

The Effects of Minimum Wage on Training*

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Abstract

This study examines the effects of minimum wage on skill formation associated with on-the-job training and self-development by using micro data on Japanese female workers. The estimation results show that a 1% increase in minimum wage causes a 2.5% decline in formal training among female workers who have no college education and are under 50 years of age. These results support the economic theory that minimum wage increases reduce on-the-job training. The study also shows that a 1% increase in minimum wage causes a 3.6% decline in self-development activities at the same time when formal training is decreasing among this group. This result suggests that there is no evidence of workers increasing their self-learning activities to compensate for decreasing skill formation opportunities at their workplace.

Key Words: minimum wage, training, Japan

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URL: <https://sites.google.com/site/hiromihara3/wp>

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