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Labour market transitions of young women and men in the Republic of Moldova

Results of the 2013 and 2015 school-to-work transition surveys

Vladimir Ganta and
Leyla Shamchiyeva

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Youth Employment Programme
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Preface

Youth is a crucial time of life when young people start realizing their aspirations, assuming their economic independence and finding their place in society. The global jobs crisis has exacerbated the vulnerability of young people in terms of: (i) higher unemployment, (ii) lower quality jobs for those who find work, (iii) greater labour market inequalities among different groups of young people, (iv) longer and more insecure school-to-work transitions, and (v) increased detachment from the labour market.

In June 2012, the International Labour Conference of the ILO resolved to take urgent action to tackle the unprecedented youth employment crisis through a multi-pronged approach geared towards pro-employment growth and decent job creation. The resolution "The youth employment crisis: A call for action" contains a set of conclusions that constitute a blueprint for shaping national strategies for youth employment.[1] It calls for increased coherence of policies and action on youth employment across the multilateral system. In parallel, the UN Secretary-General highlighted youth as one of the five generational imperatives to be addressed through the mobilization of all the human, financial and political resources available to the United Nations (UN). As part of this agenda, the UN has developed a System-wide Action Plan on Youth, with youth employment as one of the main priorities, to strengthen youth programmes across the UN system.

The ILO supports governments and social partners in designing and implementing integrated employment policy responses. As part of this work, the ILO seeks to enhance the capacity of national and local level institutions to undertake evidence-based analysis that feeds social dialogue and the policy-making process. To assist member States in building a knowledge base on youth employment, the ILO has designed the "school-to-work transition survey" (SWTS). The current report, which presents the results of the surveys implemented in 2013 and 2015 in the Republic of Moldova, is a product of a partnership between the ILO and The MasterCard Foundation. The "Work4Youth" Project entails collaboration with statistical partners and policy-makers of 34 low- and middle-income countries to undertake the SWTS and assist governments and the social partners in the use of the data for effective policy design and implementation.

It is not an easy time to be a young person in the labour market today. The hope is that, with leadership from the UN system, with the commitment of governments, trade unions and employers' organizations and through the active participation of donors such as The MasterCard Foundation, the international community can provide the effective assistance needed to help young women and men make a good start in the world of work. If we can get this right, it will positively affect young people's professional and personal success in all future stages of life.

Azita Berar Awad
Director
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[1] The full text of the 2012 resolution "The youth employment crisis: A call for action" can be found on the ILO website at: http://www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_185950/lang--en/index.htm.

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1. Introduction and main findings

1.1 Overview

Youth is a critical period in most people's lives. During this time, people formulate their aspirations and life goals, seek and find their own roles and responsibilities in society and move towards economic independence. The transition from youth to adulthood is transformational. Young people are called upon to make important decisions and choices – in social, psychological and economic terms – that determine the course of their lives.

The quality of life for youth is largely determined by how successfully they manage their transition from school to work. A failure to obtain a decent job after school can have a serious and lasting impact on a young person's professional capacities and skills, as well as on their income. Any time spent in unemployment, underemployment or inactivity at this stage can have a "scarring" effect on a young person's life (ILO, 2012a). In contrast, a positive start in the labour market can have a beneficial impact on a young individual's professional and personal success in the later stages of life.

To characterize the specific youth employment challenges and to support the policy-makers in designing adequate instruments to support the transition of young people into employment, the ILO has developed the school-to-work transition survey (SWTS), a household survey of young people aged 15–29. The SWTS can serve as a principal tool for monitoring the impact of policies and programmes outlined in the national employment policy and other instruments. It was implemented in 2013 and again in 2015 in the Republic of Moldova by the National Bureau of Statistics (NBS).

The indicators generated from the survey and analysed in this report aim to present a much more detailed picture of youth in the labour market than can usually be derived through standard surveys, including the labour force survey (LFS). Unemployment rates among youth in Moldova are low, but the low numbers are more likely to reflect inefficiencies in the local labour market than an abundance of employment opportunities for youth. If young labour migrants were to return to Moldova and search for jobs in the country, the youth unemployment rate would increase dramatically. Although this is a hypothetical scenario, such a situation may well materialize during periods of economic downturn in host countries, as labour migrants in low-skilled occupations with precarious contracts are often the first workers to lose their jobs. From the perspective of policy development, labour migrants may be regarded as active jobseekers that consider the local labour market unattractive.

The analysis in this report concentrates on the situation of young Moldovans in the national market. It will emphasize aspects of the quality of employment made available to young labour market entrants, bearing in mind that a shortage of suitable employment opportunities, coupled with unattractive wages, is a strong disincentive for youth to search for work in the country. The report also draws attention to the path and duration that young people's transition from school to work takes and draws conclusions on characteristics or experiences that facilitate a smoother transition.

1.2 Structure of the report

This report is structured in seven sections. Section 2 sets out the socio-economic and labour market context in the country, using information from the national labour force survey and introduces the objectives and the methodology of the survey process. Section 3 begins the presentation of the SWTS 2015 results with details on the characteristics of the surveyed youth, their households and educational attainment. Some comparisons with the 2013 data are made, where relevant. Section 4 examines the characteristics of youth who are either unemployed or outside the labour market, while section 5 concentrates on the characteristics of working youth with a particular focus on the quality aspects of employment. Section 6 introduces the classification of stages of labour market transition and investigates the characteristics that lead to more advantageous labour market outcomes, especially in the attainment of stable employment. The section also discusses the length of time that young men and women spend in transition and traces the various labour market experiences they have along the way. Finally, section 7 sets out the national framework guiding youth employment in Moldova and presents the policy implications that have been drawn from the analyses of the survey. Policy implications are also highlighted throughout the text in relation to specific findings.

1.3 Main findings

The emigration pattern of young men and women has a clear impact on the country's labour market, resulting in low labour force participation rates, dependence on remittances and high reservation wages.

Moldovan youth have a tendency to migrate in search of jobs since the local labour market has few attractive employment opportunities to offer. The country's economy is too small to fully utilize young people's potential and the rate of labour underutilization is high. On average, 23 per cent of the total population lived outside their country of origin. Temporary emigrants are generally men, who often work in precarious conditions, primarily as manual labourers in Russia and other countries of the Commonwealth of Independent States (CIS). Permanent emigrants, on the other hand, are mainly women leaving the country to settle in the European Union (EU). Labour migration generates significant inflows of remittances, reducing poverty and stimulating the local economy. However, outward migration also depletes the local labour force, arresting the economic growth potential of the country.

Another dimension of the effect of migration on the labour market is that it stimulates economic inactivity among the remittance receivers. The families of migrants living off the money sent from abroad often choose not to work, rather than to work on badly paid jobs. Remittances, therefore, drive up the reservation wage, also referred to as the lowest acceptable wage.

Very few young Moldovans are economically active, which makes inactivity a bigger concern than unemployment, affecting 59.6 per cent of youth.

The distribution of youth aged 15–29 by main economic activity shows that 59.6 per cent are inactive, primarily due to continuing educational attendance, approximately one-third (33.3 per cent) are employed and 7 per cent are unemployed. Females are less active in the labour market and are less likely than men to face unemployment, meaning that women who have difficulty in finding a job that meets their basic requirements stay out of the labour market rather than being unemployed.

Compared to the 2013 results, the inactivity rate of youth has declined by 4.5 percentage points. However, this reduction is mainly attributable to an increased share of the unemployed in total youth population, which grew from 5.2 per cent in 2013 to 7 per cent in 2015. The increased unemployment share was driven primarily by the increase of unemployment among young women. The female unemployment-to-population ratio nearly doubled from 2.9 per cent in 2013 to 5.1 per cent in 2015, while the share of employed women remained largely stagnant at around 28.5 per cent.

Overall, compared to 2013, youth in 2015 are more active in the labour market, with a higher incidence of both employment and unemployment. In both years, the main cause of inactivity among young people is ongoing education (63.5 per cent in 2015), followed by 20.5 per cent – almost exclusively women – who cited family responsibilities or housework. Young women generally exhibit higher inactivity rates than young men and comprise 69.2 per cent of all inactive youth. Policies and initiatives that directly target young women, offering flexible working hours and childcare facilities could potentially boost activity rates among young women, many of whom are highly educated. The most popular academic disciplines among current students are general programmes, social sciences, business and law, and about 56 per cent of them would like to work as professionals in the future.

Over one-quarter of youth in Moldova in 2015 are neither employed, nor in education or training (28.9 per cent). Also known as NEETs, these young people are either inactive non-students (76.9 per cent of NEETs) or unemployed non-students (23.1 per cent). These young people are likely to experience a loss of their human capital (accumulated during education), with negative consequences and substantial costs both for the individuals and for society in general.

The share of unemployed in the total youth population in Moldova is low, at 7 per cent.

Even though this share constitutes an increase over the period, from 5.2 per cent in 2013, it is still lower that the average 8.4 per cent among other countries in the region where the SWTS was implemented (Elder et al., 2015). The unemployment rate, calculated as the share of unemployed in the labour force, is 17.4 per cent. This is also low for the region.

The data reveal that a substantial number of young unemployed people are selective when it comes to their expectations for the type of job they want in terms of wage, and relevance to their interest or qualifications, with nearly two-fifths (40.9 per cent) reporting that they have previously refused a job offer. Young people looking for a job have relatively high reservation wages (the lowest wage at which they will accept a job offer) compared to the salaries of the currently employed youth. The primary obstacles to finding a job identified by the unemployed youth were poor working conditions, a lack of prior work experience and the shortage of vacancies on the labour market. Youth generally use informal channels to look for work, predominantly inquiring directly at factories or company workplaces or asking friends and family, and only 2.4 per cent have registered at an employment centre.

Moldova boasts an educated labour force, but not all educated youth find work that matches their level of qualifications; 29.1 per cent of young workers are overeducated for the jobs they do.

The largest share of youth have attained secondary level education (59.8 per cent of youth with completed education), one-third of them having attained vocational education. A substantial 29.6 per cent of youth have completed tertiary education, with young women more likely than young men to acquire a university degree (33.8 per cent compared to 25.3 per cent of men). It is clear that youth in the country continue to value a high level of education, as do

employers. The higher share of the employment among youth with tertiary or vocational education compared to secondary education or a lower level, confirms that investing in education still has value when it comes to finding work.

With such abundance of highly educated labour force, employers tend to give preference to hiring tertiary education graduates even for positions for which they are overqualified. In total, 29.1 per cent of young workers in Moldova is overeducated for the jobs they do.

Only one-third of young Moldovans is working, primarily in wage employment.

The employment rate of youth is 33.3 per cent, most of whom are salaried workers, i.e. employees (83.2 per cent). Fewer young people are own-account workers (12.1 per cent) or contributing family workers (4.7 per cent) and none are employers. More than three-fifths (61.7 per cent) of all young employees work in services, 19.2 per cent in industry and 19.1 per cent in agriculture. There is an evident gender bias in the choice of occupations. Young females tend to dominate in education, health, social work and financial activities, while young males are in the majority in agriculture, manufacturing, trade and construction. This occupational structure partially reflects the educational attainment of youth, as a higher share of men have completed secondary school or vocational education than young women, whereas the share of university graduates is higher among women. Other core statistics relating to employment are:

- Young women and men in wage employment enjoy high levels of access to benefits, including pensions, medical insurance, social security contributions, paid parental, annual and sick leave, etc., and are therefore classified as being in formal employment. The average wage of the salaried worker is 2,771 Moldovan Leu (MLD) – equivalent to almost 70 per cent of the average net wage in the economy in 2014. Young female workers receive, on average, lower wages than their male peers.

- Only 12.1 per cent of young workers are self-employed in 2015, a significant reduction from 18 per cent in 2013. After inability to find salaried work (cited by 43.3 per cent of self-employed youth), the second most common reason for self-employment in rural areas is family expectations (35.5 per cent). Urban youth, on the contrary, tend to favour self-employment for the flexibility of working hours, higher income and independence that it offers.

- With low levels of irregular employment (contract duration less than 12 months or self-employment) and a moderate level of informality (23 per cent of employed youth, representing a reduction of 5.5 percentage points between 2013 and 2015), it is not surprising that 92.9 per cent of Moldovan youth express satisfaction with their employment situation. Nonetheless, given the low wages and the non-negligible incidence of qualifications mismatch associated with many of the available jobs, claiming job satisfaction may be viewed as a consequence of young people adapting to the reality of a situation where few "good" jobs exist within the country's borders.

Gender gaps are found in labour market access and quality of employment.

Evidence of a gender gap emerges consistently throughout the analysis of youth's social and economic status in Moldova. Young women have higher levels of education than men, yet are more likely to remain outside the labour market. In fact, only 33.6 per cent of young women are economically active, compared to 46.9 per cent of men. Once employed, young women tend to be paid less than men in the same occupations. There is evidently a gender bias

in terms of occupations favoured by young women and men. The men are found mainly in agriculture, manufacturing and trade, while young women are more concentrated in education, health and social work – jobs that may require higher levels of education but are poorly remunerated. Given the high reported reservation wages among unemployed women, it is unsurprising that most end up preferring inactivity in an environment where jobs for women are few and poorly paid.

Successful labour market transitions are conditional on levels of educational attainment and area of residence.

Young people in a stable job, a satisfactory temporary job or self-employment make up 28 per cent of the total youth population and are classified as having completed their transition. The largest share of the youth population have not yet started their transition into the labour market (38.8 per cent), which corresponds to the total of the inactive students and inactive youth who have no intention to work in the future. Nearly one-third (32.8 per cent) are presently in transition, meaning that they are either active students, unemployed, in non-satisfactory unstable or self-employment, or currently inactive but with plans to work in the future.

Young men are more likely to have transited (31 per cent) than young women (25 per cent), while more women are in transition (36 per cent compared to 29.6 per cent of men). Youth with tertiary education tend to have completed their transition (63 per cent of youth in this category), while youth with secondary education are likely to remain in transition (61 per cent).

The school-to-work transition is efficient for most youth in terms of duration.

The SWTS results show that it took a young person, on average, 8.6 months from the time of graduation to attain a first job that was deemed to be either stable or satisfactory. If those youth who moved directly to their first transited job (as their first labour market experience after graduation) are removed from the equation, the average length jumps slightly but remains less than one year at 11.9 months. In comparison to other countries in the region, the transition period can be considered short, in part reflecting the lower unemployment rates and also the marked tendency for female youth to remain outside the labour market. For the young women who do remain active, however, their labour market transitions are longer than those of young men (9.6 months compared to 7.4 months to first transited job).

Some youth continue their pathway through the labour market even after attaining a first stable job – perhaps they are dismissed from the job or leave to have children or for other reasons. In Moldova, it took a young person an average of 34.4 months to complete the transition from school to current transited job (30.6 months for young men and 39.3 months for young women). Excluding those who move directly to the current transited job causes the transition duration to rise to as long as 38 months. The significant gap in lengths between the attainment of a first stable job and the current job shows that there is a tendency for young people to move between jobs and between labour market activities (into and out of the labour market). In other words, there seems to be a degree of fluidity in the labour market, with young people not remaining in the same category for long periods of time. The economic and social costs of such movements can be a hindrance to productivity growth in the country.

Youth in rural areas face additional hurdles in the search for quality employment.

A majority of the youth population in Moldova reside in rural areas (55.9 per cent). Nonetheless, the urban labour market boasts comparatively more favourable conditions for

youth, with more young people enjoying regular employment (38.2 per cent in comparison to 16.3 per cent of rural youth) and lower rates of labour underutilization (29.6 per cent compared to 42.4 per cent of rural youth). Likewise, urban youth are more likely to have completed their transition (35.6 per cent of the urban youth population) compared to rural youth (22.1 per cent). Nearly 43.1 per cent of rural youth have not yet started their transition compared to 33.5 per cent of rural youth. Informality affects as many as 41 per cent of rural young workers, compared to only 8.1 per cent of youth working in urban areas.

