SANEM
Thinking Aloud

Editor's Desk

The theme for the December, 2015 issue of Thinking Aloud is Skill Development. The first article "Do education and skill development affect the transition from 'good-enough job' to 'decent job'?" emphasizes on the supply side issues of labor for transition towards 'decent job'. The article, from the labor force survey data, finds that 'good-enough' job comprises more than 50% of both wage and self-employments. The article uses multinomial logistic regression models to explore the impacts of education and training on the quality of job that a person may avail. The regression results indicate that, while education helps moving up from 'good-enough job' to 'good job' or 'decent job' in case of both wage and self-employments, training impacts the transition significantly in case of wage employment. The second article, "What type of training matters most for the labor force participation decision in Bangladesh?" critically evaluates the impacts of different types of training on the choice of labor force participation. The article applies multinomial logistic regression models, and the regression results show that, in general, any type of training has a positive effect on being in wage employment. The study also focuses on how gender and education interact with training to encourage productive employment. The interview session features an interview of Dr. Edgard Rodriguez, Senior Program Specialist of IDRC, Canada. Focusing primarily on South Asia, Dr. Rodriguez elaborates on the issues related to the current job market scenario, creating decent jobs, skill of labor force and structural transformation. Dr. Rodriguez attaches immense importance to education as well as ensuring its quality in improving the labor market conditions in these countries. He also highlights the role of IDRC in promoting training and research in developing countries.

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Do education and skill development affect the transition from 'good-enough job' to 'decent job'?

Selim Raihan and Mahtab Uddin

Majority of studies conducted on decent job primarily focused on the demand side issues. However, there is a need to explore the supply side issues as the composition of labor supply itself can be a determining factor in the status of decent job. This article follows the definitions of 'good-enough job', 'good job' and 'decent job' from Raihan (2014) where the author argues that there could be three stages for moving towards 'decent' job. The first stage is the 'good-enough' job which shows the transition from no job to job or from unpaid family job to paid-job. The second stage is the 'good' job which shows the transition from 'good-enough' job to job with better return, formal job security and enhanced workers' rights. The third stage is the 'decent' job, which is the transition from 'good' job to a state of productive employment in compliance with agreed international standards of working environment and workers' rights.

We use the Labor Force Survey data of 2010 (LFS 2010) for Bangladesh and the available indicators in that survey, and classify the jobs as per the above mentioned definitions. As the data and questions in the questionnaire of LFS 2010 are different for wage employed and self-employed, we consider different indicators for defining quality of jobs for wage employed and self-employed.

The data from LFS 2010 suggests that while the decent job appears to be only 10.1%, good job and good enough job constitute 36.4% and 53.5% respectively of total wage employed. For self-employed, decent job comprises 9.2%, while good job and good-enough job constitute 39.2% and 51.6% respectively.

To see the impacts of education and training on the quality of job that a person may avail, after controlling for other factors, we use multinomial logistic regression involving three categories of aforementioned job with good-enough job as the base category.

In the regression involving the wage-employed, we find that education and training has highly significant impact on moving from good-enough job to good job and decent job. Though, primary education is found to be insignificant in changing the quality of job, persons with secondary and higher secondary education have almost 20% higher probability to be in a decent job compared to persons with no-education. The impact of education is found to be the highest for university education: being educated in a university increases the probability to be in a good job by 23% while it increases the probability to be in a decent job by 26%. Moreover, education of the household head has a statistically significant and positive
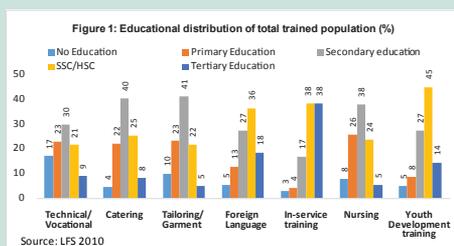
> "Education, in particular higher secondary and university education, and training have strong capabilities in lifting up the quality of job."

