

# The Hidden Costs of Control in the Field

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## Abstract

We investigate the effect of minimum production quota on workers' static and dynamic effort provision using three real-effort field experiments with simple tasks in Japan and Thailand. Subjects are paid fixed wage and are not given any incentives to exert more than minimal effort. We found that when the employer imposed minimum production goal on the workers, their productivity is lower than the workers who are free to choose their own production level. Workers who are not given the production quota tend to work at a stable pace throughout the experiment, while workers who are given a production quota tend to shirk once the quota is reached. Workers perceive production quota as their employers' expectation of them, and will stop producing when goal is reached. Inappropriate level of production quota may lead to motivation crowding out.

**JEL Classification:** C93, D03, J24