Pilot Project on Skills Development, Certification and Recognition

UAE MOHRE SCIENTIFIC COMMITTEE

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May 9th, 2018

Colombo, Sri Lanka

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This Presentation

1. Skills Project Phase I: India
2. Skills Project Phase II: Pakistan

Objectives

- Research on the Skills training and certification project
- Determination of the impact of the training on different outcomes (productivity, income trajectory, happiness and others)
- Background information for policy recommendations
- Distribution of gains

    Asia - United Arab Emirates (UAE) Corridor

- Other questions on the impact of migration on migrants.

Phase I: India Pilot Project

Phase I: India Pilot Project

1. <u>Returns to Migration experiment</u>
   - Skills experiment
   - India Baseline Survey
   - UAE survey

2. <u>Results on</u>

   a. Training experiment

   b. Returns to Migration

   c. Recruitment fees results

Question 1: What is impact of training?

Bigger question
- Certification schemes?
- A case for managed migration?
- Harmonization? (next session).

Question 2: What are returns to migration?

- Income?
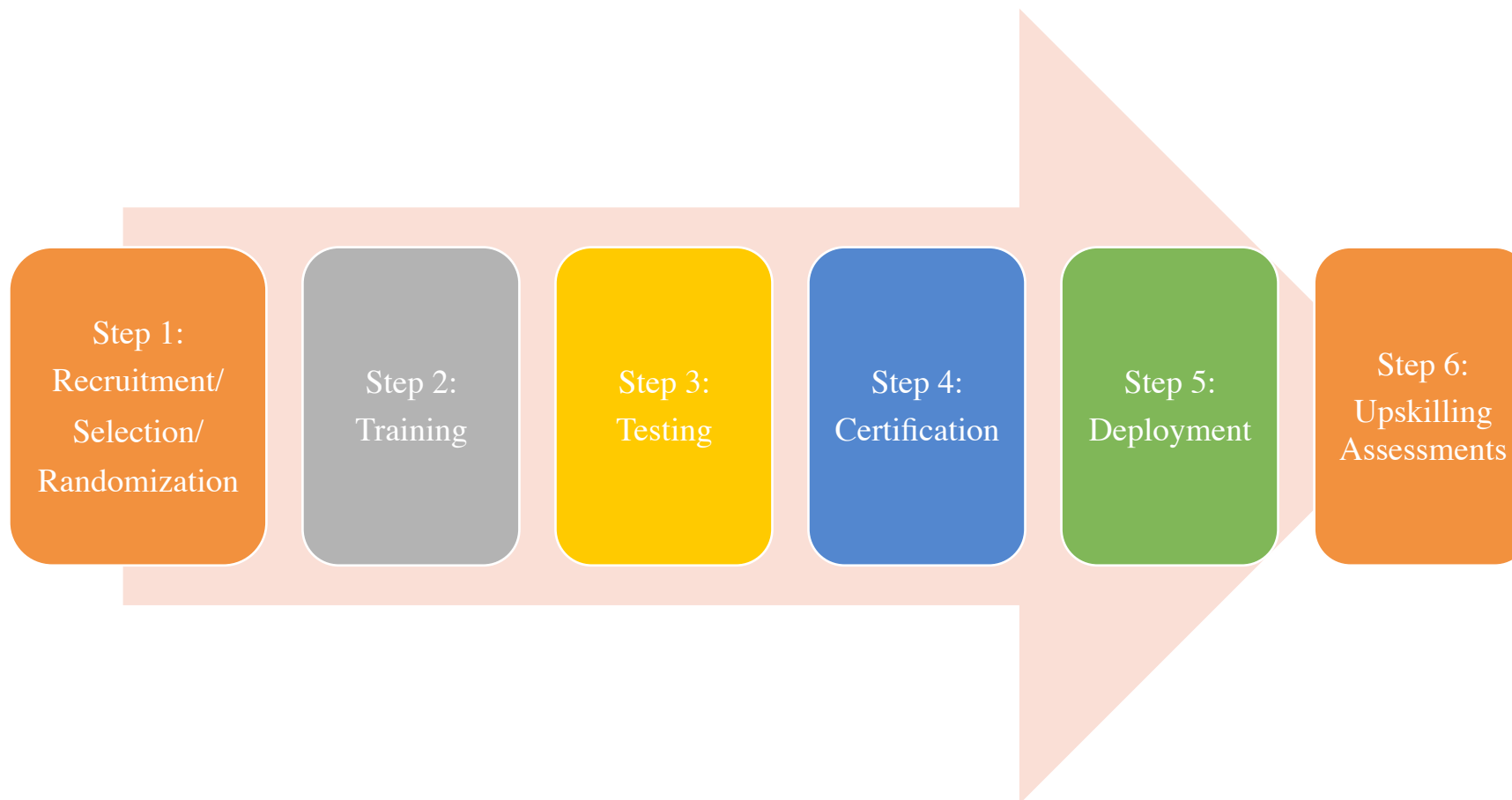- Happiness?
- Other measures

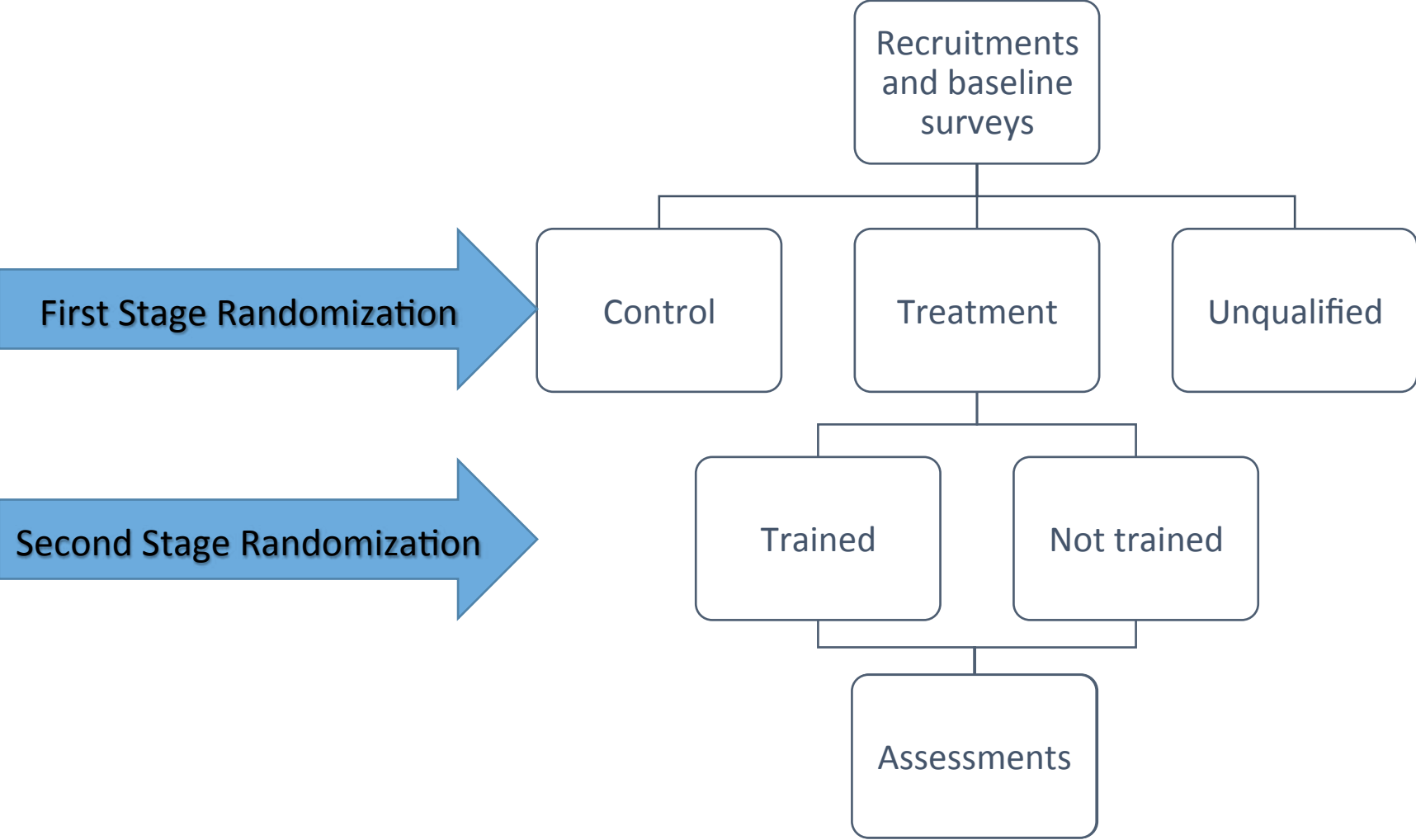## Question 3:   What are payments to brokers and levels of debt