trans-generational impact if the household head has more than primary education. The results also indicate that, training helps to move people up from good-enough job to good job or decent job. Compared to persons without training, a trained worker has 8% higher probability to be in a good job and 4% higher probability to be in a decent job. To understand how education and training shifts the quality of job we also calculate the relative risk ratio (RRR) of the corresponding variables for each category compared to the base category. We find that RRR is significant for all other levels of education except primary education. For a person with a secondary education relative to no-education, the relative risk (RR) for decent job compared to good-enough job would increase by a factor of 27.4. The RR for decent job compared to good-enough job would increase by factors of 39.1 and 284.3 for attainments of higher secondary and university education respectively compared to the no-education category. These results indicate the strong capability of higher education in lifting up the quality of job as opposed to no-education. Although small in magnitude, training does have a highly significant impact. For persons with training in comparison to persons without training, the RR for decent job compared to good-enough job increases by a factor of 2.2 holding all other variables constant.

For the self-employed, the regression results show that education levels higher than primary education have statistically significant impact over moving from good-enough job to good job or decent job. Persons with secondary or higher secondary education have more than 10% higher probability of having a good job compared to no-education category. Having a university degree provides 4% higher probability to be employed in a decent job compared to no-education category. However, impacts of training is found to be insignificant in cases of such transitions. A possible explanation is the very low percentage of people (only 4.6%) in the self-employed participating in any training program in the LFS 2010 data. In terms of RRR, having primary education compared to no-education does not improve the Relative Risk (RR) for decent job compared to good-enough job. However, having secondary or higher secondary education compared to no education increases the RR for decent job compared to good-enough job by more than a factor of 1.6. With a university education compared to no-education the RR for decent job compared to the good-enough job increases by a factor of 1.7 holding all other things constant.

Reference:
Raihan, S. 2014. "From 'Good-enough' Job to 'Decent' Job: Inclusive Growth in Transition in Bangladesh." Thinking Aloud. Vol. I, No. 4. Dhaka.

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What type of training matters most for labor force participation decision in Bangladesh?

Israt Jahan

Education and skill development of labor are considered as important tools on influencing the labor market in Bangladesh. With a labor force participation (LFP) rate of 59.3% in 2010, there is still a large proportion of working age population who remain unpaid or unemployed in Bangladesh. Using the Labor Force Survey data of 2010 (LFS 2010), the study analyzes the distinctive impacts of different types of training on the choice of employment categories in Bangladesh. Training programs are classified into eight sub groups (as provided in the LFS 2010): technical/vocational, catering, tailoring/garments, foreign language, in-service training, nursing, youth development, and others. The population who has received any type of training is only 4.8% among the working-age population, whereas it is 6.23% among the total labor force. While all types of training are highly male dominated; nursing (52.36% are female) and tailoring/garments (45.68% are female) are exceptions.

The level of education of the trained population differs for different type of training (Figure 1). Where technical/vocational, catering, tailoring and

people (39%) got nursing training, but left out from the labor force. Not surprisingly, there is a high percentage of people with training on youth development working as self-employed.

To determine the impact of training on employment, different multinomial logit regressions have been conducted. In all models, the dependent variable is a categorical variable with four categories (not in labor force, unpaid/unemployed, wage employed, self-employed). Given that an individual chooses among all the alternatives available in the labor market, the multinomial logit model is the most appropriate one to understand the factors affecting the choice of participation in the labor market. In addition to the variables of interest (different types of training), other factors have also been controlled in the models, such as the age and squared-age of the individual, gender, marital status, dummies for different levels of education (with no-education as the base), gender of household head, household size, per capita land holding, regional dummy (urban vs. rural) and number of dependent members in the household.

The first set of models considers firstly 'not in labor force' and then 'unpaid/unemployed' as the base category to examine the overall impact of *any type of training*. Changing the base shows the relative risk ratios (RRRs) of being in any category rather

more in wage employment as against of being 'not in labor force' or 'unpaid/unemployed'. However, youth development training encourages people to be in self-employment rather than being 'not in labor force'.

The third set of models do the same exercises like the previous ones with different sets of samples to observe the impact of trainings on those specific groups. For example, tailoring, in-service and nursing training give females greater RRRs for being wage employed rather than being 'not in labor force' or being 'unpaid/unemployed'. Tailoring and in-service training also encourage females being self-employed rather than being 'not the labor force' or 'unpaid/unemployed'. However, the impacts of such trainings are greater for females being in the wage employment than in the self-employment. On the other hand, lifting males from unemployed/unpaid work, the RRR is greater than 1 for technical (1.36), catering (1.97), tailoring (1.86) and in-service (3.84) training.