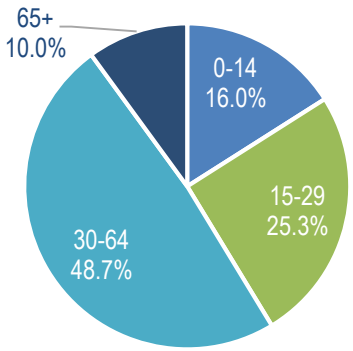
2. Overview of the labour market and survey methodology

2.1 The socio-economic context

The Republic of Moldova,[2] a landlocked country, formerly part of the Soviet Union situated at the eastern border of the European Union, became an independent state in 1991. The population of the country is estimated by the NBS to be around 3.6 million people in 2015, mainly rural (57.6 per cent), with just over 1.5 million people residing in urban areas.[3] Moldova's population has been steadily declining since 2000 at an average annual rate of 0.2 per cent (World Bank Databank). This decline can mainly be attributed to outward migration, with more people leaving than coming into the country.

Young people aged 15–29 represent about one-quarter of the population (25.3 per cent, figure 2.1). There has been a clear trend towards ageing of the population; the share of Moldova's population under the age of 15 has decreased from 23.7 per cent in 2000 to 16.0 per cent in 2014. Over the next decade, Moldova's labour force is expected to shrink significantly due to the continuing contraction of the working-age population coupled with sustained waves of outward migration.

Figure 2.1 Distribution of resident population by age groups, 2014



Source: NBS.

[2] This report analyses youth in the territory of the Republic of Moldova, excluding the Transdnistria region (which represents 10 per cent of the country's surface area). Moldova relinquished control over the territory following the conflict between Moldova and the Russian Federation in 1992.

[3] Available at http://statbank.statistica.md.

The dissolution of the Soviet Union left Moldova in a difficult political and socio-economic situation and led to an outflow of Moldovans searching for better economic opportunities elsewhere. In 2015, over 888,000 Moldovan citizens – or 23 per cent of the total population – lived outside their country of origin.[4] However, most emigration is temporary in nature and only 14 per cent of migrants, on average, tend to relocate permanently (IOM, 2008). Temporary emigrants are generally men, who often work in precarious conditions, primarily as manual labourers in Russia and other countries of the CIS. Permanent emigrants, on the other hand, are mainly women leaving the country to settle in the European Union (EU).

The largest share of Moldovan migrants resides in the Russian Federation (33.1 per cent), while Italy is the primary host in Western Europe (18.8 per cent of all Moldovan migrants). This preference is partially dictated by cultural and linguistic ties, as most Moldovans speak Romanian and/or Russian. Labour migration generates significant inflows of remittances, reducing poverty and stimulating the local economy. Remittances make up a substantial part of Moldova's economy, estimated at 23.4 per cent of GDP in 2015 (table 2.1). However, such migration also greatly decreases the local labour force, with significant consequences for the economic potential of the country.

Table 2.1 Population and key economic indicators

	2007	2009	2011	2013	2015
Population	3 581 110	3 567 512	3 560 430	3 559 497	3 555 159
National accounts					
GDP per capita (US$)	1 230.40	1 525.50	1 970.60	2 244.00	1 843.20
Real GDP growth	3.1	-6.0	6.4	9.4	-0.5
Gross domestic savings (% GDP)	-11.6	-13.5	-16.7	-12.6	-7.7
Remittances recieved (% GDP)	33.9	22.0	25.8	27.4	23.4
Consumer price index (CPI)	82.6	93.2	107.6	117.8	135.8
Poverty headcount ratio at national poverty line (% of population)	25.8	26.3	17.5	12.7	11.4*
Economic sectors by value added to GDP (%)					
Agriculture	12.0	10.1	14.8	14.8	13.8
Industry	17.1	15.8	16.8	17.1	17.9
Services	70.8	74.1	68.4	68.1	68.2

Note: * The figure for poverty headcount ratio is for 2014.

Source: NBS and World Development Indicators, World Bank Databank.

The small size of the country's economy and its dependence on external demand, remittances and agriculture make it highly vulnerable to external political and economic shocks and to the effects of climate change. The per capita GDP showed an increasing trend until 2015, at which point a recession set in due to losses in agriculture due to severe weather conditions, the repercussions of a large-scale bank fraud and tight monetary policy. The economy remains at the lower end of the spectrum for lower middle-income countries (US$1,046 to $4,125) according to the World Bank income classification.[5]

[4] United Nations, Department of Economic and Social Affairs (2015): *Trends in international migrant stock: Migrants by destination and origin* (United Nations database, POP/DB/MIG/Stock/Rev.2015).

[5] See http://data.worldbank.org/about/country-and-lending-groups.

The largest shares of national output are contributed by services, manufacturing – mainly food processing and machinery – and agriculture (NBS). Agriculture contributes 13.8 per cent to the national GDP, while employing a disproportionately large share of the working-age population (31.7 per cent). In spite of its importance to the country's economy, the sector is characterized by low productivity. Modernizing the sector and boosting productivity is therefore a clear national priority, also in relation to its poverty-reduction potential. The share of the country's population living in poverty has registered an impressive decline, from 25.8 per cent in 2007 to 11.4 per cent in 2014, although it is likely that the poverty ratio will creep up in 2015 as a result of lower remittances and higher inflation.

2.2 The labour market in Moldova

Table 2.2 provides some labour market indicators for the population over 15 years of age[6] in Moldova for the years 2007, 2011 and 2015. There has been a minor decline in both the labour force participation rate (from 44.8 per cent in 2007 to 42.4 per cent in 2015) and the employment-to-population ratio (from 42.5 per cent in 2007 to 40.3 per cent in 2015). The unemployment rate also fell from 5.1 per cent in 2007 to 4.9 per cent in 2015, reflecting in part the general decline in labour force participation.

Table 2.2 Selected labour market indicators, by area of residence, 2007, 2011 and 2015 (%)

Indicators		2007	2011	2015
Labour force participation rate	Total	44.8	42.3	42.4
	Urban	47.1	48.0	44.9
	Rural	43.1	38.0	40.4
	Male	47.8	45.6	45.1
	Female	42.2	39.3	39.9
Employment-to-population ratio	Total	42.5	39.4	40.3
	Urban	43.8	44.1	42.0
	Rural	41.6	36.0	38.9
	Male	44.8	42.1	42.3
	Female	40.5	37.1	38.4
Unemployment rate	Total	5.1	6.7	4.9
	Urban	6.9	8.2	6.4
	Rural	3.6	5.2	3.5
	Male	6.3	7.7	6.2
	Female	3.9	5.6	3.6
Agriculture (as % of total employment)	Total	32.8	27.5	31.7
Industry (as % of total employment)	Total	18.7	18.7	17.8
Services (as % of total employment)	Total	48.5	53.7	50.5
Informal employment (as % of total employment)	Total	33.6	30.7	34.8

Note: – = Data not yet available. The indicators cover the working-age population (15+).

Source: NBS.

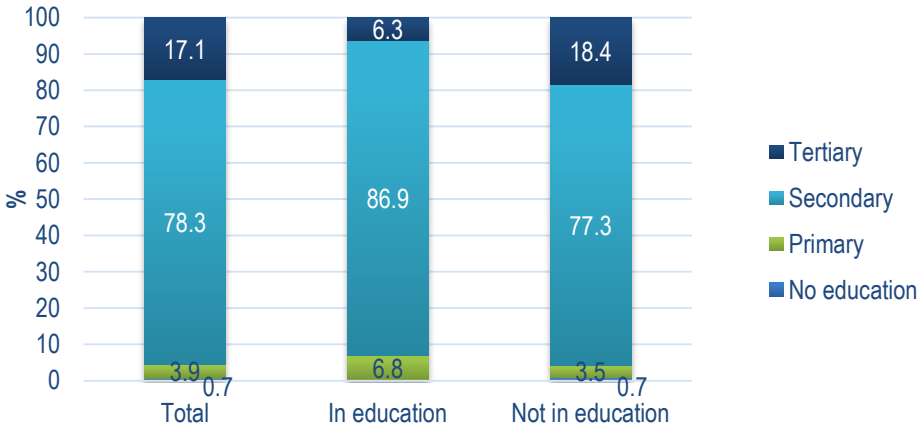
[6] Moldova's labour force survey considers the population above the age of 15 to be of working age.

The share of workers in the services sector gradually increased by 5 percentage points between 2007 and 2011 before decreasing slightly to 50.5 per cent. The share working in agriculture increased between 2011 and 2015 while the share in industry decreased slightly. While the share of workers in informal employment decreased over the five-year period, it has increased more recently to reach 34.8 per cent of the working population in 2015.

The national figures hide significant differences between the sexes and between urban and rural areas. For example, women have a higher tendency to be inactive, with their labour force participation rates lagging behind men's by over 5 percentage points, on average. Likewise, the employment-to-population ratio for women, at 38.4 per cent, is lower than men's, at 42.3 per cent, while the unemployment rate is 3.6 per cent for women and 6.2 per cent for men. Rural labour force participation rates (40.4 per cent) are lower than urban ones (44.9 per cent), showing a decline from 43.1 per cent and 47.1 per cent in 2007, respectively. Consequently, both employment and unemployment rates in rural areas are lagging behind those in urban areas, indicating the shortage of employment opportunities in rural areas.

Moldova boasts a highly educated population. According to the LFS, 18.4 per cent of persons over 15 years of age who are not attending school have completed tertiary education, 77.3 per cent have finished secondary school and 3.5 per cent have only primary education (figure 2.2). Only a small proportion of the population (0.7 per cent) has no education at all. A majority of current students aged 15 and over are continuing their education beyond secondary school (86.9 per cent), and 6.3 per cent are pursuing education at the tertiary level.

Figure 2.2 Educational attainment of working-age population (15+), 2013



Source: NBS, LFS.

There is a strong positive correlation between the level of educational attainment and success within the labour market. The majority of university graduates (57.0 per cent) and 38.6 per cent of secondary school graduates in Moldova have jobs, as opposed to just 5.2 per cent of persons with primary level education or lower (table 2.3). Almost all of those with primary level education or less than primary are economically inactive. Overall, the generally low levels of economic activity, even among the better-educated Moldovans, are a cause for concern. Women in Moldova are generally more likely to be economically inactive than men.

The largest proportion of the working-age population in Moldova is inactive (67.6 per cent in 2015). The main reasons for inactivity are reported to be disability or retirement (45.3 per cent, but the proportion is higher among women at 50.8 per cent) and ongoing education (19.6 per cent, with a higher share among men at 24.2 per cent) (table 2.4). Females are more

likely to stay out of the labour force due to family responsibilities (23.6 per cent of women in comparison to 1.3 per cent of men), while men are more likely than women to work abroad (22.7 per cent and 7.3, respectively).

Table 2.3 Distribution of working-age population (15+) by education and labour force status, 2015 (%)

Level of educational attainment	Inactive	Employed	Unemployed	Total
Total				
Total	57.6	40.3	2.1	100
Primary or less	94.6	5.2	0.2	100
Secondary	59.3	38.6	2.0	100
Tertiary	40.1	57.0	2.9	100
Male				
Total	54.9	42.3	2.8	100
Primary or less	92.3	7.3	0.3	100
Secondary	56.6	40.7	2.7	100
Tertiary	35.6	60.5	4.0	100
Female				
Total	60.1	38.4	1.4	100
Primary or less	96.3	3.6	0.1	100
Secondary	62.0	36.6	1.4	100
Tertiary	43.3	54.5	2.1	100

Source: NBS, LFS.

Table 2.4 Inactive population (15+) by main reason for inactivity, 2015 (%)

Reason	Total	Male	Female	Urban	Rural
Total	100	100	100	100	100
In school or training	19.6	24.2	15.7	18.9	20.3
Family responsibilities	13.7	1.3	23.6	15.1	12.5
Sickness	3.1	2.9	1.5	2.0	3.9
Disability, retired, too young to work.	45.3	45.7	50.8	48.8	42.4
Don't want to work	0.5	0.9	0.5	0.7	0.4
Working abroad	12.4	22.7	7.3	13.2	11.8
Off-season in agriculture	5.0	1.8	0.4	0.9	8.4
Other reason	0.4	0.6	0.2	0.3	0.4

Source: NBS, LFS.

With high levels of educational attainment and the relatively low cost of labour, Moldova's labour force could potentially be a powerful driver of economic growth in the country. However, Moldova's economy is currently unable to generate a sufficient number of productive jobs to put its valuable labour resources to good use. As is evident from the low labour force participation rates, the country's labour force potential either remains largely underutilized or contributes to other countries' economic development: according to the NBS in 2015 12.9 per cent of Moldovans work abroad or are currently looking for work abroad

(table 2.5).[7] The share of men in this category is double that of women (16.5 and 9.1 per cent, respectively). The majority of current or potential migrants are secondary school graduates.

Table 2.5 Share of working-age population (15+) working or looking for work abroad by level of education, 2015 (%)

Level of educational attainment	Total	Male	Female
Primary	0.0	0.0	0.0
Secondary	11.1	14.6	7.7
Tertiary	1.7	1.9	1.5
Total population 15+	12.9	16.5	9.1

Source: NBS, LFS.

Labour migrants are vulnerable to macroeconomic shocks and changes in legal norms and regulations on migration in host countries. Moldovan citizens currently enjoy visa-free travel to Russia and CIS countries, as well as to EU countries from 2014. In addition, many Moldovans have the right to claim Romanian citizenship, thereby gaining permission to work legally in the EU.[8] Labour migrants in Russia, on the other hand, face greater risks, both in terms of exposure to labour rights abuses and vulnerability to expulsion. Increasingly sensitive to the European integration of its western neighbours, Russia has, in the past, been known to threaten Moldova with introducing a visa regime, which would jeopardize the position of a substantial Moldovan population in the country.

In addition, falling oil prices and the sanctions imposed by the United States and the EU are taking a toll on the Russian economy. This could potentially affect the inflow of remittances from Russia – which accounted for 58.4 per cent of total remittances in 2011[9] – or trigger a wave of return migration, thus delivering a double blow to Moldova's economy and labour market. In fact, the inflow of remittances from Russia decreased by as much as 44 per cent between 2014 and 2015. The families of migrants who are dependent on the money sent from abroad often choose not to work, rather than accepting employment in badly paid jobs. As such, remittances drive up the reservation wage, also referred to as the lowest acceptable wage, inadvertently cultivating economic inactivity. Remittances, therefore, become the sole source of income for many migrants' families, leaving them in a vulnerable position with few other safety nets on which to rely.

2.3 Survey objectives and methodology

The SWTS offers important additional information over traditional labour force surveys. First, it provides a rare opportunity to produce indicators on labour market transitions through the inclusion of questions on the history of young respondents' economic activity. To date, the occasional labour force surveys carried out have not permitted detailed information on pathways in and out of the labour market to be compiled. The second value-added factor

[7] This figure is somewhat lower than that estimated by the Migration Policy Centre, which suggests that, based on the statistics of the migration destination countries, in 2012 there were between 390,280 and 615,171 Moldovan migrants residing abroad. For further information, see MPC (2013).

[8] About 20 per cent of Moldovan labour migrants aged 15–29 years old work in the EU Member States, according to the results of the NBS Labour Migration Survey, 2012. The majority – about 64 per cent – work in the Russian Federation.

[9] For more information on the role of remittances in Moldova's economy, see Stratan et al. (2013).

offered by the survey initiative is the application of normative indicators relating to the concept of decent work. The analytical framework adopted by the ILO, and followed here, asserts that the attainment of stable or satisfactory employment is the end goal for a majority of young people in developing economies. The stages of transition applied to the SWTS results are therefore based on various combinations of the two variables – stability and satisfaction.

The SWTS is a household survey of young people aged 15 to 29 years old.[10] In Moldova, the survey was implemented by the NBS with the fieldwork of both rounds carried out in March (2013 and 2015). The SWTS, like the LFS, allows for calculation of indicators following the international standards defining the economically active population. The survey was introduced as part of the "Work4Youth" partnership between the ILO and The MasterCard Foundation, which aims to strengthen the production of labour market information specific to youth and to work with policy-makers on the interpretation of data. The partnership has supported the SWTS in 34 target countries over the period 2012–16 (see Box 1).[11]

The standard SWTS questionnaire was adapted to the Moldovan country context following a consultative process between the ILO and the NBS. Depending on the labour status established in the LFS questionnaire, respondents had to answer questions from one of three SWTS questionnaires – for employed, unemployed and inactive youth. Responses from 1,158 persons in 2013 and 1,189 persons in 2015 aged 15 to 29 years old who were residing in Moldova were collected during field activities.