- Begin with Survey information.
- Relate to subjective well-being or average length of stay in the UAE

Process Flow of Pilot Project

| Step 1: Recruitment/ Selection/ Randomization | Step 2: Training | Step 3: Testing | Step 4: Certification | Step 5: Deployment | Step 6: Upskilling Assessments |

Experimental Design

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                    ┌─────────────────┐
                    │   Recruitments  │
                    │   and baseline  │
                    │     surveys     │
                    └─────────────────┘
                             │
          ┌──────────────────┼──────────────────┐
          │                  │                  │
    ┌──────────┐      ┌──────────────┐    ┌──────────────┐
    │ Control  │      │  Treatment   │    │ Unqualified  │
    └──────────┘      └──────────────┘    └──────────────┘
                             │
                   ┌─────────┴─────────┐
                   │                   │
            ┌──────────┐        ┌──────────────┐
            │ Trained  │        │ Not trained  │
            └──────────┘        └──────────────┘
                   │                   │
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                      ┌──────────────┐
                      │ Assessments  │
                      └──────────────┘
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First Stage Randomization ➜

Second Stage Randomization ➜

First Stage Randomization

- Job Applicants in India divided into three categories

  - Unqualified: These workers fail to receive a job by the recruiting firm due to lack of qualifications.

  - Treatment: These workers receive a job by the recruiting firm and are randomly selected into the study.   5:7

  - Control: These workers receive a job by the recruiting firm and are randomly selected out of the study.   2:7

Second Stage Randomization

- The workers who were "Randomized in" during the first stage randomization are randomly assigned to receive skills training by an accredited training institution in their home country

- This is a **50:50** randomization (computerized randomization).

- All workers (trained and not trained) will go through an assessment phase after they have been deployed to the UAE.