Models for different samples of adults having different level of education have been estimated to observe the impacts of trainings on the adults with that particular level of education. Results conclude that compared to 'not in the labor force': (i) with no education, but trainings on tailoring, in-service and youth development can bring adults to wage employment; (ii) with primary education, trainings

Figure 1: Educational distribution of total trained population (%)

Source: LFS 2010

Figure 2: Employment distribution of total trained population (%)

Source: LFS 2010

Figure 3: Marginal Effects of Trainings

nursing training are mostly received by the people with secondary level of education, youth development and foreign language training are mostly received by people with SSC or HSC level of education. However, in-service trainings are mostly received by highly educated ones (38% with SSC/HSC and other 38% with tertiary level of education).
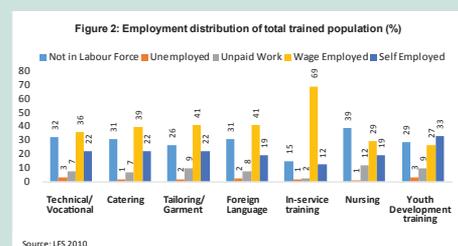
To observe the employment distribution of the people with different types of training, the total workforce (age greater than 15) has been categorized into four categories: (i) not in labor force, (ii) unemployed/unpaid, (iii) wage employed, and (iv) self-employed. The category "unpaid" has been defined if the person worked at least one hour in the reference period (other than household work) without pay or profit. Such work commonly includes those of husking paddy, rearing poultry and livestock, vegetable gardening etc. Among the total trained population almost half (44.99%) of them are 'wage employed', another 24.86%, 22.22% and 7.92% are respectively 'not in the labor force', 'self-employed' and 'unemployed/unpaid'.

The percentage distribution among different employment categories varies for different types of training (Figure 2). High prevalence of wage employment is observed among the people receiving any kind of training, but more specifically for trainings related to in-service, tailoring and foreign language. Interestingly, a high percentage of

than being in the base category. The higher the RRR, the more important the variable is to influence the choice. Results show that the probability of being wage employed is 13.6 percentage points higher, and the probability of being self-employed is 2.5 percentage points lower for the individuals with any type of training, considering other factors remaining unchanged. Moreover, the RRRs also show the greater impact of training on wage employment than on self-employment irrespective to the change in base from 'not in labor force' to 'unpaid/unemployed'.
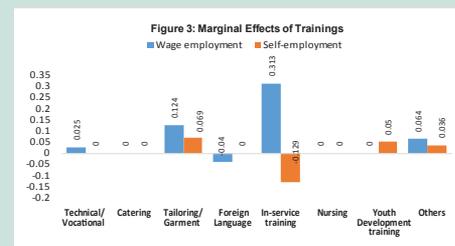
The second set of models divide trainings into sub groups and compare the RRRs and the marginal effects of each training on wage and self-employment. Figure 3 presents the estimated marginal effects. Regression results show that the probability of being wage employed is higher if an adult receives specifically technical/vocational or tailoring or in-service training. On the other hand, the marginal effect of being self-employed is higher if an adult receives tailoring or youth development training. However, language training lowers the probability of being wage employed, and in-service training lowers the probability of being self-employed.

Comparing the significant RRRs of the trainings from the multinomial logit models, study finds that technical/vocational, tailoring, foreign language and in-service trainings encourage people to take part

on tailoring and in-service encourage adults to take part in wage employment; (iii) with secondary education, trainings on in-service, tailoring and technical/vocational encourage adults to be in wage employment, (iv) with SSC/HSC level of education, trainings on tailoring and in-service lead adults to wage employment, and (v) with tertiary level of education, only in-service training promotes adults to wage employment. Furthermore, trainings on tailoring and youth development, with any level of education, also encourage self-employment rather than not being in the labor force.

