

Health as a Proxy for Labour Productivity: The Impact on Wages in Egypt's Private Sector

Authors : Yasmine Ahmed Shemeis

Abstract : Determining the impact of productivity increases on wage levels is often difficult due to the unavailability of individual-level productivity data. Accordingly, we proxy for productivity using a self-perceived measure of health based on the postulated positive relationship between better health and productivity improvements. Using Egypt's labour market data for the years 2012 and 2018 and utilizing a Maximum Likelihood Estimation method, we address two issues: the endogeneity of health in the estimation of wages and a sample selection bias. Our findings indicate the great value that better health has in enhancing wage levels in Egypt's private sector. Also, we find that overlooking the endogeneity of health underestimates its effect on wages. Thus, the improvement of health states is likely to be beneficial in improving labour market outcomes in terms of wages as well as labour productivity in Egypt.

Keywords : labour, Productivity, Wages, Endogeneity, Sample Selection

Conference Title : ICMM 2023 : International Conference on Microeconomics and Macroeconomics

Conference Location : Dubai, United Arab Emirates

Conference Dates : December 25-26, 2023