Outcomes of Worker Effort and Supervision in Tanzanian Labour Market

By

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Abstract

This paper examines the impact of work effort and supervision in the Tanzanian labour market. In particular it focuses on the extent to which observed earnings and productivity of a worker might be influenced by both the individual effort of a worker and intensity of supervision. To assess the earnings effect of work effort, the paper estimates the hourly earnings equation, which includes work effort and monitoring intensity among the determinants of the hourly earnings. The estimates control for unobserved firm specific effects and GMM production functions. Key findings of the paper are that a worker who exerts higher effort at work increases hourly earnings by about 27 per cent. Estimates of productivity affect via GMM shows that increase in the monitoring intensity increased the gross output per employee by about 34 per cent. The estimated coefficient is stable even after a range of factors are controlled for. The paper concludes that labour market reforms introduced in Tanzania on increased autonomy and flexibility of firm level work supervision and pay have positive outcomes for both employers and employees.

Keywords: worker effort. Labour market, Tanzania, Supervision, outcomes