To divert the huge proportion of unpaid and unemployed workers (23.28% unpaid and 4.5% unemployed in the labor force) to either wage or self-employment, education as well as training have significant importance. Though, in-service training has higher RRR for all types of education, tailoring with no education, or primary or secondary level of education can also bring adults to the wage employment rather than being unpaid/unemployed. Providing technical training to unpaid/unemployed worker with secondary level of education may also help bringing them to wage employment. On the other hand, tailoring training to the unpaid/unemployed with no/primary/secondary education can bring them to self-employment.

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"A structural transformation with greater emphasis on investment in education is key to move towards a more inclusive society"

SANEM interviews Dr. Edgard Rodriguez, Senior Program Specialist, Internaional Development Research Centre (IDRC), Canada. Dr. Rodriguez is an expert on small-enterprise development and labor markets in developing countries. Prior to joining IDRC, Edgard worked for multilateral development organizations and the Canadian public service. He evaluated small-enterprise development programs in Asia and Latin America for the World Bank in Washington, DC, and worked with the Asian Development Bank on lending and technical assistance for business development in the Philippines and Indonesia. Also, he worked on local economic development with the Canadian International Development Agency, and undertook research on inequality, productivity, and investment in Canada at the Department of Finance in Ottawa. Dr. Rodriguez holds a PhD in Economics from the University of Toronto with specialization in economic development and labor economics. He discusses different issues including current job market scenario, creating decent jobs, skill of labor force and structural transformation, policy implications for skills development and the role of IDRC, Canada for improving labor market issues in developing countries.

SANEM: How would you describe the current job market scenario in South Asian economies from a global perspective?

ER: Labor is Asia's biggest asset. Creating jobs for a growing labor force is a mammoth task for Asian economies, especially the younger economies of South Asia. For instance, India needs to create about one million jobs a month to cope with the cohorts of young people reaching working age. However, these workers do not have access to the same kind of jobs one would expect them to have in an industrialized economy. The majority of Indian workers will get unpaid, informal jobs without hardly any benefits. The prospects for young Asian workers are, in fact, quite challenging. Five out of 10 young workers in the region are self-employed, according to a recent ILO report for Asia. This means that they are creating their own job, becoming entrepreneurs out of need. Moreover, Asian young workers will find a mismatch between their qualifications and the work they perform. Over one-half of young workers in Bangladesh, Cambodia and Nepal are undereducated for the work they do.

SANEM: For growth to be more inclusive in nature and to create "Good jobs", what kind of structural transformation is needed in a country like Bangladesh? How this transformation can be achieved?

ER: A structural transformation with greater emphasis on investment in education is key to move towards a more inclusive society. Young Bangladeshis are not benefiting from the current weak educational system. In Bangladesh, more than 50 per cent of young people finished their education at primary level or below. On average,

South Asian workers have only 6 years of education. They can only improve their job prospects if they go further. Increasing educational attainment will go a long way in having better job opportunities whether you become an employee or self-employed. East Asian countries invested heavily in human capital. They have equipped their populations with universal, good-quality education. As a result, these societies have been more successful in having a workforce prepared to complement the massive influx of capital into their economies. Today, most East Asian countries have working age population with more than 10 years of education. This has enabled, for instance, Korea to move up in the development ladder reaching a sophisticated, diversified industrial base.

SANEM: Is there any linkage between level of skill of labor force and structural transformation? How does this supply issue play a role in terms of quality employment generation?

ER: With low levels of education, a country can hardly expect to climb the development ladder. Asian education levels have improved dramatically across generations. Today, grandchildren are doing much better in terms of education than their grandparents. The educational attainment in South Asia was about 3 years of education in the 1970s, and has now doubled. But, even with these improvements, the average of 6 years of education is still quite low, and it is even lower for South Asian women. In Nepal, women have on average only 4 years of schooling. High rural-urban migration has transformed most South Asian cities such as Dhaka into some of the world's fastest growing cities. But this rural-urban transformation is likely to remain characterized by very

low-productivity, informal employment, reflecting the population's low human capital endowment.

SANEM: What kind of policies should the South Asian countries adopt to tackle the skill development challenges?

