



Tufts
UNIVERSITY

Labor
Lab



SEM Brief 11: Training Needs and Future Plans

Ana Antolin
Laura Babbitt
Drusilla Brown
Le Dang Trung

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Main Conclusion: In Brief 3, we examine how factory conditions drive demand for training. In this brief we look at how the demand for training is affected by workers' future plans. We find that Better Work workers at the endline have a lower demand for training (there is no difference at the baseline). Two driving channels for low demand in Better Work factories for training in the long term is premium pay and workers' greater desire to eventually retire from their current factory.

1. Training Needs

At the baseline, there is no difference in training demand between Better Work and non-Better Work workers. At the endline, Better Work workers are less likely to say that they need future training ($b=-0.23$).

2. Retirement Plans

Workers were asked the extent to which they agreed to the statement "I plan to retire from this company" on a five-point agree scale. At the baseline, Better Work workers are more likely to plan to retire from their current workplace ($b=0.269$). The effect dissipates at the endline, but the constant rises, suggesting that all workers were more likely to plan to retire from their company over time.

3. Simultaneous Equation Modelling

Table B.2 present results from a SEM considering the relationship between wages, hours, retirement plans and training demands over time. At the baseline, training needs decline as wages rise ($b=-0.103$) and rise if the worker plans to retire from their company ($b=0.0229$).

Interestingly, at the baseline plans to retire decrease endline training demands ($b=-0.0136$).

Planning to retire from their current company may initially cause a worker to seek out more treatment in order to provide more job security. At the endline, with workers already deciding their plans to retire, they may no longer seek additional training that would be necessary if they were considering leaving for another company.

Better work affects worker demand for training through the combination of wages driving down training demand at the baseline, which then reduces endline demand, and increasing workers' initial plans to retire from their company, which projects onto workers' future demands.

Data Construction

Training Needs (a=0.9191) Binary

What kind of training do you think it is necessary for your future?

Response options are

- * 1=None
- * 2=Basic skills
- * 3=Upgrading skills
- * 4=Workers' rights
- * 5=Labor Law
- * 6=CBA
- * 7=OSH
- * 8=Safe machine operation
- * 9=Pay procedures
- * 10=Benefits
- * 11=Fines
- * 12=Work Hours
- * 13=Overtime Regulations
- * 14=Grievances

