

Can program design improve the effectiveness of worker retraining? An evaluation of Brazil's Pronatec-MDIC

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Abstract

We evaluate the employment and wage effects of a recent occupational training program in Brazil using capacity constraints that quasi-randomly restricted access to training across individuals. We find that training increases the probability of employment by approximately six percentage points within six months of course completion, although it does not increase wage rates distinguishably. Employment effects are similar across male and female trainees, and are stronger in courses in more skill-intensive occupations. The design of the training program allows firms to both signal skill demand to workers and training program providers and have some role in choosing individuals to be trained. While this allows providers to more effectively allocate training resources towards occupations in demand, some segments of the labor force may be excluded from accessing program benefits. (JEL J24, J23, J31, J68, J62, M53)

Keywords: occupational training, worker retraining, labor demand, unemployment, Brazil.

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