Educational expenditure efficiency in China: the role of the governor’s characteristics

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This article studies educational efficiency in Chinese provinces following a two-step approach. Specifically, we take advantage of the selecting pattern of local officials in China to investigate the relationship between governors’ characteristics and local government educational efficiency, which has been previously ignored in the literature. First, we use a robust order-m partial frontier approach to evaluate the efficiency of the Chinese provinces in the provision of education, which represents the main sector of expenditure for local governments. Second, we estimate the relationship between efficiency and the provinces’ observable characteristics, with a special focus on the governor’s characteristics. We consider economic, institutional, and demographic variables as non-discretionary inputs. Finally, we use the Spatial Lag of X (SLX) and Spatial Durbin Model (SDM) to evaluate the possible spatial interdependence in the educational efficiency between Chinese provinces. The results show that East region provinces are the most efficient in the provision of education, while the provinces in the West region are the least efficient. Moreover, the governor’s observable characteristics, such as age, education, and experience abroad, have a significant effect on educational efficiency.