ER: First, it is imperative to invest in education. This means not only improving access to education but improving the quality of education offered. Asian education needs to pay attention to the quality of teachers, school infrastructure, curriculum design etc. For countries like Bangladesh with a high deficit in education, I think that the improvements in education need to pay a lot of attention to remedial schooling. Many young adults have already missed having a basic education. These young adults should have access to suitable adult education programs to meet minimum standards. Also, Bangladesh could use specific programs tailored for working women or rural youth to enable them acquire basic skills to find employment in occupations that are in high demand.

SANEM: How IDRC, Canada is playing its role or planning to contribute in improving the labor market issues in South Asia with regard to the suggested policies?

ER: IDRC's mandate is to fund policy relevant research that can provide solutions to development challenges. Since 2006, IDRC has paid attention to research on labor markets. Today our "Employment and Growth" program funds research on specific solutions that can help low-skilled populations obtain better jobs and acquire better skills. Examples of this research include skills programs for rural women in rural Pakistan and in rural Bangladesh, provision of childcare facilities for young mothers in rural Rajasthan, and a short-term certification in housekeeping for young street children to work in Cambodian hotels. These evaluations will help understand what exactly makes a skills-acquisition program successful to reach the poor and whether the intervention is worth to be scaled up. Despite the importance of labor in the development of South Asia, there is plenty of room to disseminate existing research and data on issues related to workers in the region. South Asian universities have seldom specialized programs or courses on topics such as labor economics, labor relations and the like. Comparable data on employment remain a challenge to undertake cross-country comparisons. In India, IDRC has funded the first Labor and Employment Report as a way to raise policy awareness about the existing research on the challenges faced by Indian workers. A second report will appear next year. And, since 2013, IDRC has funded a South Asian Labor Research Network (SARNET) to promote training and research on labor issues for young scholars.

SANEM: Thank you so much for your time.

ER: My pleasure.

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Global Nutrition Report 2015 launched at Dhaka

Launching of the Global Nutrition Report 2015 was held on 4th November, 2015 at Hotel Lakeshore, Dhaka. Welcome address was provided by Dr. Akhter Ahmed (IFPRI Representative in Bangladesh). Dr. Lawrence Haddad (Senior Research Fellow, IFPRI and Co-chair of the Global Nutrition Report) provided the keynote address. Special Guests for the event included Ms. Roxana Quader (Country Focal Person, Nutrition and SUN, Ministry of Health and Family Welfare) and Mr. Muhammad Abdul Mannan (MP, Honorable State Minister, Ministry of Finance and Ministry of Planning). The Chief Guest for the event, Dr. Shirin Sharmin Chaudhury (Honorable Speaker, Bangladesh Parliament) provided her inaugural address during the event. The technical session was chaired by Dr. Lawrence Haddad. Topics of the technical session included "Emerging Nutrition Issues and Way Forward", "Agriculture and Nutrition Linkages", "Nutrition and Climate Change" and "Promoting the Nutrition Impact of Social Protection Programs". Dr. Farazi Binti Ferdous (Fellow, SANEM) and Sunera Saba Khan (Research Associate, SANEM) attended the event.

Launching ceremony of NSSS of Bangladesh 2015 held at Dhaka

The launching ceremony of National Social Security Strategy (NSSS) of Bangladesh 2015 was held on 5th November, 2015 at NEC Auditorium, Sher-e-Bangla Nagar, Dhaka. The launching ceremony was organized by General Economics Division (GED), Planning Commission, Government of the People's Republic of Bangladesh. Dr. Shamsul Alam (Member, Senior Secretary, GED, Planning Commission) presented on "Overview of National Social Security Strategy (NSSS) of Bangladesh". Discussants for the presentation included Prof. M.M. Akash (University of Dhaka) and Dr. Binayak Sen (Research Director, BIDS). Ms. Sarah Cooke (Country Representative, DFID Bangladesh) and Ms. Pauline Tamesis (Country Director, UNDP Bangladesh) provided their remarks during the ceremony. Dr. Shirin Sharmin Chaudhury (Honorable Speaker, Bangladesh Parliament) was the Chief Guest for the day. Mr. AHM Mustafa Kamal (FCA, MP, Honorable Ministry, Ministry of Planning) provided his closing remarks after the unveiling of the National Social Security Strategy 2015. Dr. Bazlul Haque Khondker (Chairman, SANEM) was present as a distinguished guest in the launching ceremony. Nabila Hasan and Andilip Afroze (Research Associates at SANEM) participated in the event.

