1,629	

Notes: The sample includes switches only from the private non-HES to the public non-HES sector. All regressions control for individual fixed effects, and include federal- and state-specific time dummies. Robust standard errors are clustered at the individual level.  
 $+p < 0.15$ ,  $*p < 0.10$ ,  $**p < 0.05$ ,  $***p < 0.01$ .

varying variation at the state level in the share of public employees holding the common good value and estimate the following fixed effects regression:

$$CGV_{it}^{NonWorker} = \beta \times CGV_{it}^{State,Public} + \gamma \times CGV_{it}^{State,Private} + \psi \times Left_{it}^{State} + X_{it}'\delta + \alpha_i + \epsilon_{it} \quad (10)$$

where  $CGV_{it}^{State,Public}$  is the variable of interest and corresponds to the yearly average at the state level of the variable  $CGV$  for all individuals working in the public sector. My aim with this variable is to explore whether increased exposure of non-workers to the common good value, through an increased share of public employees exhibiting this value, increases the likelihood of a shift in their own common good value. To rule out other horizontal channels, I also control for time-varying state ideology with the variable  $Left_{it}^{State}$ . This variable is an indicator variable equal to 1 if the state is left-wing and 0 otherwise. This variable is a computation using data from Walter and Emmenegger (2019) indicating the partisan composition of cantonal governments (the number of seats by ideological party) by year. Ideological parties are given a value according to where there are situated on the political spectrum from left (taking the value 1) to far-right (taking the value 4). A state is then considered left-wing if its weighted average is below the average of all states. Furthermore, I also control for the influence of the local environment (e.g. neighbours, friends) with  $CGV_{it}^{State,Private}$ , computed in the same way as for  $CGV_{it}^{State,Public}$  but considering all workers in the private sector.  $\alpha_i$  is constant individual specific effect, and  $X_{it}$  includes here state and time dummies.

I provide in Table 9 the related results. I find a positive and significant impact of the share of all public employees holding the common good value in a state on the likelihood that non-workers, living in the corresponding state, adopt the common good value, even when controlling for the other horizontal channels. The effect is of important size: a 1% increase in the share of public employees holding the CGV increases the likelihood of a shift in non-workers' CGV by 23% (on average 62% of non-workers hold the CGV). It is almost as influential as the local environment. Within non-workers, I find that the transmission effect is stronger for retired individuals. Overall, these results corroborate the hypothesis that public employees play an important role as a horizontal channel of transmission of the common good value in society.

## 7.2 Implications for public-sector reforms

### 7.2.1 Public services delivery

As highlighted in Section 2.2., the model of identity in organizations predicts that not only a lower overall pay is needed for an insider to be willing to work but also less monetary inducements are needed to induce an employee who identifies himself as an insider in an organization to perform his job well. Alternatively stated, the ability of organizations to generate value alignment is central to organization's efficiency. Besley and Ghatak (2005) and Prendergast (2007) argue similarly that production is enhanced when organizations select workers who share their mission.

This paper demonstrates the ability of the public sector not only to hire workers who share its intrinsic pursuit of common good goal but also to turn outsiders into insiders. We can then infer that common good value alignment in the public sector generates efficiency gains comparatively to the private sector which relies more on extrinsic rewards. This questions the efficiency gains generally assumed with contracting out to the private sector

Table 9: Linear fixed effects model, common good value of non-workers (NW)

	NW (all)			NW (25-65)			NW (> 65)			NW (19-24)		
	(1)	(2)	(3)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Mean CGV-public sector-state	0.169** (0.0721)	0.164** (0.0724)	0.149** (0.0723)	0.154* (0.0904)	0.147 (0.0905)	0.132 (0.0904)	0.226 (0.159)	0.221 (0.161)	0.211 (0.161)	0.154 (0.273)	0.137 (0.272)	0.124 (0.265)
Left-wing state		0.0157 (0.0247)	0.0116 (0.0248)		0.0237 (0.0336)	0.0204 (0.0338)		0.0129 (0.0489)	0.00715 (0.0497)		0.102 (0.0732)	0.0999 (0.0736)
Mean CGV-private sector-state			0.206*** (0.0754)			0.164 (0.102)			0.187 (0.157)			0.319 (0.274)
Observations	12,110	12,110	12,109	7,118	7,118	7,118	2,766	2,766	2,765	767	767	767
Number of individuals	5,155	5,155	5,154	3,192	3,192	3,192	994	994	993	502	502	502