Skills Project Phase I – India
3 year Project - Progress so Far

- Initial Surveys of workers in India (6,827 workers)   -   complete

- Assessment of workers in the UAE (1,156 workers so far)   -   Ongoing (35% complete)
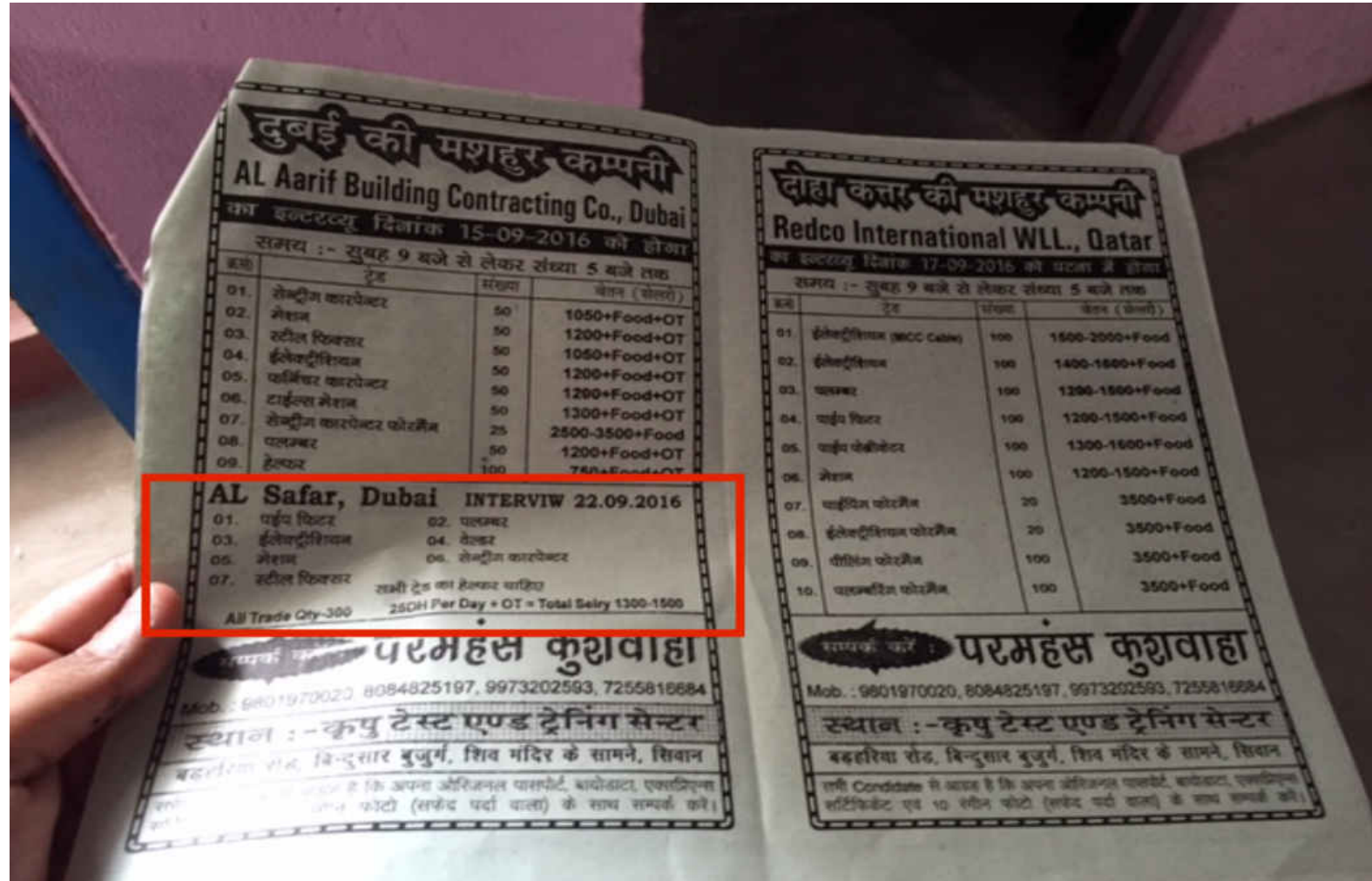
Recruitment Process

- We have been working with five construction firms over the course of the study.

- We identify two main Rounds of the recruitment phases

    Round 1 - February and December of 2015

    Round 2 – From April 2016 to April 2017

- 8,210 workers were involved during these recruitment rounds

Recruitment Process

- We collected data during baseline surveys in India (6,827)

- Baseline interviews are conducted during the firms' recruitment sessions

- Workers either pass (Qualified) or fail (Unqualified) the interview
  - The workers in Qualified pool are either Treatment or Control

UAE companies recruit workers in India

GHANTOOT TRANSPROT CO. LLC DUBAI

INTERVIWE ON   09-10-2016

S/NO	TRADE	NO. S	SALARY
1.	MASON	100	1000+FOOD+OT
2.	STEEL FIXER	100	900+FOOD+OT
3.	CARPENTER	100	900+FOOD+OT

KRITIKA TRAINING & TEST CENTER

BEHIND RAJLAXMISHAHI PETROL PUMP, MAIRWA
DHAM, SIWAN (BIHAR) PIN – 841239

MUKESH SINGH -7388821375, 9102153575
VIJAYNATH YADAV- 8090489051
OFFICE CONT- 7073942051

Recruitment in India

Recruitment– Carpenters Punjab

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حـوار أبوظـبي بيـن الـدول الآسيويـة المرسلـة و المستقبلـة للعمالـة
Abu Dhabi Dialogue among the Asian Labor Sending and Receiving Countries

Masons - Rajastan

Summary of first-stage randomization by occupation

Occupation	Treatment groupin	Control	Unqualified	Total
CARPENTER	1,636	648	691	**2,975**
HELPER	368	136	1	**505**
MASON	1,250	339	156	**1,745**
STEEL FIXER	1,383	448	284	**2,115**
OTHER	591	80	186	**857**
Total	**5,228**	**1,651**	**1,318**	**8,197**

Preliminary Results - Returns to Migration

- We want to investigate the effects of migration on labor outcomes.

