Human Capital and Labor Productivity in East African Manufacturing Firms

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Abstract
The study uses firm level panel data to investigate relevant importance of human capital variables in explaining labor productivity in East African manufacturing firms. The study used generalized least squares to estimate the human capital model. Results indicate that proportion of skilled workers and average education in Uganda, training, proportion of skilled workers and education of the manager in Tanzania and average education and training in Kenya were positively associated with labour productivity. These results have important policy implications for the targeting policy prescriptions to increase manufacturing competitiveness.