

- If the training costs \$5,000, her firm will offer the choice
  - Pay for the general training herself
  - Accept a wage rate this period of \$25,000

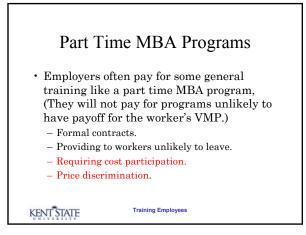
## Part Time MBA Programs

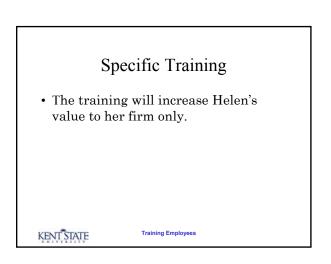
• Employers often pay for some general training like a part time MBA program, (They will not pay for programs unlikely to have payoff for the worker's VMP.)

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## Specific Training

- The training will increase Helen's value to her firm only.
  - -In theory, the firm should offer to pay for all of it and not give her any extra pay, but she has no incentive then to get the training.

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# Specific Training The training will increase Helen's value to her firm only. The usual deal is that Helen Jones pays for part of the training and her firm pays for the rest. If she invests, say \$100, perhaps with her own time, she will expect compensation in the future with a discounted present value exceeding \$100.

## Turnover and Training

- Employee turnover is a factor.
- The firm must make a calculation of the likelihood of the worker remaining with the firm.

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## Turnover and Training

- Employee turnover is a factor.
- The firm must make a calculation of the likelihood of the worker remaining with the firm.
- The lower the employee turnover, the more attractive is investment in employees.

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