New Publication by ADB
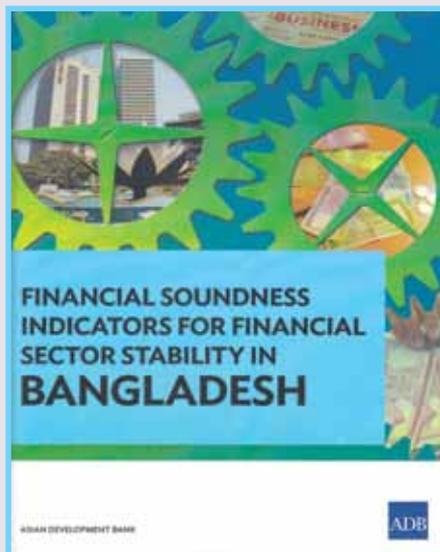
The development and analysis of a set of financial indicators should help policy makers to identify the strengths and vulnerabilities of a financial system so that they can take preventive actions to avert a crisis. The report on "Financial Soundness Indicators for Financial Sector Stability in Bangladesh", written by Dr. Selim Raihan, was published by Asian Development Bank (ADB) in September 2015. This report describes the development of financial soundness indicators for Bangladesh and analyzes how these can help identify key challenges to support financial sector stability in the country. Financial Soundness Indicators (FSIs) are compiled to monitor the soundness of financial institutions and markets, their corporate and household counterparts. The FSIs consist of two sets of indicators: core and encouraged indicators. The core indicators consist of 12 indicators to measure potential vulnerabilities of deposit-taking institutions, which cover capital adequacy, asset quality, earnings and profitability, liquidity, and sensitivity to market risks. The encouraged indicators assess the soundness of other financial sectors such as other financial corporations, borrowers, and related markets. The chapters of the report include "The Economy and Financial System of Bangladesh", "Financial Soundness Indicators in Bangladesh", "Recent Developments in the Financial Sector of Bangladesh" and "Conclusion and Further Development".

Research Workshop: ESID Growth Project held at London, U.K.

A research workshop for Effective States and Inclusive Development (ESID) Growth Project was held during November 13-15, 2015 at Arundel House, London, U.K. The title of the workshop was "Deals and Development: The Political Dynamics of Growth Episodes". The topic of the first session included "The ESID Growth Framework" and the presenters for this session were Dr. Lant Pritchett, Dr. Kunal Sen and Dr. Eric Werker. The second session was on "Africa Case Studies: Ghana, Liberia" and the chair for this session was Dr. Selim Raihan (Executive Director, SANEM), and presenters were Dr. Robert Osei, Dr. Lant Pritchett and Dr. Eric Werker. The third session of the workshop was on Asia Case-Studies: Bangladesh India and the chair for this session was Dr. Pritish Behuria, and presenters were Dr. Selim Raihan, Dr. Sabyasachi Kar and Dr. Kunal Sen. The workshop ended with a closing session on "Key Comparative Findings and Future Research Directions".

Stakeholders Meeting on Non-Tariff Measures held at DCCI, Dhaka

A stakeholders meeting on Non-tariff measures in Bangladesh was held at DCCI, Dhaka on 9th November, 2015. Welcome and opening remarks were provided by Mr. Hossain Khaled (President, DCCI), Mr. Mondher Mimoumi (Chief, Market Analysis and Research, ITC) and special guest Mr. Abdul Matlub (President, FBCCI). Dr. Selim Raihan (Executive Director, SANEM) was one of the discussants for the session on "Overcoming Challenges Related to NTMs in Bangladesh and Final Recommendations". Also, Dr. Selim Raihan was one of the presenters for the session on "Main Trade Barriers Affecting Agricultural Sector and Manufacturing Sector". During the closing ceremony, another special guest Mr. Hedayetullah Al Mamoon (Senior Secretary, Ministry of Commerce) provided his concluding remarks. The event came to an end with a Vote of Thanks.

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