Box 1. Work4Youth: An ILO project in partnership with The MasterCard Foundation

The Work4Youth (W4Y) project is a partnership between the ILO Youth Employment Programme and The MasterCard Foundation. The project has a budget of US$14.6 million and will run for five years to mid-2016. Its aim is to "promote decent work opportunities for young men and women through knowledge and action". The immediate objective of the partnership is to produce more and better labour market information specific to youth in developing countries, focusing in particular on transition paths to the labour market.

Work4Youth target countries:

Asia and the Pacific: Bangladesh,* Cambodia, Nepal, Samoa,* Viet Nam*

Eastern Europe and Central Asia: Armenia, Kyrgyzstan,* the former Yugoslav Republic of Macedonia, Montenegro,** the Republic of Moldova, Russian Federation, Serbia,** Ukraine

Latin America and the Caribbean: Brazil,* Colombia,* Dominican Republic,** El Salvador, Jamaica, Peru*

Middle East and North Africa: Egypt, Jordan, Lebanon,** Occupied Palestinian Territory, Tunisia*

Sub-Saharan Africa: Benin, Liberia, Madagascar, Malawi, the Republic of Congo,** Sierra Leone,** the United Republic of Tanzania,* Togo, Uganda, Zambia

* One round only in 2012–13; ** One round only in 2014–16.

[10] While, in most other contexts, a young person is defined as a person aged 15 to 24 years old, for the purposes of the SWTS the upper age bound is extended to 29 years old. This is done in recognition of the fact that some young people remain in education beyond the age of 24 and in the hope of capturing more information on the post-graduation employment experiences of young people.

[11] Micro-data files and national reports of the 34 countries covered by the ILO Work4Youth (W4Y) project are available on www.ilo.org/w4y.

3. Characteristics of youth in the survey sample

This section presents the survey findings on the individual characteristics of the youth under consideration, their educational attainment, current activity status and aspirations and life goals, as well as the distribution of youth population by main activity status (employed, unemployed or outside the labour market). Unless otherwise stated, the tables and figures in the text show results from the 2015 SWTS. Complementary tables from the 2013 SWTS can be found in Annex I.

3.1 Individual characteristics of youth

According to the survey findings, the total number of youth, defined as the population aged 15 to 29 living within the national boundaries of Moldova, in 2015 is 749,533.[12] Compared to the 2013 results, the number of young people has increased by 6.1 per cent from 706,434. The distribution of youth by age group has shifted slightly in favour of the older cohort (25–29 year-olds). In 2015, 38.6 per cent of the sampled youth fall within the 25–29-year-old category, 32.7 per cent within the 20–24-year-old group and 28.7 per cent within the 15–19-year-old bracket (table 3.1). In contrast, in the 2013 sample, 36.6 per cent of youth were aged 25–29, 32.8 per cent were aged 20–24 and 30.6 per cent were 15–19 year-olds (Annex I, table A.1). The "ageing" of the youth population reflects the effects of the baby boom in the mid-1980s, when the number of live births amounted to almost 95,000 per year, followed by a fall in live births to under 40,000 per year during the period of transition from the Soviet Union in the 1990s.

Table 3.1 Distribution of the youth population by age group, location, marital status and level of educational attainment

Characteristics		Total		Male		Female	
		Number	%	Number	%	Number	%
Age group	15–19	215 364	28.7	112 332	29.6	103 031	27.8
	20–24	245 123	32.7	126 347	33.3	118 776	32.1
	25–29	289 047	38.6	140 719	37.1	148 328	40.1
Area of residence	Rural	418 826	55.9	221 852	58.5	196 973	53.2
	Urban	330 708	44.1	157 546	41.5	173 162	46.8
Marital status	Single/never married	517 883	69.1	301 968	79.6	215 915	58.3
	Married	222 964	29.7	76 368	20.1	146 596	39.6
	Separated/divorced	8 686	1.2	1 061	0.3	7 625	2.1
Total		749 533	100	379 398	100	370 135	100

Note: 2013 results can be found in Annex I.

Source: NBS, SWTS Moldova, 2015.

In 2015, young men account for 50.6 per cent of the population and women for the remaining 49.4 per cent, a distribution that is substantially more balanced than the female bias of the 2013 survey (55.2 per cent young women and 44.8 per cent young men). Changing

[12] This is not the total number of Moldovan youth as it does not include those youth who are abroad for various reasons.

migration trends can help to clarify this discrepancy. In 2013, outward migration was still very much male dominated. In 2014–2015 there was a significant reduction in migration to Russia (especially among men) due to the Russia–Ukraine conflict and the consequent sanctions. At the same time, with the adoption of visa-free entry to the EU from 2014 and inflationary pressures in Moldova, we can imagine that young women started to join the outward migration trend to EU countries. Regardless of the reasons, the differences in the gender distribution between the two surveys will need to be taken into consideration when comparing results between the two years.

A majority of young Moldovans reside in rural areas (55.9 per cent compared to 44.1 per cent in urban areas), as was the case in 2013. The marital status of the young population shows that about one-third of young Moldovans are married (29.7 per cent). Young women are nearly twice as likely to be married as young men (39.6 per cent and 20.1 per cent, respectively).

3.2 Mobility of youth

About one-fifth of the youth population have moved from their original place of residence – 20.3 per cent of the total youth population, which is slightly higher than the 19.4 per cent recorded in 2013 (bearing in mind that the survey does not capture those young Moldovans residing in other countries). Among those who have moved, two-thirds (71.8 per cent) have moved from rural areas, 22.9 per cent from small towns and villages, 2.9 per cent from another country and 2.4 per cent from other cities in Moldova (table 3.2).

Table 3.2 Youth who moved from original residence by area of previous residence and reason for relocation

Characteristics		Total		Male		Female	
		Number	%	Number	%	Number	%
Area of previous residence	Rural area	109 328	71.8	34 071	63.8	75 257	76.1
	Small town	34 926	22.9	16 801	31.5	18 126	18.3
	Metropolitan area	3 586	2.4	1 763	3.3	1 824	1.8
	Another country	4 420	2.9	733	1.4	3 686	3.7
Main reason	To accompany family	37 051	24.3	17 932	33.6	19 119	19.3
	For education/training	57 131	37.5	19 418	36.4	37 713	38.1
	To work	11 453	7.5	6 712	12.6	4 741	4.8
	Other reasons	46 625	30.6	9 306	17.4	37 319	37.7
Total internal migrants		152 261	100	53 368	100	98 893	100
Share in total population			20.3		14.1		26.7

Source: NBS, SWTS Moldova, 2015.

There are large differences in the mobility patterns of young people by sex. Nearly 99,000 female respondents have moved from their original place of residence (26.7 per cent of the female youth population), compared to about 53,000 young men (14.1 per cent of the male youth population). Their reasons for leaving their original place of residence vary. Interestingly, the most common reason for relocation, given by over one-third of respondents (37.5 per cent), was pursuit of education, with no major gender differences. Other reasons for relocation did differ by sex – 33.6 per cent of young men and nearly 19.3 per cent of young women relocated to accompany family. Employment reasons caused 12.6 per cent of young men to change their residence, compared to only 4.8 per cent of young women. About one-third of respondents had other reasons for their relocation. The data indicates that young

Moldovans are not particularly mobile within the country. They tend to only consider their local labour market in their search for employment.

3.3 Financial inclusion and status

As discussed in the previous sections, mobility in Moldova is largely an international phenomenon. With the limited and poorly remunerated employment opportunities available for youth in Moldova, international migration is an attractive option for jobseekers. Existing networks of fellow Moldovans in popular migrant destinations play a significant role in facilitating outward migration. However, the SWTS is not equipped to deal directly with the issue of emigration as it focuses exclusively on resident youth. There are, however, certain indicators that provide an indirect impression of the significant role that migration plays in the local economy in Moldova, such as the high incidence of financial services usage to access remittances, detailed in table 3.3. The table shows that, in 2015, a majority of young people made use of personal financial services (83.2 per cent of young women and 76.2 per cent of young men). A small share of this sector of youth utilizes these services to access their savings (9.7 per cent) or to obtain emergency loans (3.0 per cent) or insurance (2.9 per cent), while the majority use financial services to access remittances (78.7 per cent). The three-quarters share of youth accessing remittances is a clear indication of the importance of external migration to the local economy.

Table 3.3 Financial inclusion of youth

	Total		Male		Female	
	Number	%	Number	%	Number	%
Personal financial services used	597 284	79.7	289 255	76.2	308 029	83.2
Personal financial services not used	152 250	20.3	90 144	23.8	62 106	16.8
Emergency loans	22 357	3.0	10 783	2.8	11 574	3.1
Savings account	72 769	9.7	34 707	9.1	38 062	10.3
Insurance	21 734	2.9	16 822	4.4	4 912	1.3
Remittances/money transfer services	590 186	78.7	287 112	75.7	303 074	81.9

Note: Multiple responses were allowed.

Source: NBS, SWTS Moldova, 2015.

More than two-thirds of both urban and rural youth (69.6 and 66.8 per cent, respectively) consider their household's wealth to be around the average (figure 3.1). One in five rural residents perceive their households as well off (18.9 per cent) or fairly well off (4.8 per cent). In urban areas, only 11 per cent of youth identify their household as wealthy and 8.6 per cent as fairly well off. Fewer call their households poor or fairly poor (about one in ten youth), with only minor differences between rural and urban areas.

Figure 3.1 Households' income level by area of residence

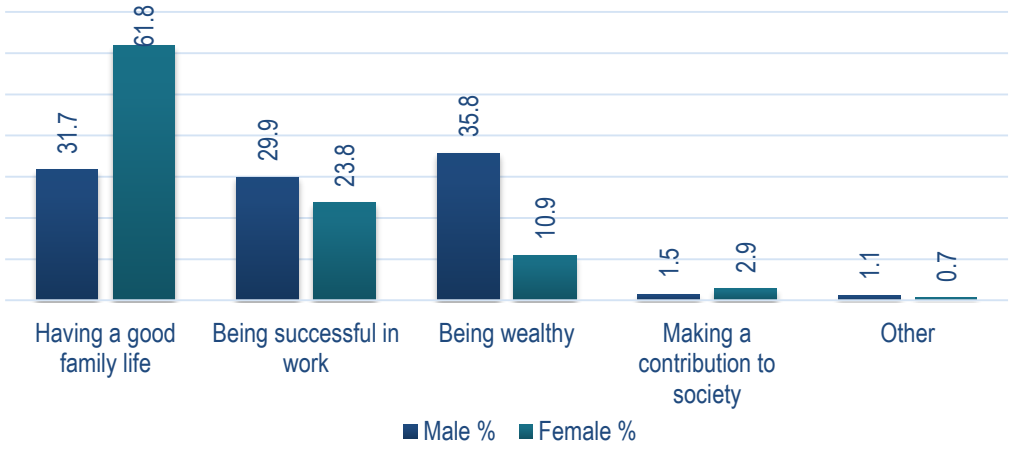
Note: Income categories of the household are based on the individual assessment of each young respondent.

Source: NBS, SWTS Moldova, 2015.

3.4 Aspirations and life goals

The primary life goal of young respondents – regardless of activity status – is to have a good family life (figure 3.2), a finding which is similar to the 2013 results. Results vary between young men and women – good family life is prioritized by 61.8 per cent of young women and 31.7 per cent of young men. Being wealthy is the top aspiration of 35.8 per cent of young men but only 10.9 per cent of young women. About one-quarter of the young people want to be successful in work (29.9 per cent of men and 23.8 per cent of women). A very small proportion of those surveyed mentioned making a contribution to society as their primary life goal.

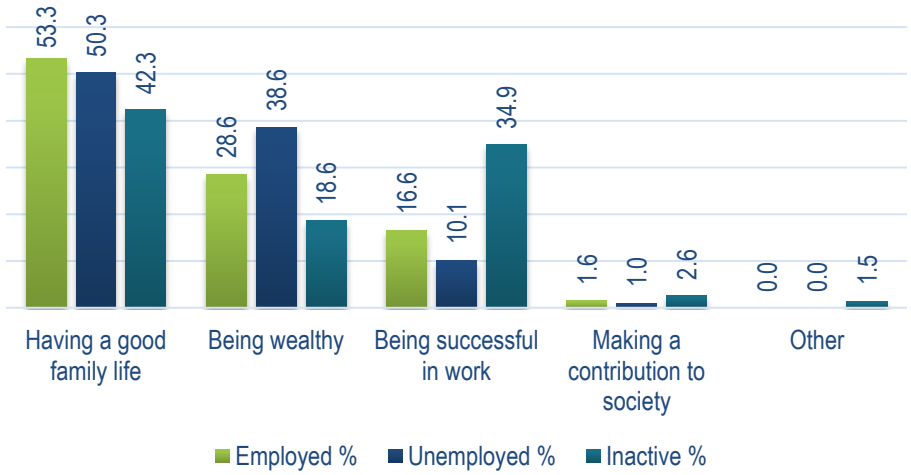
Figure 3.2 Main life goals of youth by sex



Source: NBS, SWTS Moldova, 2015.

Figure 3.3 presents the SWTS results on life aspirations of youth depending on their labour force status. The inactive youth are more likely to report success in work as their most important life goal (34.9 per cent of young inactive persons), in comparison to the employed and unemployed youth. Considering that the majority of presently inactive youth are still in school (63.5 per cent), this may indicate that many of them intend to enter the labour market at some point in the future and are aware of the linkages between success in employment and their overall well-being. In turn, a relatively large share of the unemployed youth show a preference for earning money. Among the employed youth, 28.6 per cent prioritize making money and 16.6 per cent prioritize their career as their primary life aspiration.

Figure 3.3 Main life goals of youth by labour force status



Source: NBS, SWTS Moldova, 2015.

3.5 Educational attainment

A majority of the youth population in 2015 have already finished their studies (59.6 per cent). Only 1.1 per cent of out-of-school youth in Moldova have attained less than primary-level education (table 3.4). According to the national law, compulsory education spans a total of ten years, comprising one year of pre-school training, four years of primary school and five years of gymnasium. Most youth in Moldova have completed at least secondary education – 40.3 per cent at the general secondary level, 28.4 per cent at the vocational level (including both secondary and post-secondary vocational education) and a sizable 29.6 per cent at university level. Only a handful of young Moldovans finished their schooling at the primary level (0.7 per cent). In comparison to 2013, there is a moderately higher rate of completion at the tertiary level (up from 28.5 per cent in 2013) and a lower rate of completion at the primary level of education (down from 1.7 per cent in 2013) – both positive signs.

The level of completed tertiary education among youth in urban areas is 48.1 per cent – nearly four times higher than in rural areas (12.8 per cent). Results here partially reflect the concentration of universities in urban areas but also indicate the greater concentration of jobs that require higher education in urban areas. Almost four in five rural youth who are no longer in education have completed secondary school as the highest level (73.1 per cent as total of secondary general and secondary vocational) compared to 44.9 per cent of urban youth. While the share of youth concluding their education at a primary level or less is low overall, there are significant differences between urban and rural areas: only 0.4 per cent of youth in urban areas compared to 3.1 per cent in rural areas.