Notes: All regressions control for individual fixed effects and include state and time dummies. Mean CGV-public sector-state corresponds to the yearly share of workers in the public sector holding the *CGV* at the state-level. Left-wing state is an indicator variable equal to 1 if the state is left-wing and 0 otherwise. See the text for more details on computation. Mean CGV-private sector-state is computed in the same way as Mean CGV-public sector-state but considering all workers in the private sector. Robust standard errors are clustered at the individual level. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

the provision of public services. In particular, Athias and Wicht (2024) provides the first empirical evidence for the cost advantage of public provision as compared with private provision when this identity mechanism is at work.

Furthermore, competition in public service delivery has led to market segmentation with the private sector cream-skimming the good types (see Estache and Litaj (2023) for a review of the evidence in the healthcare sector). Such a market segmentation could indirectly have adverse effects on the identity mechanism at work in the public sector by eroding the pursuit of the common good goal insofar as the public sector becomes in charge of the less profitable part of the market instead of the whole market (universal provision ensuring the common good).

### **7.2.2 Identity investment and work incentives in the public sector**

Another important implication of the results is that it can be worthwhile for the public sector to invest in its identity, that is, in the pursuit of the common good. It could not only strengthen the selection and change in identity mechanisms, as observed with the French factual institutional narrative, but also increase workers' effort. Indeed, Akerlof and Kranton (2005)'s model indicates possible interactions between identity and monetary incentives. In particular, to elicit even higher effort of an insider worker, the firm can increase rather than decrease the variation in compensation used to motivate this employee. In this sense, monetary incentives and common good motivation can be complements rather than substitutes. To achieve this objective, it would be important to relate incentives to the common good. This raises the issue to find quantitative indicators of the common good. However, instead, incentives could be combined with messages centred on the pursuit of the common good, exploiting complementarities between the two (Kranton (2019)). It would then be important to run field experiments to uncover the right messaging in the various contexts of the public sector, being attentive to the details and tinkering with the implementation (Duflo (2017)). This could also allow to overcome the bureaucratic conservatism and resistance to innovations that the public sector's identity could entrench.

These policy recommendations depart from New Public Management reforms which introduce management and incentive practices from the private sector. My results suggest the potential counter-productive effects of such reforms insofar as I find that some of the insider public sector workers lose their common good value. As highlighted, this can be explained by cognitive dissonance reduction: those workers believe that public sector employment should be common-good based and suffer a loss in utility from being employed in an environment where they are monitored and/or rewarded based on other output, and then decide to not hold the common good value anymore to reduce dissonance costs, hence jeopardizing the cost advantage associated with identification with the institutional goal.

### **7.2.3 Bureaucrats versus politicians and public sector incidence**

We know that states can be captured by particular interests at the expense of the general interest and that in democratic systems, the willingness to get elected or re-elected may prevail over any other preoccupation. However, my results suggest that a clear distinction should be made between politicians and bureaucrats (as in Weber (1922), Alesina and Tabellini (2007), Besley et al. (2022), Aneja and Xu (2023), Spenkuch et al. (2023)). I find that bureaucrats who have first-hand experience working in the public sector are indeed disappointed by the state. Their trust in the federal government and their satisfaction with

democratic institutions decrease, and they become in favor of less state. However, as the pursuit of the common good is technically intrinsic to the public sector, bureaucrats can identify with this goal even when the state is captured. Alternatively stated, the pursuit of the common good is a goal followed by bureaucrats, magnified by factual institutional narrative, and allows to run counter to state's capture from inside the public sector. But bureaucrats exhibiting the common good value transmit their value in the society and take actively part in the public realm, that is, run counter to state's capture also from outside the public sector.

Thus, while the public sector is often assimilated to the (captured) state and hence bureaucrats as (self-interested) state agents, this paper suggests instead that the latter should be considered as common good agents. As a consequence, it unveils a new reason for State intervention in the economy as vehicle of the common good value. Common good value is essential for society's survival. Thus, a society can choose a higher public sector incidence to guarantee a higher common good value incidence within the society.