- We collected 956 follow-up data points with participants in India and the UAE. There are still on going follow up surveys in India and UAE.

- We look at income effects of migration as well as more subjective measures of physical and mental well-being among the selected workers (Treatment and Control).

Returns to migration: Income regression

- We want to study the effect of migration on monthly incomes;

- We run the regression below:

$$Y_{\downarrow i} = \beta_{\downarrow} 0 + \beta_{\downarrow} 1 \, T_{\downarrow i} + \beta_{\downarrow} 2 \, X_{\downarrow i}^\uparrow + \mu$$

- Where: $Y_{\downarrow i}$ is the worker's monthly income at follow-up
-       $T_{\downarrow i}$ is a dummy variable indicating the treatment group of the worker (0: randomized out; 1: randomized in)
-       $X_{\downarrow i}^\uparrow$ is a matrix variable controlling for income at baseline, firm of employment and occupation of the worker
-       μ is an error term

Returns to migration: Income regression

	Monthly income at follow-up (USD)
Treatment (0-1)	**53.36**** **(2.48)**
Monthly Income at baseline (USD)	-0.0223 (-0.33)
Firm (0-1)	62.59 (1.62)
Trade_carpenter (0-1)	13.91 (0.48)
Trade_steelfixer (0-1)	116.94*** (2.97)
Trade_mason (0-1)	64.53** (2.34)
Constant	171.05*** (5.53)
Observations	142
R-squared	0.477

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

1 Two firms were involved in phase 1. The "Firm" variable is a dummy that takes the value 0 for Firm 1 and 1 for Firm 2

- The regression output shows that migration increases workers' salaries by $53.36. This result is statistically significant

- Small number of observation due to low volume of responses in follow-up surveys for phase 1 participants (2015). We expect the follow-up data for phase 2 participants to yield better response rates.

Returns to migration: Well-being comparison between migrants and non-migrants at follow-up

- We ask the subjects to rate on a scale from 1 to 10 subjective well-being measures

- These measures include enjoyment, happiness, physical pain...

- We compare the difference in means across treatment groups on these variables

Returns to migration: Well-being comparison between migrants and non-migrants

	Migrated - Did not migrate
Happiness (1-10)	-0.453* (-2.18)
Enjoyment (1-10)	-0.416*** (-4.88)
Stress (1-10)	-0.328*** (-3.58)
Worry (1-10)	0.046 (0.48)
Anger (1-10)	-0.0769 (-0.99)
Sadness (1-10)	0.125 (1.48)
Loneliness (1-10)	0.485*** (5.26)
Physical Pain (1-10)	0.236*** (3.34)
Monthly work hours	52.80*** (6.71)
Observations	280

- The workers who have migrated report lower happiness and enjoyment levels than those who have remained in India.

- Migrant workers also experience higher level of physical pain and Loneliness than their counterparts.

- Migrant workers on average work 52 more hours than workers in India (per month).

- However, migrant workers experience less stress than workers in India.

Returns to Migration Conclusions

- One of the goal of this research is to investigate the impact of labor migration to the UAE on different outcomes.

- The initial results suggest that workers who migrated to the UAE through our treatment gained better wages in comparison to the workers who remained in India.
    - These results are consistent with the literature looking at the wage effects of labor migration

- However, migrant workers report worse well-being measures than their counterparts (happiness, enjoyment, loneliness, physical pain).

- 96% of respondents who migrated are not searching for another job while half of the respondents employed in India were still looking for opportunities abroad.

Recruitment fees and debt levels

- Recruitment agents play a central role in the process of matching local workers to foreign job opportunities;
  - 99% of respondents in our survey worked with a recruitment agent

- These recruitment agents charge a fee to the prospective workers in exchange for various services pertaining to the recruitment process;

- We collected data on recruitment fees and debt levels in our baseline surveys

Recruitment fees (cont'nd)

- On average, the amount charged by the recruitment agent to the workers is slightly over 900 USD according to the survey data we collected on the day of the recruitment interviews;

- This is 3 times the average monthly income reported by the participants at the time of survey;

- These fees generally do not include the costs associated with obtaining the visa/passport, travel tickets or medical testing; these are additional expenses that the workers must pay