Table 3.4 Educational attainment of youth, 2013 and 2015 (%)

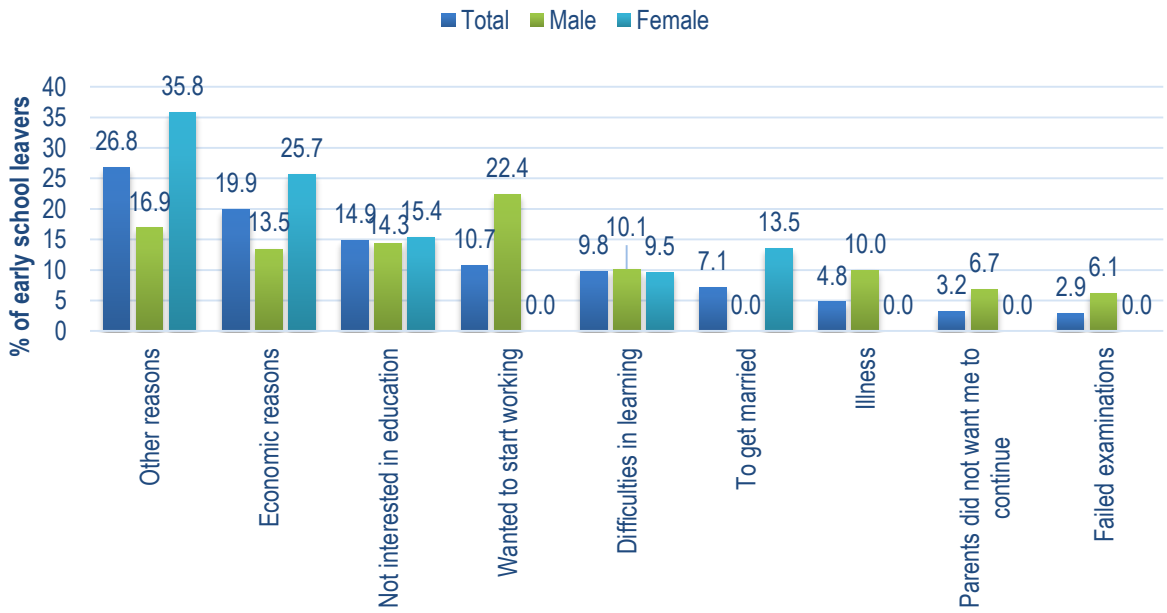
Highest educational level completed	2013	2015				
	Total	Total	Male	Female	Urban	Rural
Less than primary	0.9	1.1	0.9	1.3	0.4	1.8
Primary	1.7	0.7	0.7	0.6	0.0	1.3
Secondary vocational	15.6	19.5	23.2	15.9	16.2	22.4
Secondary general	46.4	40.3	43.0	37.6	28.7	50.7
Post-secondary vocational	7.0	8.9	6.9	10.8	6.5	11.1
University and postgraduate studies	28.5	29.6	25.3	33.8	48.1	12.8
Total	100	100	100	100	100	100

Note: Current students are not included.

Source: SWTS Moldova, 2013 and 2015.

Overall, there is a relatively healthy share of youth following vocational training in Moldova – 19.5 per cent at the secondary level and another 8.9 per cent at post-secondary vocational. Gender differences are evident in the selection of the educational paths: young men are more likely than young women to finish their schooling at the secondary level, including vocational training, while young women are more prone to choose the academic (university) path. At the same time, young women are slightly more likely than young men to finish schooling at the lowest level (primary or less).

Figure 3.4 Reasons for leaving school early



Source: NBS, SWTS Moldova, 2015.

Early school leavers comprise 2.5 per cent of Moldovan youth, 19.9 per cent of whom report leaving school early due to economic reasons (including being too poor to afford the costs, needing to earn money to support the family, etc.). Given that compulsory public education is free of charge, this reasoning may be indicative of informal expenses borne by the families of schoolchildren to cover the cost of basic services, such as heating and sanitary

infrastructure, which the state budget is struggling to provide uniformly to all schools.[13] The absence of interest in education (14.9 per cent) and a desire to start working (10.7 per cent) are the next most common reasons for termination of education, followed by experiencing difficulties in learning (9.8 per cent) (figure 3.4).

There are significant differences in the reasons for dropping out of school between the sexes. The primary reasons for young women to drop out are economic (25.7 per cent), not being interested in education (15.4 per cent), marriage (13.5 per cent) and difficulties in learning (9.5 per cent), but other reasons constitute the majority (35.8 per cent). On the other hand, young men drop out because they are eager to start working (22.4 per cent), lack interest in education (14.3 per cent), for economic reasons (13.5 per cent), due to difficulties in learning (10.1 per cent) or because of illness (10 per cent). Young men also report leaving school early because their parents object to their continuing education (6.7 per cent) or as a result of failed examinations (6.1 per cent); 16.9 per cent left school for unknown other reasons.

Table 3.5 shows a comparison of the highest educational level attained by the young persons with their fathers' and mothers' educational attainment. Overall, in about 72.4 per cent of the cases, youth attain the same level of education as their parents. Some 13.3 per cent and 16 per cent of youth have completed a higher level of education than their father and mother, respectively, implying a progression of education within households. However, the data register a slightly higher rate of regression in the overall educational attainment, with around 14.4 per cent of young people finishing their education at a lower level than their parents. This regression is particularly marked in the case of those youth who have the lowest levels of education but is also significant for youth with completed general secondary education.

Table 3.5 Comparison of young persons' educational attainment to their parents' educational attainment (%)

Level of completed education	Comparison with father			Comparison with mother		
	Same level as parent	Parent has lower level of education	Parent has higher level of education	Same level as parent	Parent has lower level of education	Parent has higher level of education
Less than primary	0.0	0.0	100	0.0	0.0	100
Primary	0.0	0.0	100	0.5	0.0	99.5
Secondary	91.8	0.8	7.4	88.7	0.5	10.3
University and postgraduate	29.9	70.1	0.0	29.9	70.2	0.0
Total	72.2	13.3	14.5	72.6	16.0	14.3

Note: Vocational training (secondary and post-secondary) are combined with secondary general education in this table.

Source: NBS, SWTS Moldova, 2015.

3.6 Characteristics of current students

Among current students in Moldova (who comprise 40.4 per cent of the youth population), the largest share (41.7 per cent) are following general programmes of studies, as required for those in secondary education (table 3.6). This is followed by 20 per cent who study social sciences, business and law and 13.7 per cent who prefer engineering,

[13] See "Education in Moldova", blog *Borgen Magazine*, 3 February 2015; http://www.borgenmagazine.com/education-moldova/ [16 June 2016].

manufacturing and construction. There is a gender bias in the preferences of young people for the field of study, which also reflects the distribution of working men and women by economic sector, discussed later in the report. Female students are more likely to give preference to social sciences (24 per cent) and education (9.4 per cent) than male students (16.3 per cent and 2.5 per cent, respectively), whereas male students are much more likely to prefer engineering, manufacturing and construction (22.3 per cent) than females (4.4 per cent).

Table 3.6 Preferred field of study of current students

Field of study	Total		Male		Female	
	Number	%	Number	%	Number	%
General programmes	116 857	41.7	63 414	43.5	53 442	39.8
Education	16 154	5.8	3 590	2.5	12 564	9.4
Humanities and arts	10 220	3.6	3 376	2.3	6 844	5.1
Social sciences, business and law	56 090	20.0	23 801	16.3	32 289	24.0
Science, mathematics and computing	13 370	4.8	8 540	5.9	4 830	3.6
Engineering, manufacturing and construction	38 451	13.7	32 535	22.3	5 916	4.4
Agriculture and veterinary medicine	3 458	1.2	2 437	1.7	1 021	0.8
Health and welfare	15 433	5.5	4 401	3.0	11 032	8.2
Other services	10 019	3.6	3 615	2.5	6 404	4.8
Total	280 050	100	145 709	100	134 341	100

Source: NBS, SWTS Moldova, 2015.

The large share of youth preferring to study social sciences reflects a lack of quality labour market information on the sectors with highest labour demand (as signalled by the scenarios of labour deficit by occupation shown in section 4.1). However, even if young students had access to accurate information about those sectors in which demand would be strongest at the time of their graduation, it is not certain that many would change their preferred field of study. Selected fields are more frequently determined by the young person's interests and optimistic outlook than by practical considerations relating to their future prospects in the labour market.[14]

The optimism of current students is further reflected in the young people's preferences for future employment. As many as 56 per cent of current students hope to find a job as a "professional" (table 3.7). One-tenth of current students want to work either as managers or technicians and associate professionals (10.4 and 10.1 per cent, respectively). Significantly fewer want to work in services and sales (7.2 per cent) or crafts (6.1 per cent). Hardly any students expressed a wish to work as skilled agricultural, forestry or fishery workers, despite the significant role that agriculture plays in the country's economy. Modernizing agriculture, increasing the sector's productivity and boosting its appeal to young women and men is crucial, considering that agricultural produce is Moldova's second-largest export.

[14] See ILO (2015), box 9.

Table 3.7 Current students by preferred future occupation and place of work (%)

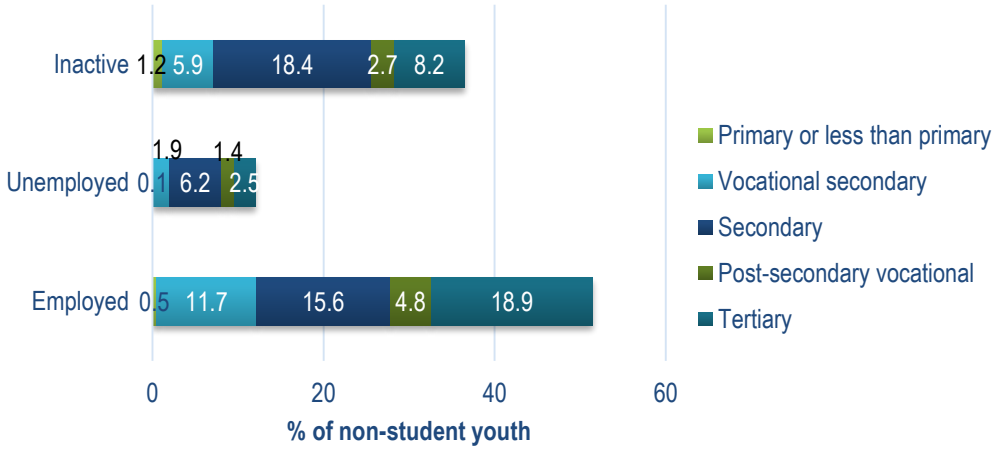
Desired occupation	Total	Male	Female	Desired place of work	Total	Male	Female
Managers	10.4	9.5	11.3	Myself (own business/farm)	15.4	14.4	16.5
Professionals	56.0	50.0	62.8	Government/public sector	33.0	36.3	29.2
Technicians and associate professionals	10.1	10.4	9.7	Private company	22.6	17.0	28.8
Clerical support workers	1.4	1.2	1.7	International/NGO	15.1	18.7	11.2
Service and sales workers	7.2	8.1	6.3	Family business/farm	4.9	5.8	3.9
Skilled agricultural, forestry and fishery workers	0.3	0.6	0.0	Do not wish to work	2.4	3.6	1.1
Craft and related trades workers	6.1	9.4	2.4	Not available	6.6	4.2	9.2
Plant and machine operators, and assemblers	1.7	2.6	0.7	Total	100	100	100
Elementary occupations	0.0	0.0	0.0				
Armed forces occupations	0.4	0.8	0.0				
Don't know	6.4	7.4	5.2				
Total	100	100	100				

Source: NBS, SWTS Moldova, 2015.

In terms of where students hope to work in the future, one in three (33 per cent) stated that they wish to work in the public sector (36.3 per cent of male students and 29.2 per cent of female students). While understandable in terms of the benefits and security associated with public sector employment, it is unrealistic to imagine that the sector will have the capacity to absorb a large share of emerging young students. A further 15.1 per cent of students hope to work for an international organization or non-governmental organization (NGO), also understandable in terms of the salaries offered but unrealistic in terms of scope. Nearly 6 per cent of young male students and 4 per cent of female students hope to work in the family business or on the family farm and 14.4 and 16.5 per cent, respectively, hope someday to work for themselves. In total, only one-fifth (22.6 per cent), and more females than males, want to work in the private sector.

Figure 3.5 shows the relationship between the completed educational level of youth and their main economic activity status, demonstrating that education can act as a safeguard against unemployment and inactivity. The highest share of young workers hold a university degree (18.9 per cent). This confirms that employers are more likely to employ youth with higher levels of education and also that those who invest in their education on a long-term basis are least likely to remain in unemployment or fall outside the labour market. While few youth remain with primary education or less (0.7 per cent with primary and 1.1 per cent with less than primary education), those with low levels of education are primarily inactive, presumably being aware of the importance assigned to education on the labour market and, hence, of the unlikelihood of them getting a job.

Figure 3.5 Youth educational attainment by main activity status



Source: NBS, SWTS Moldova, 2015.

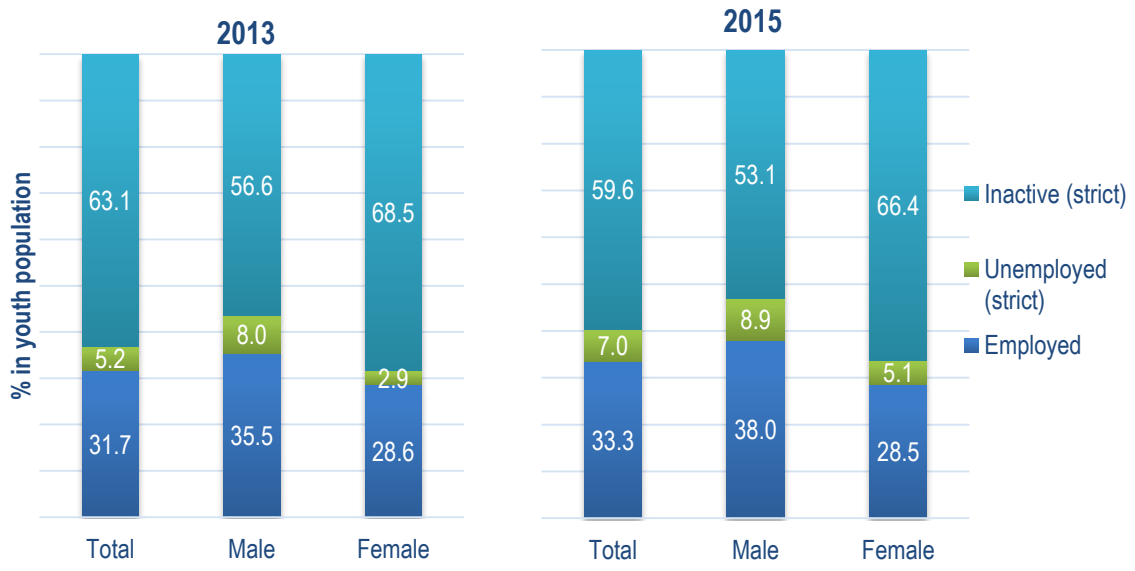
3.7 Main economic activity

The international standards concerning employment and unemployment statistics are based on the labour force framework (see Annex II on definitions). According to this framework, the working-age population is divided into three categories – employed, unemployed and economically inactive – depending on their labour market status during a specified reference period of a day or a week.

Figure 3.6 illustrates the distribution of youth population by main economic activity. The inactive represent the largest group across the two rounds of survey, comprising 59.6 per cent of the total youth population in 2015 (and 66.4 per cent of young women). The inactive group is not engaged in the labour market and includes people who are in education, looking after family or are sick or disabled. Only one-third of Moldovan youth are employed (33.3 per cent), with a male–female employment gap of 9.5 percentage points. Young men are more likely to experience unemployment in comparison to females (8.9 per cent and 5.1 per cent, respectively). Faced with a challenging job market, young women have a tendency to stay out of the labour force rather than actively look for work. Gender roles may also play a role in this respect, as women are likely to be tasked with the bulk of unpaid family work.

There is a positive trend in the share of inactive youth, which has contracted by 3.5 percentage points since 2013. However, this reduction is mainly attributable to an increased share of the unemployed in total youth population, which grew from 5.2 per cent in 2013 to 7 per cent in 2015, driven by a higher share of unemployed women. More young men are employed in 2015 (38 per cent) compared to 2013 (35.5 per cent), while the share of employed young women has remained largely stagnant. The share of the employed and unemployed youth in the working-age population (in this case 15–29 year-olds) is referred to as the labour force participation rate (LFPR). In Moldova, the LFPR of young men is 46.9 per cent (an increase from 44.4 per cent in 2013), and 33.6 per cent for young women (an increase from 31.8 per cent in 2013).