## 8 Conclusion

Technically, the general interest cannot be determined uniquely through the aggregation of individual preferences. It implies necessarily a notion of common good beyond individual preferences that falls to all services of the state and drives their individual decisions. This paper argues and provides evidence that the pursuit of the common good defines public sector workers' identity, inducing outsider workers to quite rapidly depart from self-interest primacy and internalize the common good value. Dissonance reduction provides the explanation for how the public sector induces its workers to internalize the common good value and why the new value becomes general reasons for behavior. Thus, while the pursuit of the common good gives states some tutelary powers, it also generates advocates of the common good who potentially (according to the cultural configuration) accordingly adopt an active behavior in the public realm that shackles the (captured) state, leading to a balance between the state's and society's capacities. Factual institutional narratives affect the salience of the state's pursuit of the common good and strongly shape the strength of the link between the State and common good value.

While common good value acquired working in the public sector is then generalized outside the workplace and transmitted within the society, I find that the persistence of this value is compromised once the initiating environment is substituted with the private sector. The common good value entails the disposition to accept personal losses to extend one's universalism boundaries, which the private sector, with extrinsic rewards, erodes. Collectively, the results underline the peculiar importance of the horizontal transmission of the common good value.

My findings suggest that successful public-sector reforms must combine incentives and messages centred on the pursuit of the common good, exploiting complementarities between the two. I leave to future research the study of the interplay of incentives and common good motivation in the public sector to design policies that, instead of backfiring, amplify identity in the public sector, and attract more workers exhibiting common good value and turn more workers into advocates of the common good.

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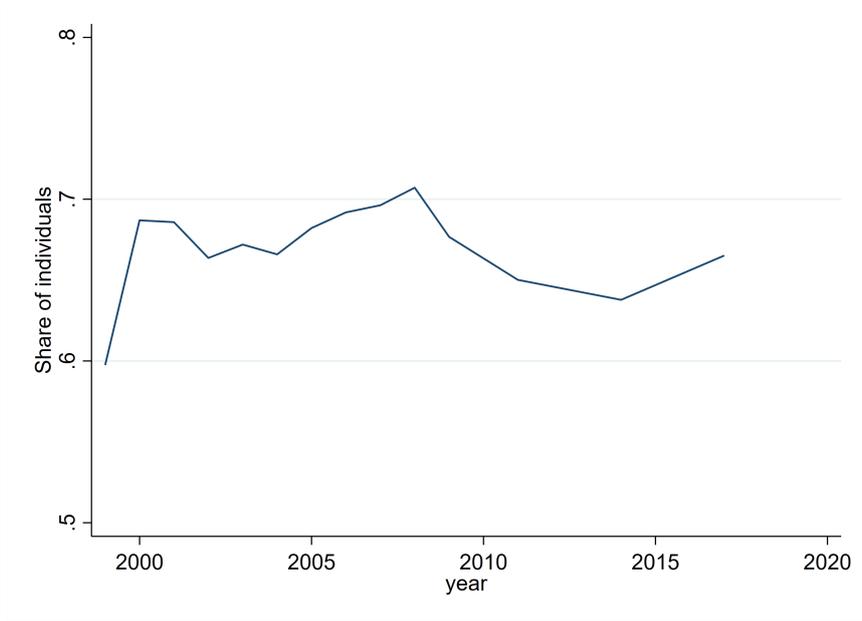
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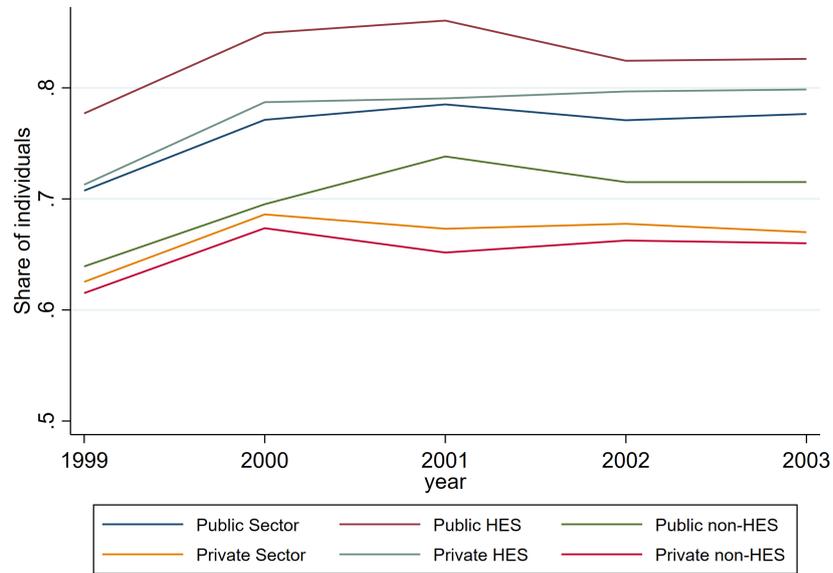
# A Appendix: Figures & Tables