Services included in recruitment agent's fees according to survey responses
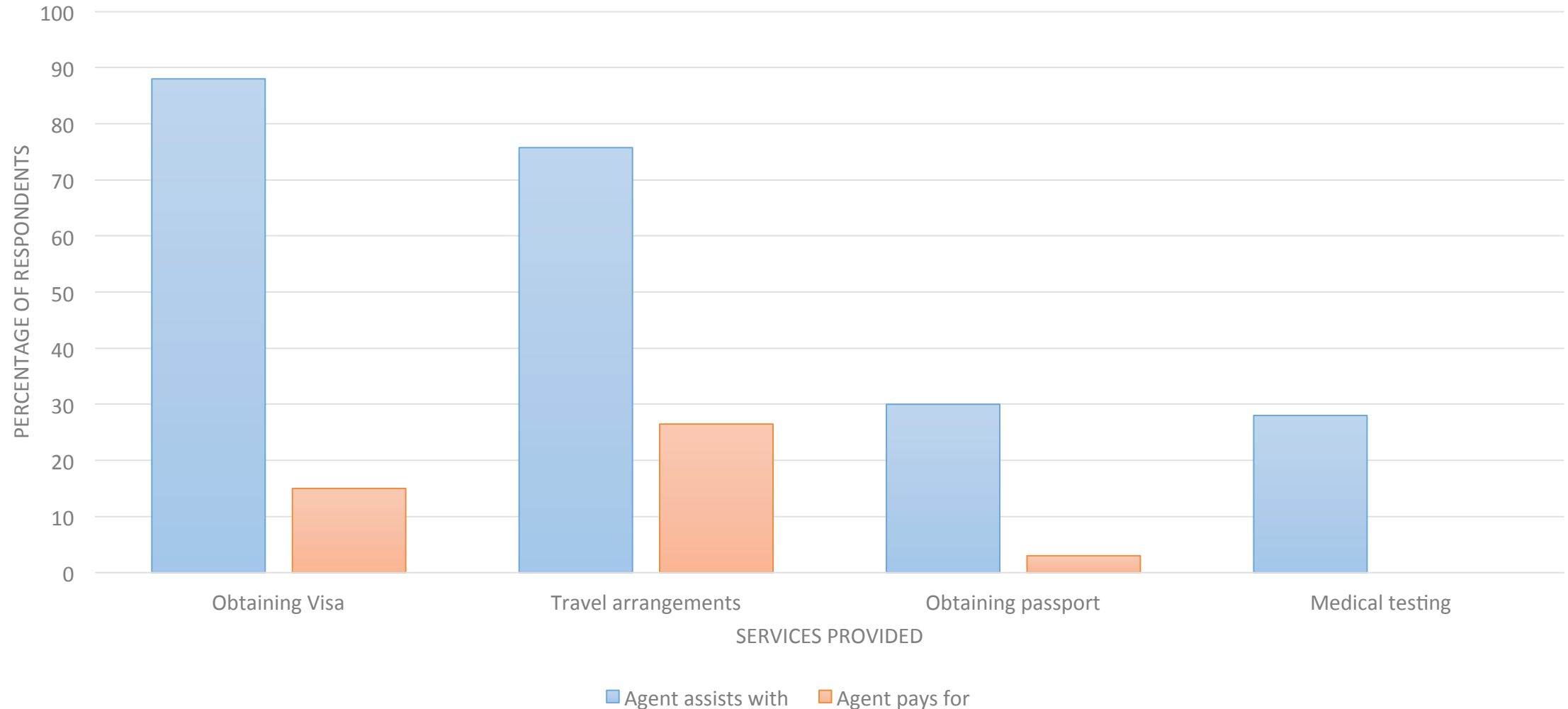
Payment structure of recruitment agent fees

- There are two main payment schemes available to workers
    - 57% of the respondents agreed to a lump sum payment, while 27% pay through regular installments;

- Among the respondents paying by installment, the vast majority (70%) opt for a monthly payment frequency, while 13% prefer to pay every 2-3 months

Training and Assessments

- The first round of skills assessment was conducted in parallel with the first round of follow-up surveys (from September 27 to October 12, 2016).