Figure 3.6 Distribution of the youth population by main economic activity

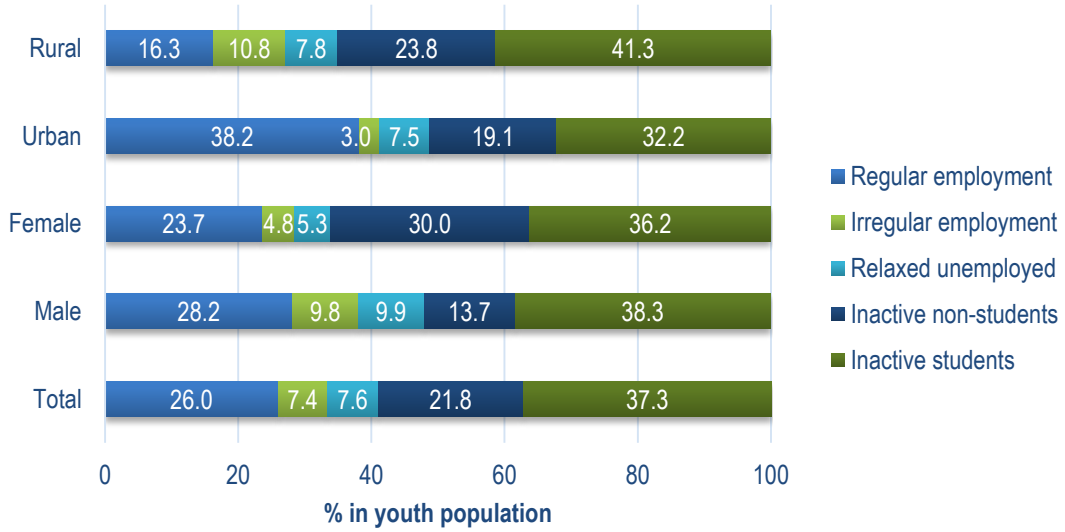


Source: SWTS Moldova, 2013 and 2015.

The ILO's *Global Employment Trends for Youth 2013* argues that comparing traditional labour market indicators with the indicators made available through the SWTS allows for a better and more detailed analysis of the challenges that youth face in developing economies (ILO, 2013, Chapter 4). The SWTS framework proposes a distribution of the youth population in the following five categories: (a) in regular employment, defined as wage and salaried workers holding a contract of greater than 12 months' duration plus self-employed youth with employees (employers); (b) in irregular employment, defined as wage and salaried workers holding a contract of limited duration, i.e. set to terminate within 12 months, self-employed youth with no employees (own-account workers) and contributing family workers; (c) unemployed (broad definition), refers to persons currently without work and available to work in the week prior to the reference period (see section 4.1 for further information on the definition); (d) inactive non-students; and (e) inactive students.

Figure 3.7 confirms that the majority of inactive youth in Moldova are in school (37.3 per cent of the youth population – broad definition), while a sizeable proportion of the youth population is comprised of inactive non-students (21.8 per cent). The latter category represents young people who are neither contributing to economic production nor investing in their human capital through engagement in education or training, and the share in Moldova is uncomfortably high, especially for young women (30.0 per cent compared to 13.7 per cent of young males). The share is well above the regional average of 13 per cent (5.5 per cent for young men and 19.8 per cent for young women) calculated for six countries using SWTS data in the region of Eastern Europe and Central Asia (Elder et al., 2015, table 4.2). The remaining large shares of inactive non-student youth are an alarming indication of the limited opportunities for labour market access in the country. On a more positive note, since 2013, the share of youth in regular employment has increased from 22.9 per cent to 26 per cent in 2015. A relatively small portion of youth (7.4 per cent) are classified as being in irregular employment; this figure was 8.8 per cent in 2013.

Figure 3.7 Distribution of the youth population by more detailed disaggregation of economic activity



Source: NBS, SWTS Moldova, 2015.

There are large differences between the labour market status of youth in urban and rural areas. In urban areas, 38.2 per cent of youth are in regular employment, whereas their share in rural areas is only 16.3 per cent. Irregular employment affects 10.8 per cent of rural youth compared to just 3 per cent of urban youth, while the proportion of the unemployed youth varies much less between the areas. The share of inactive students is higher among rural youth (41.3 per cent) compared to urban youth (32.2 per cent). The gender differences, on the other hand, are most pronounced in the proportion of inactive non-students, with young women much more likely fall within this category (30 per cent) than young men (13.7 per cent).

Moldova's youth unemployment rate is hardly indicative of the real situation in the labour market. From a policy perspective, this figure highlights an important implication. It shows that policy-makers should be concerned not only with the number of unemployed youth, but also with the wider segment of underutilized labour, which represents the lost development potential of the country. The proportion of underutilized labour (unemployed plus those in irregular employment and the inactive non-students) among youth in 2015 amounts to over one-third of the youth population, at 36.8 per cent. It is significantly higher in rural areas compared to urban areas (at 42.4 per cent and 29.6 per cent, respectively) and among young females (40.1 per cent) compared to males (33.4 per cent).

Table 3.8 NEET rate and sub-categories of NEETs

	Total		Male		Female		Rural		Urban	
	Number	%	Number	%	Number	%	Number	%	Number	%
NEET rate	216 982	28.9	87 991	23.2	128 991	34.8	130 421	31.1	86 561	26.2
Of which: inactive non-students	166 968	76.9	55 644	63.2	111 323	86.3	102 550	78.6	64 418	74.4
unemployed non-students	50 015	23.1	32 347	36.8	17 668	13.7	27 871	21.4	22 143	25.6

Source: NBS, SWTS Moldova, 2015.

The SWTS also allows the category of young people who are neither employed, nor in education or training (NEET) to be taken into consideration. About 28.9 per cent of the youth population in Moldova in 2015 can be categorized as NEETs. The breakdown of sub-categories within the NEETs group shows that the majority are inactive non-students (76.9 per cent), while the remaining 23.1 per cent are unemployed non-students (table 3.8). Young people within this latter category are likely to experience a loss of their human capital (accumulated during education), with negative consequences and large costs both for the individuals and for society as a whole.

There are higher shares of NEETs among young women (34.8 per cent) than men (23.2 per cent). It is noteworthy that among the young male NEETs a larger proportion is unemployed compared to young women (36.8 per cent of male NEETs compared to 13.7 per cent of female NEETs). The higher inactivity rates among young women are partially explained by the fact that a larger share of migrants are male. Young women either have fewer opportunities abroad or are less inclined to take up those opportunities (or both).

The incidence of NEETs is slightly higher in rural areas (31.1 per cent) than in urban areas (26.2 per cent). The reason behind the higher share of NEETs in rural areas may be partially explained by the seasonal nature of work in agriculture, which implies gaps in labour market activity among the rural population. There is also likely to be a shortage of attractive employment opportunities in the rural labour market.

4. Characteristics of unemployed and inactive youth

4.1 Unemployed youth

The strict definition of unemployment requires that, in order to be counted as "unemployed", a person should be without work, available to work and actively seeking work. The relaxation of the "actively seeking work" criterion makes sense in circumstances where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganized, where labour absorption is inadequate or where the labour force is largely self-employed. The difference in youth unemployment rates measured by the strict and broad definitions is not large in Moldova; the strict youth unemployment rate is 17.4 per cent compared to 18.6 per cent for the broad rate (table 4.1).[15]

Table 4.1 Youth unemployment, strict and broad definition, and discouragement (%)

Indicator	Total	Male	Female	Urban	Rural
Unemployment rate (strict definition)	17.4	19.0	15.2	14.7	20.4
Unemployment rate (broad definition)	18.6	20.7	15.7	15.3	22.3
Discouraged rate (% in population)	0.4	0.8	0.0	0.3	0.4

Source: NBS, SWTS Moldova, 2015.

[15] Note that this differs from the youth unemployment rate determined by the LFS for two reasons: (1) here the age range is extended to include young people aged 25–29; (2) although the SWTS was intended to be filled in by the same youth who participated in the LFS, some young people were not willing to answer both surveys and participated in only one of them.

The number of unemployed young men exceeds the number of unemployed young women by 56 per cent. The lower unemployment rate among female youth is therefore explained by their lower level of labour force participation. Socio-economic norms still tend to define men as the primary breadwinners in a household, meaning that they are more likely to continue with their job search while young women would be more likely to leave the labour market when faced with unfavourable labour market conditions. The youth unemployment rate is significantly higher in rural areas in comparison to urban areas, at 20.4 and 14.7 per cent, respectively.

Table 4.2 shows the underlying reasons why those 9,568 young people who were without work and available for work were not actively seeking work. The largest share (29.7 per cent) said they were awaiting the results of a job application or an interview; young women were more likely to be in this situation than young men (51.5 and 25 per cent, respectively). Other reasons given by respondents also vary by sex. The second most common reason for not looking for work among the young men was already having found a job that is due to start later (26.6 per cent). One-quarter of the men said they did not know how or where to seek work and 11.1 per cent had previously attempted a job search but without success. The next most common reasons among the women were being in education or training (28.3 per cent) and not feeling ready to seek work from a professional point of view (20.1 per cent, compared to 8.1 per cent of men).

Among the reasons listed in table 4.2, it is only reasons 9 to 12 that qualify the youth as "discouraged workers". Discouraged youth have given up on the job search because of a reason implying a sense of despair about their labour market prospects. Overall, the share of discouraged youth in the youth population is small, at 0.4 per cent (table 4.1), and almost no young women fall into the category. This finding is important since it confirms that the large shares of inactive non-students in the country cannot be attributed primarily to a sense of discouragement among youth.

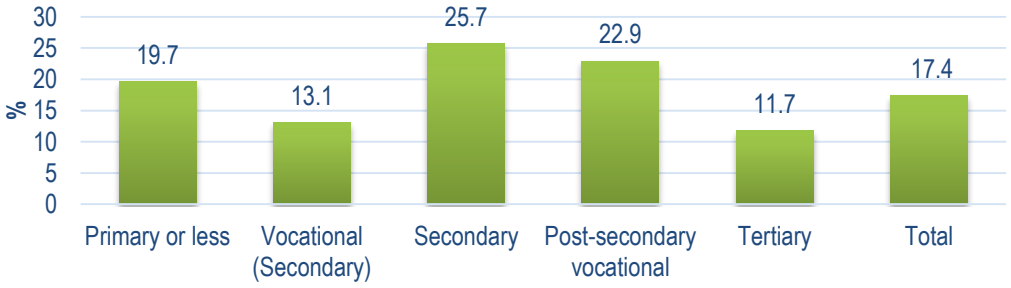
Table 4.2 Non-jobseeking unemployed by reason for not seeking work, by sex

Reason	Total		Male		Female	
	Number	%	Number	%	Number	%
1. Found a job, will start later	2 101	22.0	2 101	26.6	–	0.0
2. Waiting for the results of a job application or an interview	2 838	29.7	1 980	25.0	858	51.5
3. Waiting to return to previous job	–	0.0	–	0.0	–	0.0
4. Undertaken steps to start a business	–	0.0	–	0.0	–	0.0
5. Starting compulsory military service	–	0.0	–	0.0	–	0.0
6. Participating in education leave or training	796	8.3	324	4.1	472	28.3
7. Personal family responsibilities	–	0.0	–	0.0	–	0.0
8. Own illness, injury or disability	–	0.0	–	0.0	–	0.0
9. Do not know how or where to seek work	1 981	20.7	1 981	25.1	–	0.0
10. Do not feel ready "professionally"	975	10.2	639	8.1	335	20.1
11. Too young to find a job	–	0.0	–	0.0	–	0.0
12. Have looked for job(s) before but not found any	878	9.2	878	11.1	–	0.0
Total	9 568	100	7 903	100	1 665	100

Source: NBS, SWTS Moldova, 2015.

Figure 4.1 shows the unemployment rates of youth by their level of completed education. Secondary school graduates exhibit the highest unemployment rates, at 25.7 per cent, followed by youth with post-secondary vocational education, at 22.9 per cent, 19.7 per cent among youth with primary education or less and 13.1 per cent among the secondary vocational education holders. University graduates boast the lowest unemployment rate, at 11.7 per cent. These data demonstrate that higher education can act as a safeguard against unemployment of young persons, even in a country with overall high unemployment.

Figure 4.1 Youth unemployment rates by level of educational attainment



Source: NBS, SWTS Moldova, 2015.

The Moldovan youth who find themselves in unemployment are facing short- to medium-term job-search periods, which, if extended, can have negative consequences in terms of skills erosion, financial losses and damaged self-esteem. More than two-thirds (67.7 per cent) of unemployed youth have spent less than six months in their search for employment (table 4.3). Females are more likely than males to spend up to three months looking for a job (41.9 per cent compared to 19.5 per cent of males), while males tend to spend between three and six months on their job search (45 per cent of males in comparison to 31.5 per cent of females). The long-term unemployed – those searching for one year or longer – constitute only 13.2 per cent of the total (15.7 per cent of young unemployed males and 8.8 per cent of females). In 2013, the share of long-term unemployment was higher among women (at 15.4 per cent) and lower among young men (at 8.0 per cent) (Annex I, table A.7).

Table 4.3 Unemployed youth by duration of job search

Duration	Total		Male		Female	
	Number	%	Number	%	Number	%
Less than a week	0	0.0	0	0.0	0	0.0
1 week to less than 1 month	1 979	3.8	1 582	4.7	397	2.1
1 month to less than 3 months	12 500	23.7	4 984	14.8	7 516	39.8
3 months to less than 6 months	21 145	40.2	15 198	45.0	5 947	31.5
6 months to less than 1 year	10 074	19.1	6 717	19.9	3 357	17.8
1 year to less than 2 years	2 657	5.0	2 657	7.9	0	0.0
2 years or more	4 294	8.2	2 641	7.8	1 653	8.8
Total	52 649	100	33 779	100	18 870	100

Source: NBS, SWTS Moldova, 2015.

From a policy perspective, it is important to know whether medium- to long-term unemployment among youth is due to the limited number of job offers available in the country (in light of overall limited job growth in the county), or if young people are selective in terms

of the job offers they are willing to accept, turning down those opportunities that do not correspond to their preferred occupation, wage, location, etc. In other words, they might not consider the first job as a stepping stone to a better future job. Table 4.4 compares the occupations for which the unemployed youth are most likely to apply with those held by the employed youth. If the occupational distribution of the working youth can be taken as an indication of current demand for young labour, i.e. an indication of where the jobs are, and if the distribution of jobs sought by the unemployed youth can be taken as an indication of the supply of labour, then comparison of the two can help to identify possible supply and demand mismatches.

Unemployed Moldovan youth are typically seeking work in the following occupation groups: craft workers (28.5 per cent), service and sales workers (17 per cent), professionals (14.8 per cent) and managers (11.3 per cent). However, currently, only 12.8 per cent of the employed youth are working as craft workers and 9 per cent as managers. Despite a majority of Moldova's population residing in rural areas and the important role that agriculture plays in the country's economy, very few young men and women (2.4 per cent) seek employment as skilled agricultural, forestry and fishery workers. Young women are more likely than young men to look for jobs as service and sales workers (32 per cent and 8.6 per cent, respectively) and as managers (23.8 per cent and 4.3 per cent, respectively). Young men, on the other hand, are more likely to look for professional employment than women (20.1 per cent and 5.5 per cent, respectively) or seek jobs as craft workers (35.7 per cent and 15.6 per cent, respectively).