Figure 2: Common good value over time



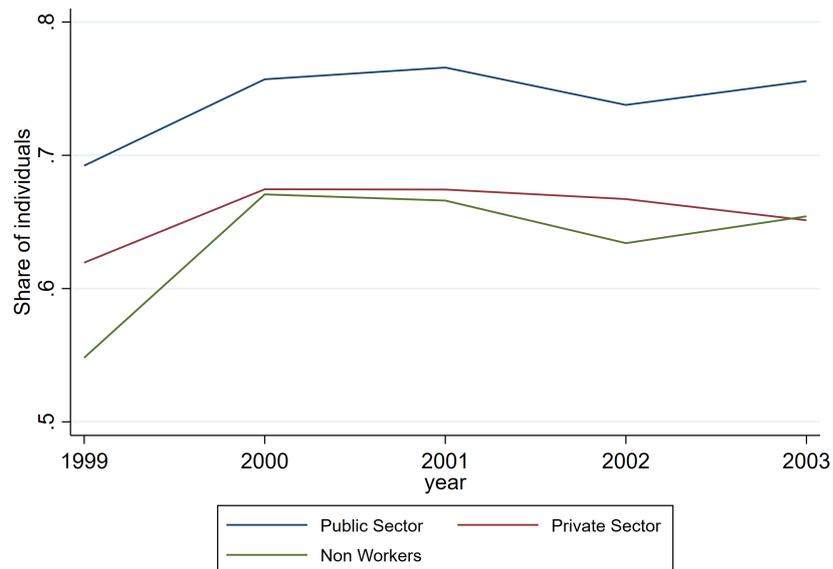
Note: The figure depicts the share of Swiss individuals (no age constraint) exhibiting the common good value over the maximal period of time with data availability, corresponding to the yearly average of the variable *CGV*.

Figure 3: Common good value over time and across sectors



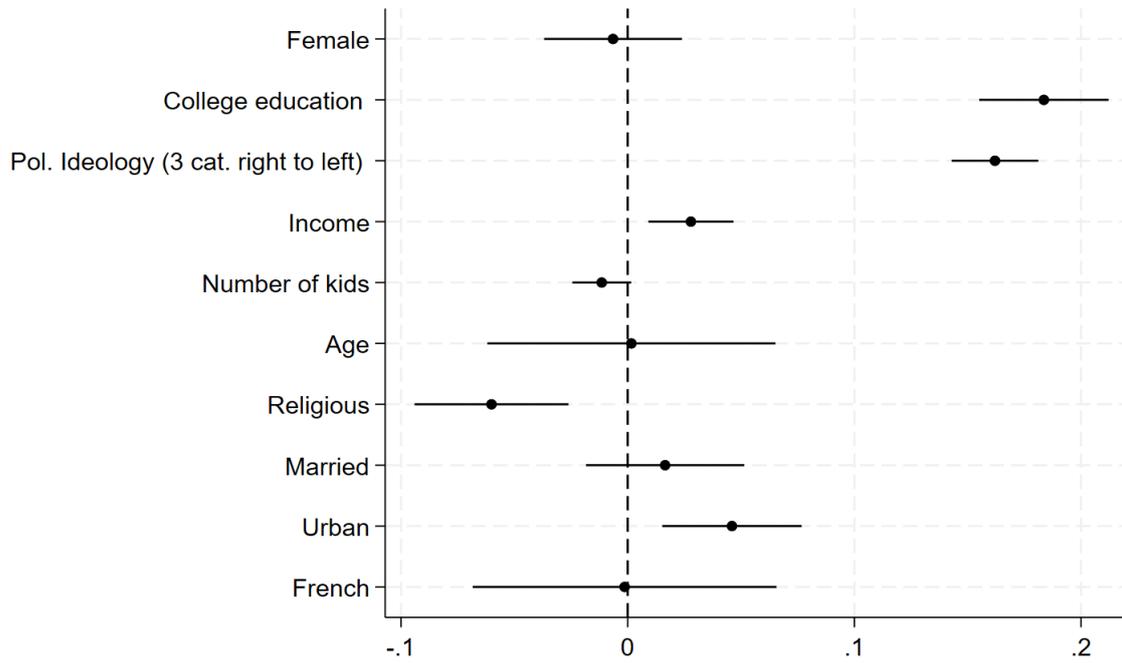
Note: The figure depicts the share of Swiss individuals in my sample exhibiting the common good value over time and across sectors, corresponding to the yearly average of the variable *CGV* at the sector level.