- The assessment consisted of two main sections: a theoretical examination and a practical test.

- So far, these assessments have only been conducted with workers from the round 1 pool.

- 326 workers were involved. The participants were assessed for skills in carpentry, steel fixing and masonry.

Training and Assessments

- Do trained ultimately do better or have higher productivity in the final places of employment?

- All workers arriving in the UAE are assessed on the skills to measure the impact of the training program.

- Follow-up surveys are conducted in parallel

Assessments in the UAE (Cont'd)

Assessments in the UAE (Cont'd)

Preliminary Results: Impact of training on assessments scores

- We use a simple regression analysis to judge the preliminary impact of the training program on the workers' performance in the assessment. The simple regression equation is as follows:

  - $Assessment\ score\ (as\ a\ percentage\ of\ total\ score) = \alpha + \beta Training + \gamma DateDifference + \in$

- where: α is a constant, $Training$ is a categorical variable that equals 0 if worker is not trained and 1 if the worker is trained, and $DateDifference$ represents the difference in days between date of assessment and date of arrival in the UAE. $\in$ is an error term.

Impact of training on assessments scores

Assessment score (as percentage of total) (Outcome variable)	Coefficient	Standard Error	t-score	P>t
Difference between assessment date and arrival in days	0.0051	0.00015	3.49	0.0
Training category (0-1)	**0.0184**	0.0202	0.91	0.364
Constant	0.0540	0.0545	9.91	0

- These results suggest a positive correlation between the training program and the performance of workers during the assessment, controlling for the duration between the deployment date and the assessment date.
- Receiving training increases the expected assessment score by **1.84%** (which represents a 7-point increase for masons, and a 9-point increase for carpenters and steel fixers)
- This effect is not statistically significant. Similar results are obtained when including controls for workers' occupations.

Training Experiment Conclusions

- We want to assess the impact of a training programming for skilled workers in India who are being recruited to work in construction companies in the UAE.

- The initial results do not give any conclusive evidence of an impact of the training program on the productivity of workers.

- However, these results are preliminary, and more data is forthcoming as we complete the second phase of this study which involves a much larger pool of workers and has had better compliance numbers.

Future activities

- Complete the follow-up surveys for workers It will involve all workers who participated in phase 2 of the study (Treatment and Control).
- Complete the second round of assessments to evaluate the impact of the skills training in India.

Phase II: Pakistan Pilot Project

Phase II : Pakistan Pilot Project

- Building from lessons learnt from Phase I in India to enhance implementation and assessment of methodologies

- Analyze the effects of the pilot skill training program on the outcomes of workers in the UAE (including wages, productivity, subjective well-being) and the average length of their residence in the UAE

- Provide confidence in the mechanisms for the testing and certifying of workers, through the deployment of NOSS frameworks

Pakistan - Stakeholders

- Ministry of Human Resources and Emiratisation (UAE)
- Ministry of Overseas Pakistanis and Human Resource Development (Pakistan)
- 2 Employers (UAE)
- 4 Training Centers (Pakistan)
- Recruitment Agency (Pakistan)
- 3rd Party Assessor
- Scientific Oversight (NYUAD)