Table 4.4 Occupations sought by the unemployed and occupational distribution of the employed youth (%)

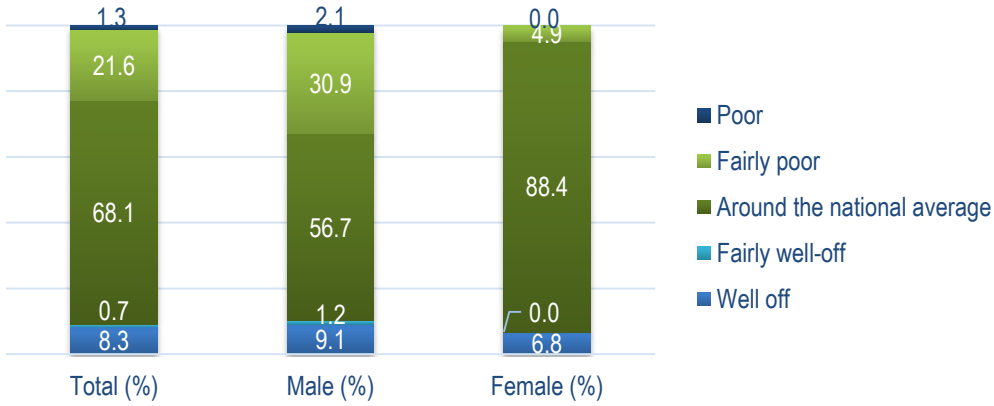
ISCO 08	Employed	Unemployed (occupations sought)		
	Total	Total	Male	Female
Managers	9.0	11.3	4.3	23.8
Professionals	12.9	14.8	20.1	5.5
Technicians and associate professionals	10.3	8.7	8.6	9.0
Clerical support workers	2.4	3.6	5.6	0.0
Service and sales workers	19.5	17.0	8.6	32.0
Skilled agricultural, forestry and fishery workers	8.0	2.4	0.0	6.8
Craft and related trades workers	12.8	28.5	35.7	15.6
Plant and machine operators, and assemblers	6.1	6.8	9.0	3.0
Elementary occupations	17.2	1.8	6.7	4.4
Armed forces occupations	1.8	0.9	1.5	0.0
Does not know	0.0	4.1	0.0	0.0
Total	100	100	100	100

Source: NBS, SWTS Moldova, 2015.

Drawing a comparison between the occupations sought by the unemployed and those in which young Moldovans are currently working reveals a possible labour shortage in jobseekers willing to undertake elementary occupations, skilled agriculture, forestry and fishery workers and, to a lesser degree, technicians and associate professionals. Unsurprisingly, the poorly paid work in elementary occupations and agriculture does not represent an attractive employment opportunity for the young unemployed. In contrast, there is an evident oversupply of craft workers and a moderate surplus of managers, professionals and clerical support workers. Since the majority of unemployed youth have completed, at most, secondary school or secondary and post-secondary vocational education, they aim at occupations that match their level of qualifications, leaving highly skilled positions to university graduates.

Household income level has a significant impact on youth unemployment, with young people in either poor or higher income households less likely to be unemployed. Figure 4.2 shows that comparatively fewer young people living in wealthier households are unemployed (9 per cent of the well off or fairly well off) compared to those living in poorer families (22.9 per cent of the poor and fairly poor), while the majority of the unemployed youth perceive their household's income to be around the national average (68.1 per cent). The same trend is evident for both sexes, although it seems that the financial situation of a household has a greater impact on the unemployment status of males than females.

Figure 4.2 Unemployed youth by household income level



Note: The household income level is based on the individual assessment of each young respondent.
Source: NBS, SWTS Moldova, 2015.

When asked about the main obstacle to finding work, over one-third of the unemployed young people (37.6 per cent) stated that the main challenge is low wages in the available jobs (figure 4.3). The second most common reason given by the respondents was their lack of work experience (28.5 per cent). Further reasons included a shortage of available jobs (12.5 per cent), higher qualifications required for jobs (7.8 per cent), being considered too young (5.7 per cent) and poor working conditions of available jobs (5 per cent). Very few unemployed youth encountered discriminatory practices (1.8 per cent) as the main obstacle or did not know how or where to look for work (1.1 per cent).

Figure 4.3 Unemployed youth by main obstacle to finding work

Source: NBS, SWTS Moldova, 2015.

Table 4.5 shows that Moldovan youth rely heavily on informal search channels and networks for finding work. Friends and relatives were used by 48.7 per cent of the unemployed youth and 30.9 per cent of the employed youth as a method of searching for work. Some 35.9 per cent of the employed and 31.8 per cent of the unemployed youth inquired for jobs directly at workplaces, which is also considered an informal channel. Placing or responding to job advertisements was a strategy adopted by 17.1 per cent of the unemployed and 5.1 per cent of the employed youth. Very few young people registered at an employment centre (1.2 per cent of the employed and 2.4 per cent of the unemployed) or took steps to start their own business.

Table 4.5 Job-search method of unemployed and employed youth

Method	Employed		Unemployed	
	Number	%	Number	%
Inquired directly at factories, farms or other workplaces	77 116	35.9	29 872	31.8
Asked friends, relatives	66 329	30.9	45 697	48.7
Joined the family establishment	28 479	13.2	0	0.0
Took a test or an interview	14 460	6.7	0	0.0
Placed/answered job advertisements	10 990	5.1	16 049	17.1
Waited on the street to be recruited for casual work	7 351	3.4	0	0.0
Registered at an employment centre	2 581	1.2	2 222	2.4
Applied for permit or licence to start a business	2 413	1.1	0	0.0
Looked for land, machinery to start own business or farming	2 293	1.1	0	0.0
Sought financial assistance to look for work	2 013	0.9	0	0.0
Other method	950	0.4	0	0.0

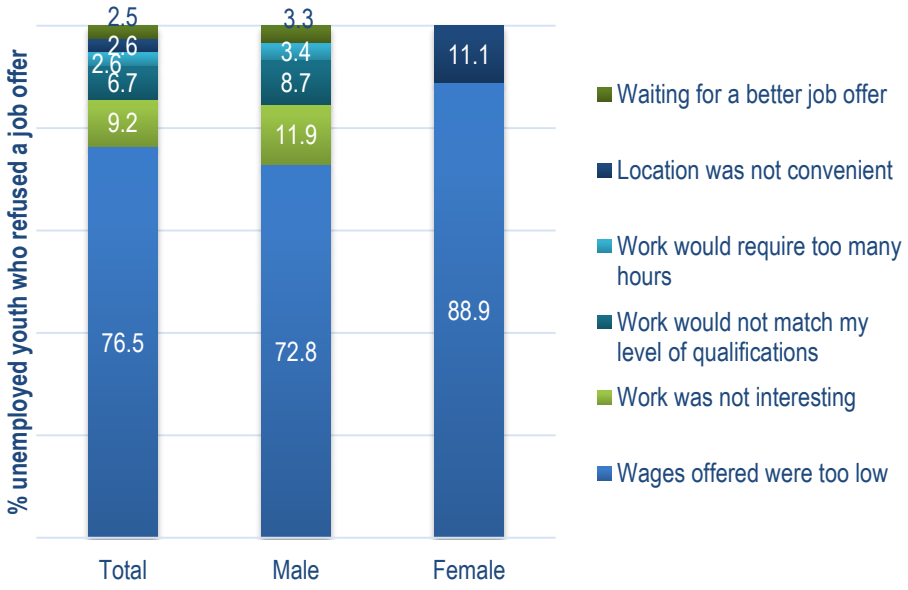
Note: Multiple responses were allowed for the unemployed. For employed youth, the question refers to how they searched for their current job.
Source: NBS, SWTS Moldova, 2015.

One means of trying to gauge the relative urgency of the job search among unemployed youth is by determining (1) if the young unemployed person has ever refused a job offer and, if so, for what reasons, and (2) under what conditions the unemployed youth would accept a job offer. Presumably, the more desperate the jobseeker (for instance, for reasons of poverty), the less selective he or she will be and would therefore be expected to accept any job, regardless of conditions. In Moldova, the share of the unemployed who refused a job offer is very high at 40.9 per cent.[16]

Figure 4.4 shows the main reasons for which unemployed young persons turned down job offers. The dominant reason for refusing a job offer was the low wages offered (76.5 per cent). Other reasons included the fact that the work was uninteresting (9.2 per cent), the work did not match the person's level of qualifications (6.7 per cent), long hours (2.6 per cent), inconvenient location (2.6 per cent) and waiting for a better job offer (2.5 per cent). However, there are some gender differences in the reasons for refusing a job. Data suggest that young men are more selective in accepting a job offer – 16,574 young men have turned down a job compared to 4,979 young women. Young men tend to judge the job not only by its pay but also by its content and relevance to their qualifications. Young women, on the other hand, are guided by two main considerations – the pay and the convenience of the location.

[16] To put this figure into perspective, the corresponding share in Montenegro, a country where youth unemployment rates are extremely high (41.3 per cent in 2015 based on the SWTS), was only 10 per cent (Djuric, 2016).

Figure 4.4 Unemployed youth who had refused a job by reason for refusal



Source: NBS, SWTS Moldova, 2015.

Table 4.6 shows the average lowest wage (reservation wage) at which young unemployed workers would accept a job offer, by education level. It shows that the minimum monthly wage at which the average young unemployed individual would accept a job offer is 3,569 MDL (Moldovan leu) per month, or approximately US$196.[17] It is also apparent that young females with higher levels of education have substantially higher reservation wages than their male peers. It should be noted that this average reservation wage is 79 per cent of the average net wage in the country at the time of the survey (May 2015, NBS). Moreover, the stated reservation wage, even among youth with only primary education, is higher than the average rate that young workers in elementary occupations or skilled agricultural workers in Moldova are paid (2,188 MDL and 2,433 MDL, respectively) – hence the labour shortage in these occupations discussed earlier in this section.

Table 4.6 Average minimum monthly income expectations of unemployed youth (reservation wage, in Moldovan leu)

Level of educational attainment	Total	Male	Female
Primary or less	2 500	–	2 500
Vocational (secondary)	3 437	3 708	2 641
Secondary	3 366	3 393	3 317
Post-secondary vocational	3 739	4 061	3 006
Tertiary	4 087	3 819	4 471
Average, all unemployed youth	3 569	3 632	3 451

Source: NBS, SWTS Moldova, 2015.

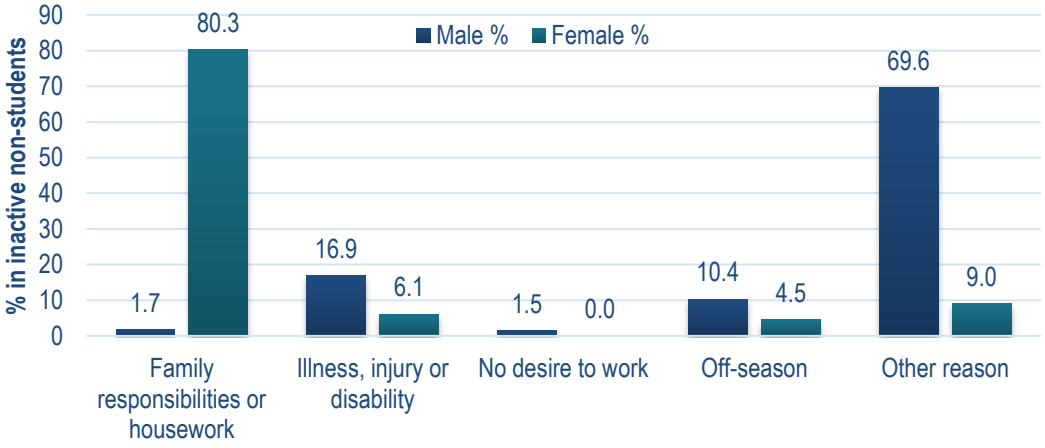
[17] The UN operational exchange rate on 1 May 2015 (during the survey fieldwork) was US$1 = 18.07 Moldovan leu (MDL).

4.2 Youth outside the labour market (inactive youth)

The total number of inactive youth (according to the strict definition) is 447,017, of which 45 per cent are men and the remaining 55 per cent are women. The inactivity rate among youth in 2015 is 59.6 per cent, a decrease since 2013 when 62.5 per cent of the youth population (441,736 including students) were inactive. However, the most common reason for inactivity reported in both rounds of SWTS is attending education or training (63.5 per cent of the inactive in 2015 and 63.2 per cent in 2013). It is safe to assume that a significant number of these young people will join the labour force once they complete their education.

However, even discounting the economically inactive students still leaves the remaining 36.5 per cent of youth, whose reasons for inactivity vary. A closer look at this group reveals a clearly observable gender trend (figure 4.5). Young women tend to stay away from the labour force or education due to their family responsibilities (80.3 per cent of the inactive non-student females compared to only 1.7 per cent of the young men in this category). Providing the option of flexible working hours and work opportunities close to home could potentially entice more women into the labour force. Illness, injury or disability kept 16.9 per cent of young males and 6.1 per cent of young females from working or looking for work. Creating jobs that offer opportunities and facilities for disabled men and women to be productive would increase the labour force participation rate in the country. Off-season in agriculture was the reason for inactivity for 10.4 per cent of young males and 4.5 per cent of young females. A reassuring finding is that only a negligible share of the inactive youth population expressed no desire to work (1.5 per cent of young men and 0 per cent of young women).

Figure 4.5 Reasons for inactivity among inactive youth not in education



Source: NBS, SWTS Moldova, 2015.

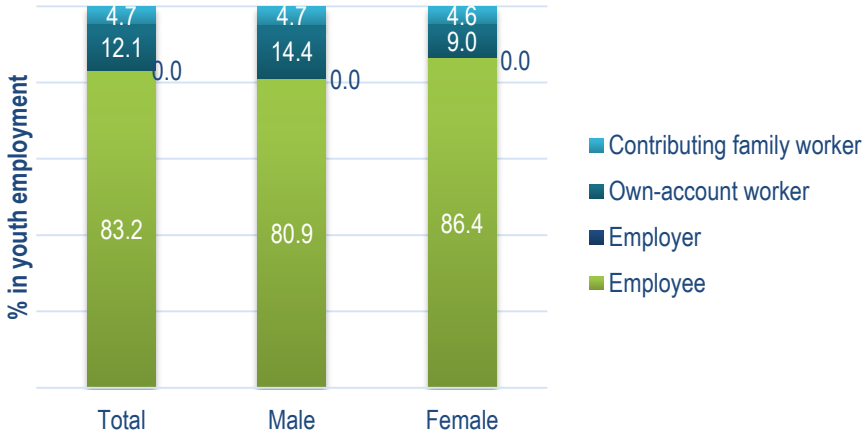
5. Characteristics of employed youth

5.1 Youth employment by sector, status and occupation

Only one-third of Moldovan youth work (33.3 per cent). This figure is low in comparison to the EU-28 average of 46 per cent in 2013, and also compared to other countries in the region which implemented the SWTS, although it is important to point out again here the peculiarities of the Moldovan labour market, whereby many additional young workers – especially young men – are working abroad. Of the employed youth, 83.2 per cent are salaried

workers (employees), 12.1 per cent are own-account workers and 4.7 per cent are contributing family workers (figure 5.1). Young women are slightly more likely than men to be salaried workers (86.4 per cent compared to 80.9 per cent of men), while men, on the other hand, are more likely than women to be own-account workers (14.4 per cent in comparison to 9 per cent of women).

Figure 5.1 Employed youth by status in employment



Source: NBS, SWTS Moldova, 2015.

The returns on education are highest at the tertiary level, with the largest share of young wage and salaried workers in Moldova having graduated from university (41.6 per cent) (table 5.1). Youth with general secondary education make up 27.6 per cent of the employees, while the share of youth with secondary vocational education is 21.3 per cent. The self-employed youth, on the other hand, are likely to have completed only secondary school (47.4 per cent) or secondary vocational education (30.2 per cent) and only 12.7 per cent of the self-employed youth hold a university degree.

Table 5.1 Employed youth by status in employment and level of educational attainment

Level of completed education	Wage and salaried workers		Self-employed	
	Number	%	Number	%
Less than primary (including no schooling)	442	0.2	0	0.0
Primary	1 060	0.6	0	0.0
Vocational (secondary)	40 453	21.3	8 801	30.2
Secondary	52 342	27.6	13 818	47.4
Post-secondary vocational	16 654	8.8	2 868	9.8
Tertiary	78 901	41.6	3 692	12.7
Total	189 851	100	29 180	100

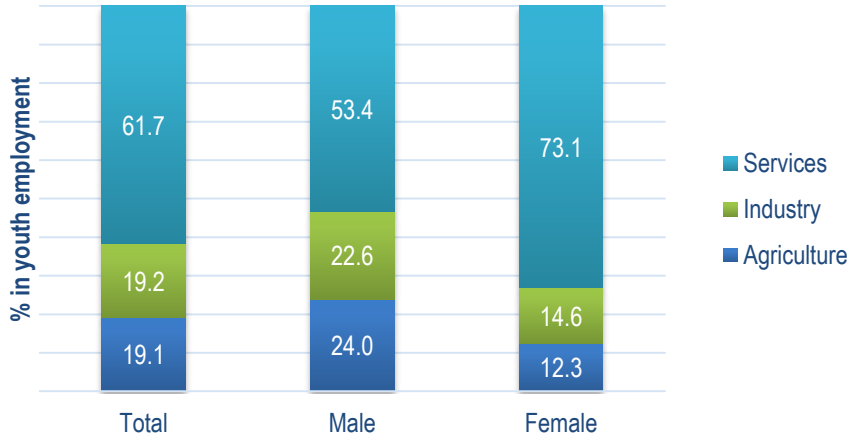
Note: Only youth with completed education are included (excluding current students).