Figure 4: Yearly share of individuals with CGV - by group



Note: The figure depicts the share of Swiss individuals exhibiting the common good value over time across groups, corresponding to the yearly average of the variable *CGV* for non workers group, in comparison with public and private sector workers groups.

Figure 5: Common good value correlates



Note: This figure presents OLS Estimates from regressions of the CGV variable on all sociodemographic correlates, along with 95% confidence intervals.

Table 10: Workers in public and private sectors

Variable	(1) Private Sector	(2) Public Sector	(3) Difference
Share of female	0.477 (0.500)	0.571 (0.495)	0.094*** (0.011)
Share of married	0.561 (0.496)	0.609 (0.488)	0.047*** (0.011)
Number of children	1.431 (1.271)	1.596 (1.304)	0.165*** (0.029)
Age	37.641 (9.343)	39.198 (9.065)	1.557*** (0.205)
Share of Educ.: college level	0.102 (0.302)	0.237 (0.425)	0.135*** (0.009)
Share of living in urban area	0.552 (0.497)	0.601 (0.490)	0.050*** (0.011)
Ln yearly income	10.698 (0.814)	10.780 (0.766)	0.083*** (0.018)

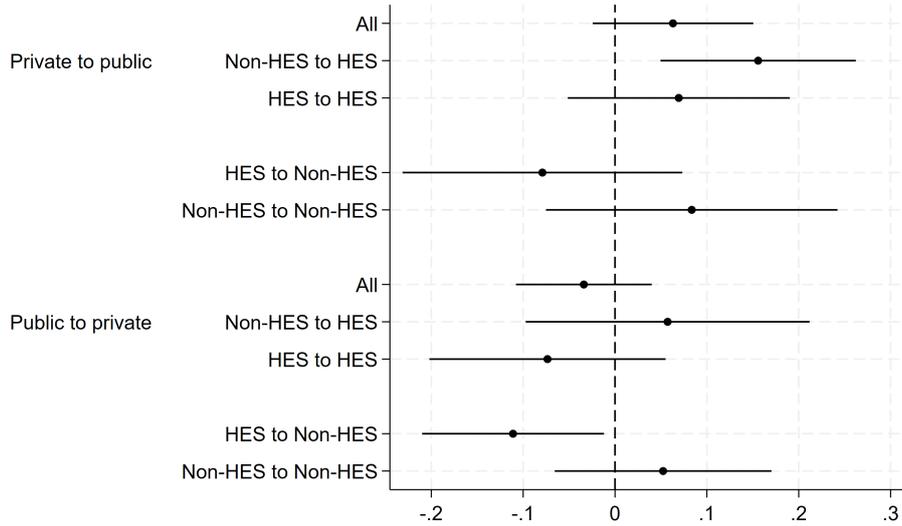
Notes: The table displays socio-demographic characteristics of workers in the public and private sectors. The last column presents the difference in the mean value of each variable between the two sectors. Columns (1) and (2) standard deviation in parentheses. Column (3) robust standard errors in parentheses. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Table 11: Switchers to vs. stayers in the public non-HES sector

Variable	(1) Switchers	(2) Stayers	(3) Difference
Share of female	0.429 (0.497)	0.351 (0.478)	0.077 (0.054)
Share of married	0.623 (0.487)	0.676 (0.469)	-0.053 (0.053)
Number of children	1.388 (1.289)	1.584 (1.310)	-0.197 (0.141)
Age	38.714 (9.467)	40.512 (8.666)	-1.798* (1.021)
Share of Educ.: college level	0.143 (0.352)	0.242 (0.428)	-0.099** (0.040)
Share of living in urban area	0.612 (0.490)	0.574 (0.495)	0.038 (0.053)
Ln yearly income	10.924 (0.612)	11.051 (0.602)	-0.127* (0.070)