Retirement Plans Five-point agree scale

Company_Retire I plan to retire from this company

Figure 11.1 Training Needs and Future Plans SEM

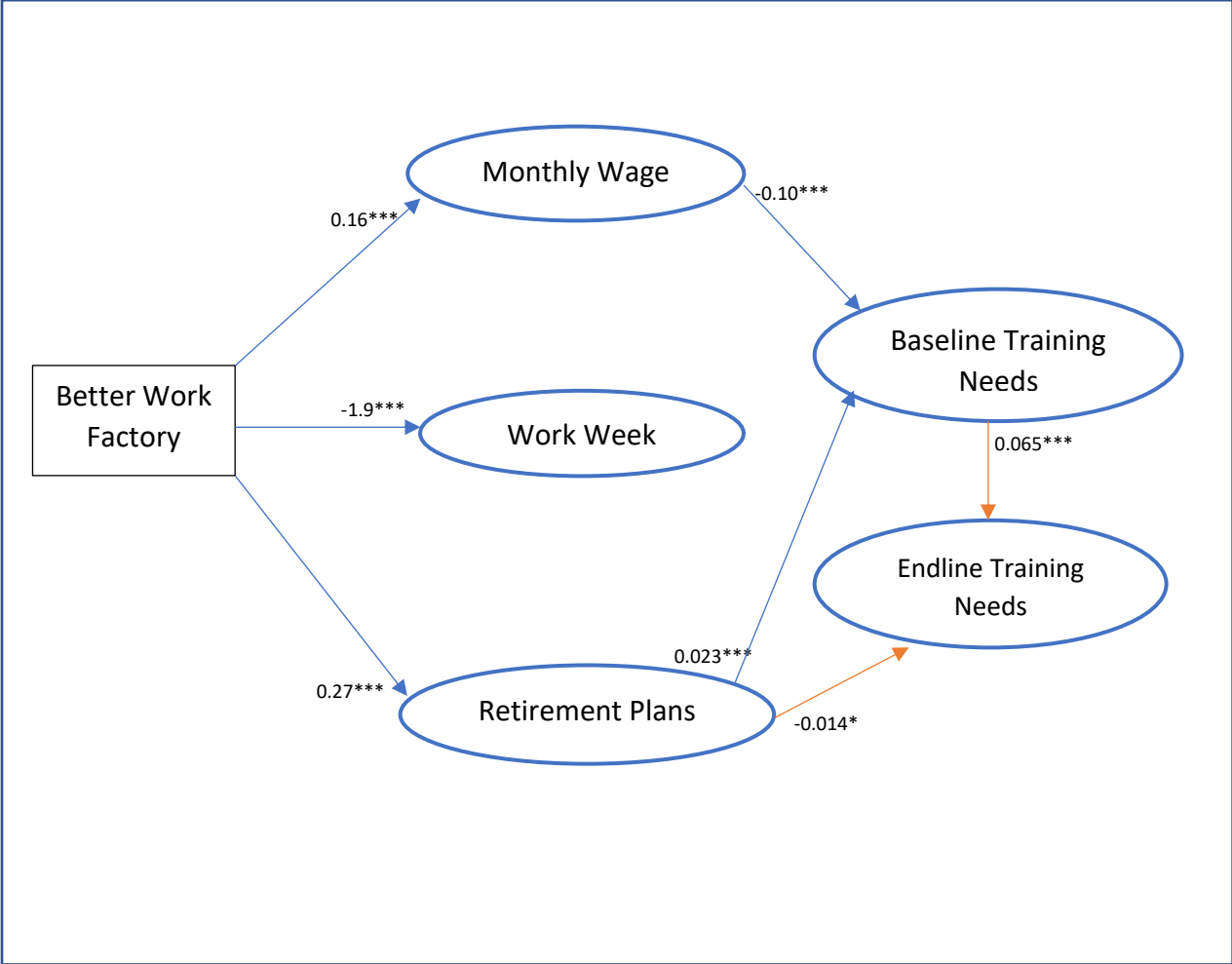


Table 11.1 Reduced Forms

VARIABLES	(1) Company_Retire	(2) Training_Need
<u>Baseline</u>		
bw_factory	0.269*** (0.0545)	0.00987 (0.0168)
Constant	2.118*** (0.216)	0.521*** (0.0668)
Observations	1,479	1,662
R-squared	0.094	0.138
<u>Endline</u>		
bw_factory	0.0772 (0.0471)	-0.0225* (0.0134)
Constant	2.432*** (0.186)	0.482*** (0.0531)
Observations	1,590	1,662
R-squared	0.097	0.297

Demographic and factory controls

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Figure B.2 SEM Results

VARIABLES	(1) B_Inmonthlywage USD	(2) E_Inmonthlywage USD	(3) B_Work_Week	(4) E_Work_Week	(5) B_Company_Retire	(6) E_Company_Retire	(7) B_Training_Need	(8) E_Training_Need
B_InmonthlywageU SD		0.487*** (0.0311)					-0.103*** (0.0245)	0.00359 (0.0226)
E_InmonthlywageU SD								-0.0211 (0.0208)
B_Work_Week				0.190*** (0.0661)			0.000457 (0.00136)	-0.000460 (0.00116)
E_Work_Week								-0.000433 (0.000438)
B_Company_Retire						0.198*** (0.0233)	0.0229*** (0.00849)	-0.0136* (0.00726)
E_Company_Retire								0.0125 (0.00812)
B_Training_Need								0.0651*** (0.0217)
bw_factory	0.155*** (0.0180)	-0.000151 (0.0232)	1.927*** (0.320)	-0.553 (0.864)	0.269*** (0.0541)	0.00651 (0.0488)	0.0212 (0.0184)	-0.00971 (0.0153)
Constant	5.116*** (0.0712)	2.824*** (0.183)	51.30*** (1.270)	38.60*** (4.820)	2.118*** (0.214)	2.087*** (0.198)	0.956*** (0.161)	0.603*** (0.151)
Observations	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661

Demographic and factory controls

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1