Source: NBS, SWTS Moldova, 2015.

Figure 5.2 shows the distribution of employed youth by main sectoral branch. The majority of youth of both sexes are employed in services (61.7 per cent), although the share is significantly higher among young women than men (73.1 and 53.4 per cent, respectively). The second largest employer is the industrial sector, employing 19.2 per cent of youth (22.6 per cent of male and 14.6 per cent of female workers), followed closely by agriculture with 19.1 per cent of employed youth (24 per cent of men and 12.3 per cent of women).

The comparison across the two survey rounds in 2013 and 2015 shows that workers shifted from the service sector, which contracted by about 6.5 percentage points, into agriculture and industry, which claimed a 5.3 and 1.2 percentage point increase, respectively, in the share of working youth. For young female workers, the service sector remains the main employer (73.1 per cent), despite a slight reduction in its share in total female employment since 2013 (from 75 per cent); the workers constituting this small difference were evenly distributed between industry and agriculture. The proportion of working men in the service sector shrank significantly from 61.5 per cent in 2013 to 53.4 per cent in 2015, almost exclusively in favour of agriculture, the share of which in total employment expanded by 8.2 percentage points over this period.

Figure 5.2 Distribution of youth employment by broad aggregate sector



Note: Agriculture includes agriculture, forestry and fishing; industry includes sectors B to F of the International Standard Industrial Classification (ISIC, Rev. 4)); and services includes sectors G to U.

Source: NBS, SWTS Moldova, 2015.

Table 5.2 presents a more detailed picture of the structure of youth employment (by 1-digit ISIC). Wholesale and retail trade absorbs the highest share of workers (19.4 per cent), with males being more likely to work in this sector than females (21.8 per cent and 16.1 per cent, respectively). Agriculture, forestry and fishing is the second largest employer, engaging 19.1 per cent of young workers; here too males are more dominant than females. Men are also more likely to work in public administration, construction and professional scientific activities, whereas women are found in education, health and social work, financial activities and other services. Consequently, young men are more exposed to safety-at-work risks and young women to lower salaries, as they engage in less highly remunerated activities, such as education, social care and other public services.

Table 5.3 shows the distribution of employed youth by occupation, revealing striking differences between males and females and between urban and rural areas. The most common occupations among young men are elementary occupations (21.2 per cent), services and sales (17.5 per cent) and craft and related trades (14.5 per cent) – employing over half of all male workers. Young women, on the other hand, are mainly found in services and sales jobs (22.2 per cent), working as professionals (21.5 per cent) and as technicians and associate professionals (13.9 per cent). Service and sales workers make up the highest share of urban workers (23.8 per cent compared to 14.3 per cent of rural workers), while rural workers are mainly engaged in elementary occupations (28.2 per cent in comparison to only 8 per cent of urban workers). The data, therefore, confirm that youth in urban areas are more widely

represented in skilled professional occupations, while rural youth are concentrated in less skilled and elementary occupations.

Table 5.2 Distribution of youth employment by 1-digit ISIC

ISIC Revision 4	Total		Male		Female	
	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	47 615	19.1	34 595	24.0	13 020	12.3
Mining	707	0.3	707	0.5	0	0.0
Manufacturing	35 873	14.4	21 366	14.8	14 507	13.7
Electricity, gas, steam	1 967	0.8	1 967	1.4	0	0.0
Water supply	1 315	0.5	425	0.3	890	0.8
Construction	8 175	3.3	8 175	5.7	0	0.0
Wholesale and retail trade	48 433	19.4	31 404	21.8	17 029	16.1
Transport	11 855	4.7	6 389	4.4	5 466	5.2
Accommodation	7 665	3.1	4 564	3.2	3 101	2.9
Information and communication	8 708	3.5	3 661	2.5	5 047	4.8
Financial activities	6 985	2.8	939	0.7	6 046	5.7
Professional scientific activities	7 683	3.1	7 683	5.3	0	0.0
Administrative and support activities	2 128	0.9	2 128	1.5	0	0.0
Public administration	17 993	7.2	13 019	9.0	4 974	4.7
Education	16 750	6.7	954	0.7	15 796	15.0
Health and social work	15 439	6.2	2 109	1.5	13 330	12.6
Arts and entertainment	4 848	1.9	3 110	2.2	1 738	1.6
Other services	5 110	2.0	1 070	0.7	4 040	3.8
Employment in private households	619	0.2	0	0.0	619	0.6
Total	249 869	100	144 268	100	105 601	100

Source: NBS, SWTS Moldova, 2015.

Table 5.3 Employed youth by occupation (ISCO-08, %)

ISCO-08	Total	Male	Female	Urban	Rural
Managers	9.0	8.5	9.8	16.1	0.6
Professionals	12.9	6.7	21.5	13.6	12.1
Technicians and associate professionals	10.3	7.6	13.9	14.8	4.8
Clerical support workers	2.4	2.5	2.3	2.9	1.8
Service and sales workers	19.5	17.5	22.2	23.8	14.3
Skilled agricultural, forestry and fishery workers	8.0	8.6	7.2	1.0	16.4
Craft and related trades workers	12.8	14.5	10.6	11.7	14.2
Plant and machine operators, and assemblers	6.1	9.9	1.0	6.9	5.2
Elementary occupations	17.2	21.2	11.6	8.0	28.2
Armed forces occupations	1.8	3.1	0.0	1.3	2.4
Total	100	100	100	100	100

Source: NBS, SWTS Moldova, 2015.

5.1.1 Wage employment

As established in section 5.1, a majority of working youth are employed as salaried workers. The quality of their employment can be assessed based on the access to benefits and entitlements that they receive through their jobs. Table 5.4 demonstrates that most young employees enjoy a fairly high level of access to social benefits and entitlements: 89.6 per cent of wage workers have access to pension and old age insurance, medical insurance coverage and social security contributions, around 89 per cent have access to paid annual and sick leave and about 84 per cent have access to severance or end-of-service pay and childcare facilities. Young women seem to enjoy a relatively higher level of access to these benefits than young men. Parental leave is available to 91.4 per cent of women but only 52.7 per cent of men. Overtime pay and bonus payments for good performance are enjoyed by around 63 per cent of workers, with minor differences between the sexes. Young male workers are more likely to have access to occupational safety equipment (56.2 per cent in comparison to 49.9 per cent of females), while young female workers have a higher level of access to education or training courses (57.2 per cent as opposed to 48.4 per cent of males). Transportation and meal allowances are available to about 20.1 per cent of male, and somewhat fewer female, workers.

Table 5.4 Wage and salaried young workers by access to benefits/entitlements

Benefits/entitlement	Total		Male		Female	
	Number	%	Number	%	Number	%
Pension/old-age insurance	186 430	89.6	103 053	88.3	83 377	91.4
Medical insurance coverage	186 430	89.6	103 053	88.3	83 377	91.4
Social security contributions	186 430	89.6	103 053	88.3	83 377	91.4
Annual paid leave	185 805	89.3	103 053	88.3	82 752	90.7
Paid sick leave	185 389	89.1	102 012	87.4	83 377	91.4
Severance/end-of-service payment	175 541	84.4	93 483	80.1	82 058	89.9
Childcare facilities	175 273	84.3	92 521	79.3	82 752	90.7
Maternity/paternity leave	144 842	69.6	61 465	52.7	83 377	91.4
Overtime pay	132 514	63.7	74 621	63.9	57 893	63.4
Bonus for good performance	130 237	62.6	71 659	61.4	58 578	64.2
Occupational safety equipment	111 073	53.4	65 574	56.2	45 499	49.9
Educational or training courses	108 751	52.3	56 532	48.4	52 219	57.2
Transport or transport allowance	40 234	19.3	23 453	20.1	16 781	18.4
Meals or meal allowance	34 952	16.8	23 604	20.2	11 348	12.4

Note: Multiple responses were allowed.

Source: NBS, SWTS Moldova, 2015.

The average wage of the salaried youth is 2,771 MLD[18] (table 5.5), that is about 70 per cent of the average net wage in Moldova in 2014. Female workers have a slightly lower average wage in comparison to males. Young men with a university degree earn 27 per cent more than young women with the same level of education. Overall, the low earning potential in the country, where the average monthly salary of a university graduate is equivalent to US$180, is no doubt a strong push-factor towards emigration, with the unfortunate consequences of brain drain and labour force depletion.

[18] The UN operational exchange rate on 1 May 2015 (during the survey fieldwork) was US$1 = 18.07 Moldovan leu (MDL). The average monthly wage is, therefore, equivalent to US$153.

Table 5.5 Average monthly income of young wage and salaried workers by completed educational attainment (in MLD)

Level of completed education	Total	Male	Female
Primary	–	–	–
Vocational (secondary)	2 487	2 674	2 219
Secondary	2 469	2 433	2 545
Post-secondary vocational	1 946	2 376	1 820
Tertiary	3 258	3 575	2 824
Average, all youth	2 771	2 964	2 501

Note: Only youth with completed education are included (excluding current students).

Source: NBS, SWTS Moldova, 2015

Table 5.6 provides details on monthly wages by occupation for youth wage and salaried workers. This table shows the better paid occupations and captures in more detail the existing gender wage gap. The best-paid jobs are in the higher skilled occupations of managers (26 per cent above the average), professionals (16 per cent above average), and technicians and associate professionals (10 per cent above average wages). Female managers and service and sales workers enjoy more or less the same wages as their male colleagues, while the wages of skilled agricultural female workers are, on average, 20 per cent higher than young male workers in the same occupation. There is, however, a substantial gender wage gap across all other occupational groups in favour of male workers. The gender wage differentials demonstrate a 15 per cent wage premium for young men compared to young women, with the gap significantly higher in particular occupations. Young male professionals earn nearly 25 per cent more than young females in the same occupation. The gap is even more striking among technicians and associate professionals where the wage of young men is nearly double that of the female wage in the same occupation. In fact, young women working as technicians and associate professionals earn less than men in elementary occupations. Given the stated high reservation wages among young women looking for jobs and the extremely low real wages received by working women, it is not surprising that young women have a higher tendency than young men to remain inactive.

Table 5.6 Average monthly income of young wage and salaried workers by occupation (in MLD) and gender wage differential

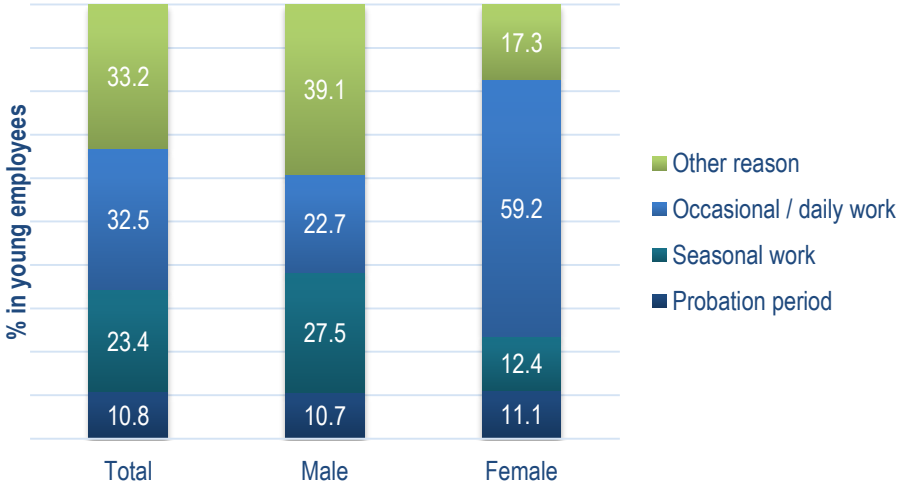
Occupation (ISCO-08)	Total	Male	Female	Gender wage differential (%)
	(in MLD)			
Managers	3 519.03	3 488.75	3 550.87	-1.8
Professionals	3 242.07	3 872.97	2 921.18	24.6
Technicians and associate professionals	3 090.68	4 111.33	2 161.24	47.4
Clerical support workers	2 509.67	2 991.20	1 796.36	39.9
Service and sales workers	2 432.11	2 435.61	2 429.03	0.3
Skilled agricultural, forestry and fishery workers	2 432.66	2 333.10	2 800.00	-20.0
Craft and related trades workers	2 921.15	3 270.72	2 319.42	29.1
Plant and machine operators, and assemblers	2 339.92	2 435.31	1 098.30	54.9
Elementary occupations	2 187.97	2 297.88	1 916.92	16.6
Total	2 793.63	2 985.00	2 530.70	15.2

Note: Gender wage differentials are calculated as the average monthly wage of young male employees minus the average monthly wage of young female employees divided by the average monthly wage f young male employees.

Source: NBS, SWTS Moldova, 2015.

Only about 6.4 per cent of young employees in Moldova are on temporary contracts of less than 12 months' duration. About one-third of temporary workers (32.5 per cent) engage in occasional or daily work, which is much more common among female workers than male workers (59.2 per cent and 22.7 per cent, respectively) (figure 5.3). Male workers report other reasons for temporary work (39.1 per cent), seasonal work (27.5 per cent) and probation period (10.7 per cent). None of the respondents reported on-the-job training, internship or public employment programme as the reason for their temporary contract.

Figure 5.3 Young employees on temporary contract by reason



Source: NBS, SWTS Moldova, 2015.

5.1.2 Self-employment

In Moldova, self-employment is viewed by youth as a marginal employment track. Of the working youth, only 12.1 per cent are self-employed in 2015, which represents a reduction by one-third from 18 per cent in 2013. Nearly 43.3 per cent of self-employed youth started their own economic activity following an unsuccessful job search, while a further 27.8 per cent were required to become self-employed by their families (table 5.7). For the rest, self-employment is a personal preference, either because of the potentially higher income level (12.8 per cent), flexible hours (9.2 per cent) or greater independence (4.4 per cent).

There are large differences among reasons for self-employment between youth from rural and from urban areas. For rural self-employed youth, a shortage of salaried job opportunities is a greater factor than for urban self-employed youth (49.1 and 22.1 per cent, respectively). Rural youth were also much more likely to be pushed into self-employment by the family (35.5 per cent) than urban youth, none of whom reported this as a reason for their self-employment. Dominant reasons among urban self-employed youth, on the other hand, are flexible hours (42.7 per cent) and higher earnings potential (25.5 per cent). It seems that in rural areas, self-employment is generally not associated with either higher pay or flexibility.