Notes: The table displays socio-demographic characteristics of switchers from the private into the public sector and stayers in the public sector within non-HES industries. The last column presents the difference in the mean value of each variable between the two sectors. Columns (1) and (2) standard deviation in parentheses. Columns (3) robust standard errors in parentheses. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Figure 6: Self-selection based on CGV across industries



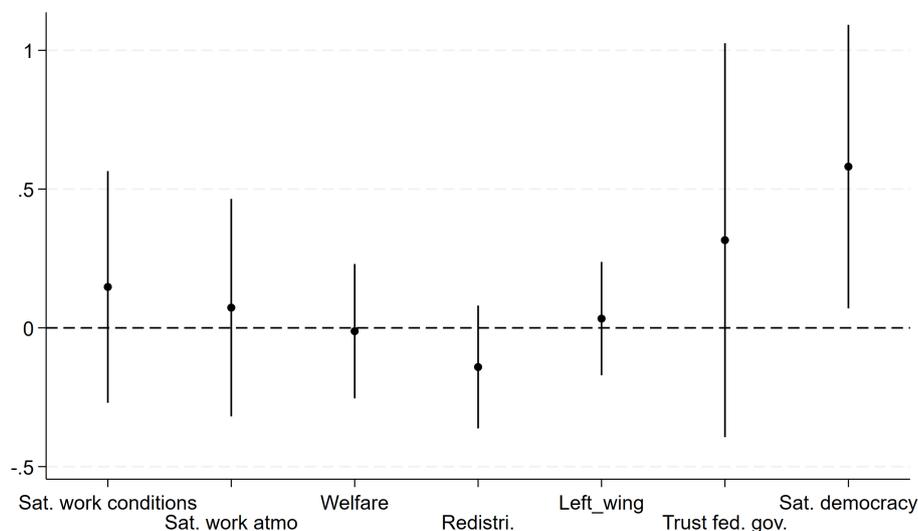
Notes: The figure summarizes regression coefficients of the switching indicators with all the control variables, capturing systematic differences in common good value between those who stay and those who switch at some future point. See the text for further details. The 90% confidence intervals are based on Standard errors clustered at the individual level.

Table 12: Linear model, common good value (CGV), by sector

	CGV among public sector workers		CGV among public non-HES workers		CGV among public HES workers		CGV among public non-HES workers		CGV among public HES workers	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Workers who switch to the private sector	-0.0466 (0.0380)	-0.0340 (0.0377)								
Workers who switch to the private HES			0.0328 (0.0722)	0.0573 (0.0786)						
Workers who switch to the private non-HES					-0.108** (0.0512)	-0.111** (0.0504)				
Workers who switch to the private non-HES							0.0156 (0.0578)	0.0523 (0.0600)		
Workers who switch to the private HES									-0.0741 (0.0658)	-0.0735 (0.0654)
Control variables	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Observations	1,607	1,529	673	633	875	852	711	670	716	698

Notes: All regressions control for federal- and state-year fixed effects. Robust standard errors are clustered at the individual level. CGV stands for common good value. HES stands for occupation in Health, Education and Social care. Additional control variables are gender dummy, number of children, age, religion type, culture, college education, marital status, urban, and income (logarithm). \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Figure 7: Self-selection based on other preferences