Experimental Design
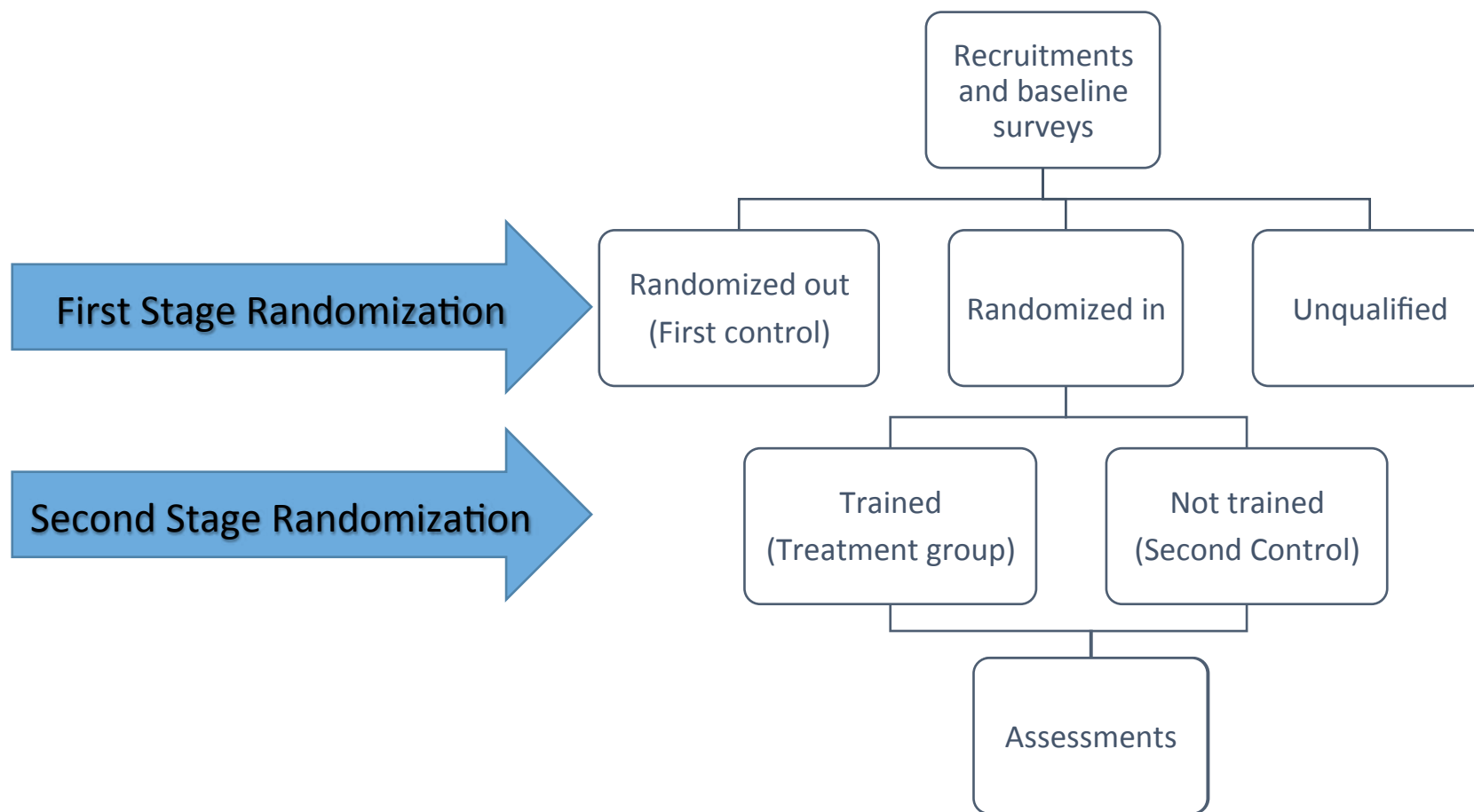
Experimental design

- Treatment group : Workers being trained in Pakistan arriving in the UAE;

- First control group: Workers not getting trained in Pakistan, but arriving in the UAE;

- Second control group: People who do not get training and do not go to the UAE

Lessons from Phase I (India)

- Working with a maximum of two employers in the UAE, in order to enhance project management and enable stronger oversight over the implementation of the project;

- Working with Government-owned and managed recruitment agencies, to ensure that there an alignment of interests between the key stakeholders;

- Working with 3rd party assessors to assess the capacity of training centers, overseeing the development of training manuals and ensuring the compliance of testing services;

- Using employer-applicable NOSSs, to enhance the relevance of the training.

Training and Assessment Centers

- We have identified 4 training centers;
  - 3 in Islamabad
  - 1 in Punjab
- 2 international skills development and assessment companies will act as 3rd party assessor to:
  - Assess the capacity of training centers;
  - Overseeing the development of training manuals;
  - Ensure the compliance of testing services.

Deployment: Workers Incentives

- During the training, the worker will be provided with;
  - Housing
  - Stipend

Goal is to Replicate Questions of Phase I

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- Research on the Skills training and certification project
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- Background information for policy recommendations
- Distribution of gains

       Asia - United Arab Emirates (UAE) Corridor

- Other questions on the impact of migration on migrants.

The END

- THANKS!!!!