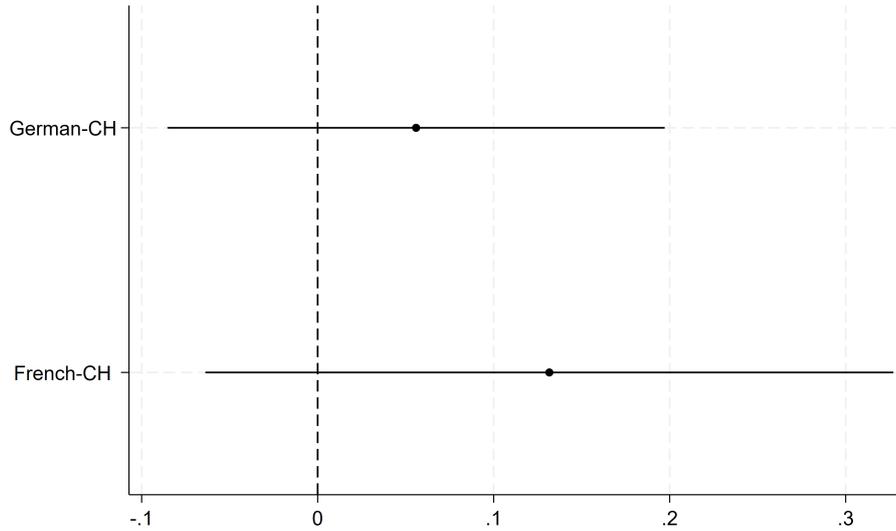
Notes: The figure plots the OLS coefficients on the switching indicator in Equation (5), with all the control variables. Each dot represents a different regression with state preferences as outcome. They capture systematic differences in state preferences and satisfaction with work between those who stay in the private non-HES sector and those who switch to the public non-HES sector at some future point. See the text for further details. The 90% confidence intervals are based on standard errors clustered at the individual level.

Table 13: Robustness of public sector effect dropping federal bureaucrats, and heterogeneity by state ideology

	(1) CGV	(2) CGV
Public sector without federal level	0.0916* (0.0475)	
Public sector		0.113* (0.0618)
Left wing state		0.0953 (0.117)
Public sector x Left wing state		-0.0314 (0.0677)
Observations	4,482	4,531
Number of individuals	1,958	1,960

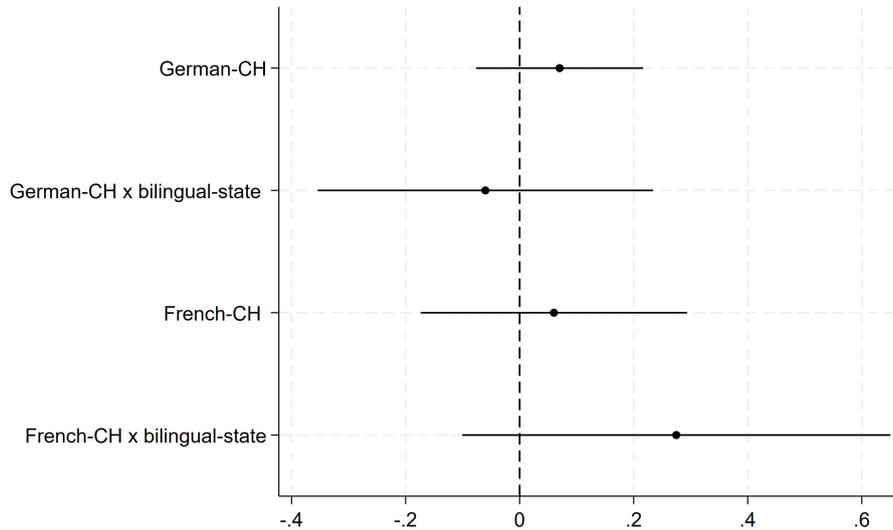
Notes: The sample includes only switches from the private non-HES to the public non-HES sector. Left-wing state is an indicator variable equal to 1 if the state is left-wing and 0 otherwise. This variable is a computation using data from Walter and Emmenegger (2019) indicating the partisan composition of cantonal governments (the number of seats by ideological party) by year. Ideological parties are given a value according to where they are situated on the political spectrum from left (taking the value 1) to far-right (taking the value 4). A state is then considered left-wing if its weighted average is below the average of all states. All regressions control for individual fixed effects, and include federal- and state-specific time dummies. Robust standard errors are clustered at the individual level. \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

Figure 8: Working in public sector and self-selection based on CGV across culture



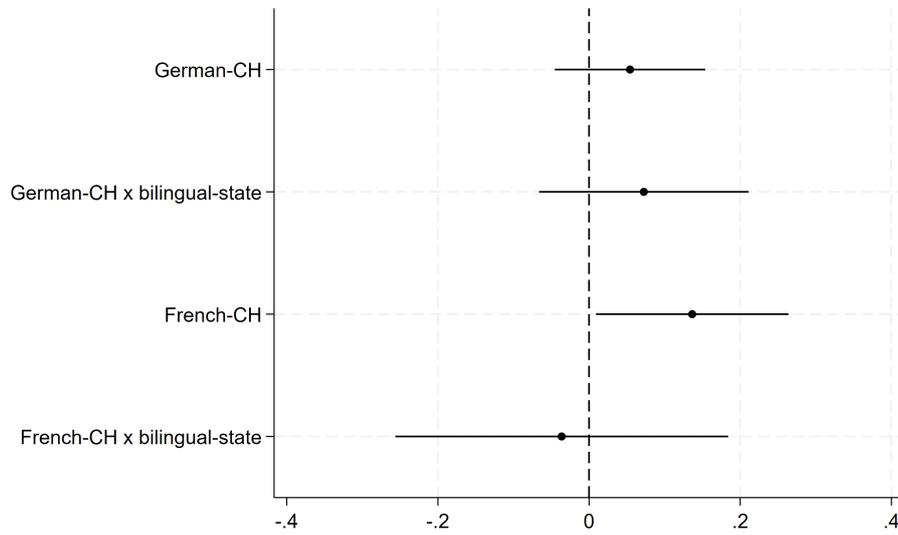
Notes: The figure replicates the specification in Equation (5) with all the control variables, allowing the coefficients on the switching indicators to vary according to culture (French- vs. German-Swiss (CH) individuals). They capture systematic differences in CGV between those who stay in the private non-HES sector and those who switch in the public non-HES sector at some future point according to whether they are French- or German-speaking Swiss individuals. See the text for further details. The sample includes switches only from private non-HES to public non-HES sector. Reporting 90% confidence intervals based on standard errors clustered at the individual level.

Figure 9: Working in public sector and self-selection based on CGV across culture and location



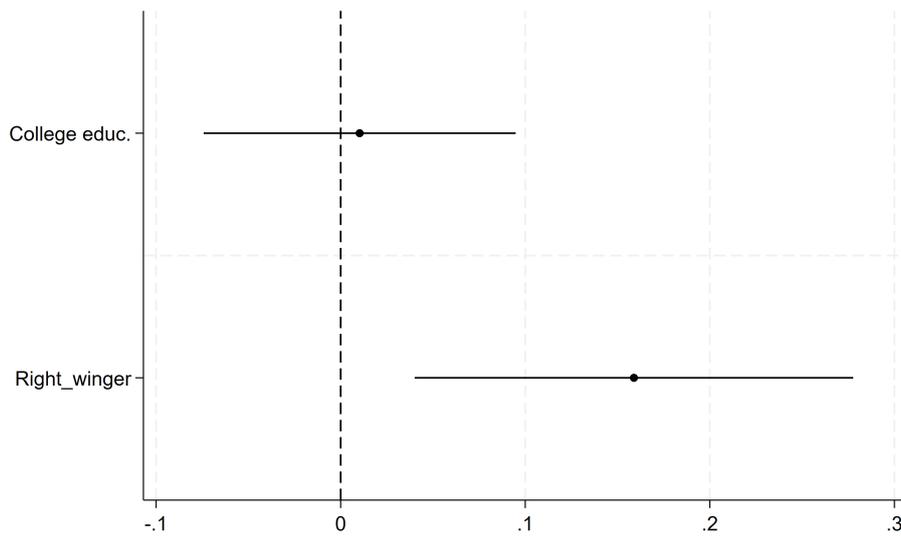
Notes: The figure replicates the specification in Equation (5) with all the control variables, allowing the coefficients on the switching indicators to vary according to location (bilingual vs. non bilingual states) for French- vs. German-Swiss (CH) individuals. They capture systematic differences in CGV between those who stay in the private non-HES sector and those who switch in the public non-HES sector at some future point for French- and German-speaking Swiss individuals according to whether they work in bilingual states or not. See the text for further details. The sample includes switches only from private non-HES to public non-HES sector. Reporting 90% confidence intervals based on standard errors clustered at the individual level.

Figure 10: Working in public sector and shift in CGV by intensity



Notes: The figure replicates the specification of Equation (8). The sample includes switches only from private non-HES to public non-HES sector. See the text for further details. Reporting 90% confidence intervals based on standard errors clustered at the individual level.

Figure 11: Working in public sector and shift in CGV for outsiders



Notes: The figure replicates the specifications of columns (4) and (5) in Table 7. The reported coefficients capture heterogeneity of the public sector effect for identified outsiders. The sample includes switches only from private non-HES to public non-HES sector. See the text for further details. Reporting 90% confidence intervals based on standard errors clustered at the individual level.