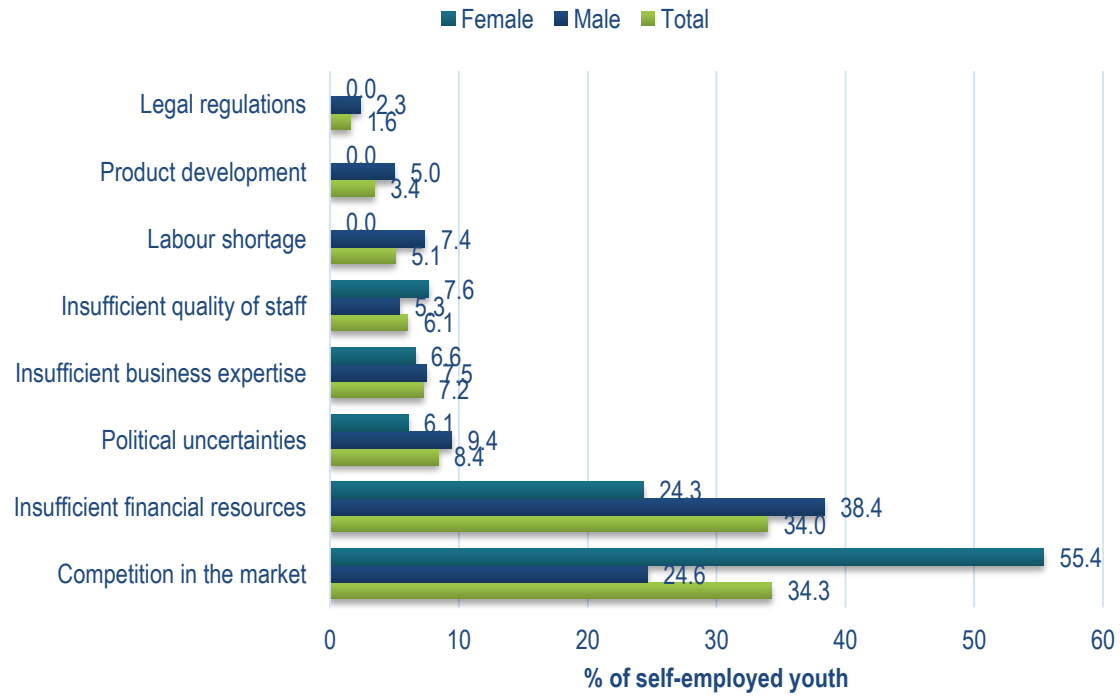
Table 5.7 Self-employed youth by reason for self-employment

Reason	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Could not find a wage or salaried job	13 062	43.3	11 617	49.1	1 445	22.1
Required by the family	8 394	27.8	8 394	35.5	0	0.0
Higher earnings potential	3 878	12.8	2 205	9.3	1 672	25.5
More flexible hours of work	2 792	9.2	0	0.0	2 792	42.7
Greater independence	1 339	4.4	703	3.0	636	9.7
Other	730	2.4	730	3.1	0	0.0
Total	30 196	100	23 650	100	6 546	100

Source: NBS, SWTS Moldova, 2015.

Asked to identify their most significant challenge to doing business, the self-employed youth primarily cited competition in the market and insufficient financial resources (34.3 and 34 per cent of total self-employed, respectively). The significance of these factors, however, weighs differently for males and females: 55.4 per cent of self-employed young women stated market competition to be their biggest challenge in contrast to only 24.6 per cent of men, while the main constraint encountered by most men was insufficient finances (38.4 per cent). Less frequently cited reasons include political uncertainties (8.4 per cent), insufficient business expertise (7.2 per cent) and underqualified staff (6.1 per cent). Young self-employed men additionally named labour shortages (7.4 per cent), product development (5 per cent) and legal regulations (2.3 per cent) as significant challenges, while women omitted these factors in their responses (figure 5.4).

Figure 5.4 Self-employed youth by most significant challenge to doing business



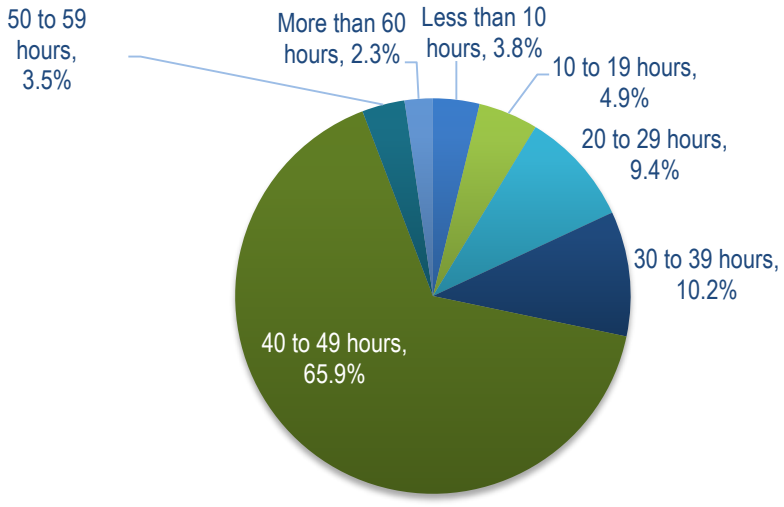
Source: NBS, SWTS Moldova, 2015.

Asked about the source of their start-up capital, 63.3 per cent of young self-employed men and 45.7 per cent of women said they did not require any money, 11.6 per cent of respondents used their own savings and 27.2 per cent borrowed money from friends or family. None of the self-employed young persons reported taking loans from banks, NGOs, government or microfinance institutions or informal operators. This reflects widespread reluctance on the part of young entrepreneurs to take out loans at the excessively high interest rates typically offered to them.

5.2 Working hours and informality

Figure 5.5 shows the distribution of youth employment by actual hours worked in a week. Most young people work full time, i.e. between 40 and 49 hours per week (65.9 per cent), while 5.8 per cent of youth reported working an excessive number of hours (50 or more hours per week). Nearly one in three (28.3 per cent) work fewer than 39 hours per week.

Figure 5.5 Distribution of youth employment by actual hours worked per week



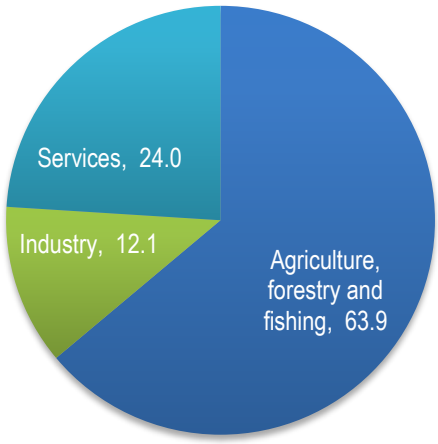
Source: NBS, SWTS Moldova, 2015.

The rate of informal employment[19] in Moldova is fairly low in comparison to other countries in the region (see Elder et al., 2015) and affects 23 per cent of the employed youth, representing a reduction of 5.5 percentage points between 2013 and 2015 (28.5 per cent of total working youth were informally employed in 2013). A little over half of these are found in the informal sector (i.e. in unregistered enterprises, micro-enterprises or as contributing family

[19] Informal employment is measured according to the guidelines recommended by the 17th International Conference of Labour Statisticians. The calculation applied here includes the following sub-categories of workers: (a) paid employees in "informal jobs", i.e. jobs without entitlement to social security, paid annual leave and paid sick leave; (b) paid employees in an unregistered enterprise with size classification below five employees; (c) own-account workers in an unregistered enterprise with size classification below five employees; (d) employers in an unregistered enterprise with size classification below five employees; and (e) contributing family workers. Sub-categories (b) to (d) are used in the calculation of "employment in the informal sector", sub-category (a) applies to "informal job in the formal sector" and sub-category (e) can fall within either grouping, depending on the registration status of the enterprise that engages the contributing family worker.

workers), while the rest are informally employed in the formal sector. Young men are more likely to work informally than young women (26.6 per cent of male and 18.2 per cent of female workers). Informality is an almost exclusively rural phenomenon, affecting 41 per cent of the working population in rural areas in comparison to just 8.1 per cent of their urban peers. Informally employed youth are concentrated in agriculture (63.9 per cent), while 12.1 per cent are employed in industry and 24.0 per cent in services (figure 5.6).

Figure 5.6 Informally employed youth by economic sector (%)



Source: NBS, SWTS Moldova, 2015.

5.3 Qualifications mismatch

One means of measuring the mismatch between the job that a person does and their level of educational qualifications is to apply the normative measure of occupational skills categories from the International Standard Classification of Occupations (ISCO). ISCO-08 includes the following categorization of major occupational groups (first-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED) detailed in table 5.8.[20]

Workers in a particular occupational/skill group who have the assigned level of education for that occupation are considered well-matched. Those who have a higher (lower) level of education are considered over- (under-) educated. For instance, a university graduate working as a clerk (a low-skilled non-manual occupation) is overeducated, while a secondary school graduate working as an engineer (a high-skilled non-manual occupation) is undereducated.

[20] For more information on the issue of qualifications mismatch, see Quintini (2011) and Sparreboom and Staneva (2014).

Table 5.8 ISCO major groups and education levels

ISCO major group	Broad occupation group	Skill level
1 Managers, senior officials and legislators	High-skilled non-manual	Tertiary (ISCED 5–6)
2 Professionals		
3 Technicians and associate professionals		
4 Clerks	Low-skilled non-manual	Secondary (ISCED 3–4)
5 Service and sales workers		
6 Skilled agricultural and fishery workers	Skilled manual	
7 Craft and related trades workers		
8 Plant and machine operators, and assemblers		
9 Elementary occupations	Unskilled	Primary (ISCED 1–2)

Source: ILO, 2013, table 3.

The latest data for Moldova, shown in table 5.9, reveal that 68.8 per cent of the employed youth are working in occupations that match their level of education. The remaining 31.2 per cent are over- or undereducated for their jobs (29.1 and 2.1 per cent, respectively). Young female workers are more likely than men to be in well-matched positions, while males are more likely to be overeducated for the jobs they are currently doing. Overeducation is also more likely in rural than in urban areas. The high share of overeducated workers is, in part, a reflection of the high levels of education attained by youth in the country. The phenomenon of overeducation tends to arise when there is an insufficient number of jobs to match a certain level of education, which forces some of the degree-holders to take up available work for which they are overqualified. Consequently, overeducated youth are likely to earn less than they otherwise could have and their productive potential in the economy is not fully maximized.

Table 5.9 Qualifications mismatch of employed youth by major occupational category (ISCO-08) (%)

	Overeducated	Undereducated	Matching qualifications
Total	29.1	2.1	68.8
Male	35.4	0.4	64.2
Female	20.7	4.4	74.9
Urban	26.1	2.7	71.1
Rural	32.7	1.4	66.0
By occupation:			
Managers	0.0	8.9	91.1
Professionals	0.0	5.0	95.0
Technicians and associate professionals	15.9	4.6	79.5
Clerical support workers	47.8	0.0	52.2
Service and sales workers	29.3	0.0	70.7
Skilled agricultural, forestry and fishery workers	3.2	0.0	96.8
Craft and related trades workers	17.8	0.0	82.2
Plant and machine operators, and assemblers	21.7	0.0	78.3
Elementary occupations	94.9	1.1	4.0

Note: The percentages represent the share of the employed youth with completed education (working and not in school) within the occupational category.
Source: NBS, SWTS Moldova, 2015.

Table 5.9 also demonstrates which occupations are most likely to host either overeducated or undereducated young workers. In 2015, 47.8 per cent of clerical support workers, 29.3 per cent of service and sales workers and nearly all workers in elementary occupations could be considered overeducated for their jobs. Unsurprisingly, the share of the undereducated youth is concentrated primarily in the occupations requiring specific skills: 8.9 per cent of young managers, 5.0 per cent of young professionals and 4.6 per cent of young technicians. The undereducation of workers can have a negative impact on labour productivity and can be a significant hindrance to economic growth. It can also have a significant impact on young workers in terms of their self-confidence.

5.4 Security and satisfaction

The data on the quality of youth employment in Moldova show that the most secure form of employment, i.e. wage employment, is widespread among both men and women. Young people are highly educated, all but a few to secondary level, at least. At the same time, there are evidently problematic areas with a labour market characterized by occasional qualifications mismatch, relatively low wages and a persistent gender wage gap. Despite these signs of deficits in the quality of youth employment, nearly all young workers in Moldova express satisfaction with their work (92.9 per cent). This is probably a reflection of youth's ability to adapt to an environment where few well-paid jobs exist. In the context of low labour market demand, simply having a job may outweigh the issues of qualifications mismatch or low pay. It may also suggest that the overall labour market environment depresses the ambitions and aspirations of young people.

Workers with completed tertiary education, from urban areas, from well-off households, in regular and formal employment are most satisfied with their jobs (table 5.10). Workers with, at most, general and vocational secondary education are least likely to report job satisfaction. Urban young employees are considerably more likely to be happy in their jobs than their rural peers (96.9 per cent and 88.2 per cent, respectively). The household income level seems to influence the rate of job satisfaction among youth, with workers from wealthier backgrounds more likely to be happy with their jobs and workers from poorer backgrounds much less so. Unsurprisingly, the youth who are overeducated for their jobs are least likely to be happy with their work situation, while those who are undereducated are satisfied with theirs. Contrary to expectations, workers in irregular and informal jobs are more likely to report job satisfaction than those in regular and formal jobs, possibly indicating a situation where higher earnings can be achieved.

One can dig further into issues of job satisfaction by utilizing the indicator determining whether or not the employed youth would like to change jobs. About 21.2 per cent of Moldovan working youth expressed a wish to change their job (figure 5.7). The most common reason given was to earn a higher hourly wage (53.3 per cent). Young female workers wanted to work more hours at their current rate (25.8 per cent in comparison to 13.1 per cent of male workers). A further 11.9 per cent of working youth wished for jobs where they could make better use of their skills and qualifications. Some 8.8 per cent of young men wished to change their jobs because their present job was temporary in nature (this scenario did not apply in the case of young women in the survey), while more convenient working hours was only a consideration for women (4 per cent of women). Fear of losing the current job or a preference for working fewer hours with a reduction in pay were not reasons cited for wishing to change employment.

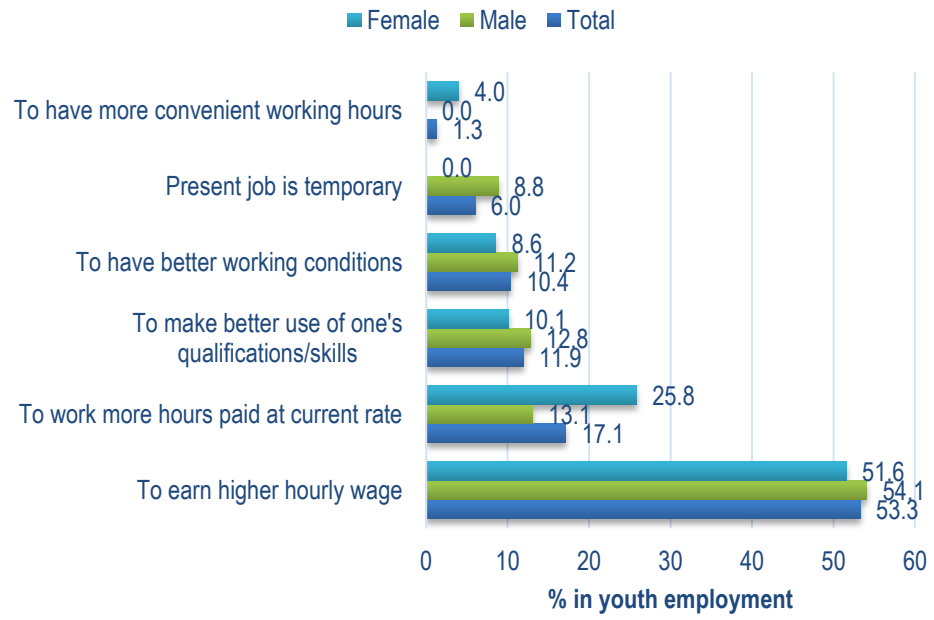
Table 5.10 Job satisfaction rates by selected characteristics (%)

Characteristics		Total	Male	Female
Level of completed education	Less than primary (including no schooling)	100		100
	Primary	100	100	
	Vocational (secondary)	88.6	89.0	87.7
	Secondary	87.9	89.8	83.9
	Post-secondary vocational	91.7	92.1	91.4
	Tertiary	98.2	98.5	97.8
Area of residence	Urban	96.9	97.4	96.2
	Rural	88.2	88.7	87.5
Household income level	Well off	100	100	100
	Fairly well off	100	100	100
	Around the average	93.7	94.6	92.6
	Fairly poor	70.0	68.5	73.6
	Poor	78.9	100	0.0
Type of employment	Regular	84.0	84.0	83.9
	Irregular	95.4	96.5	94.1
	Formal	81.2	79.3	85.0
	Informal	96.4	98.3	94.1
Qualification mismatch	Overeducated	82.0	83.8	78.3
	Undereducated	100	100	100
	Matching	95.6	96.6	94.3
Total		92.9	93.3	92.4

Note: Household income levels are based on the individual perception of each young respondent.

Source: NBS, SWTS Moldova, 2015.

Figure 5.7 Employed youth who would like to change their work by reason



Source: NBS, SWTS Moldova, 2015.

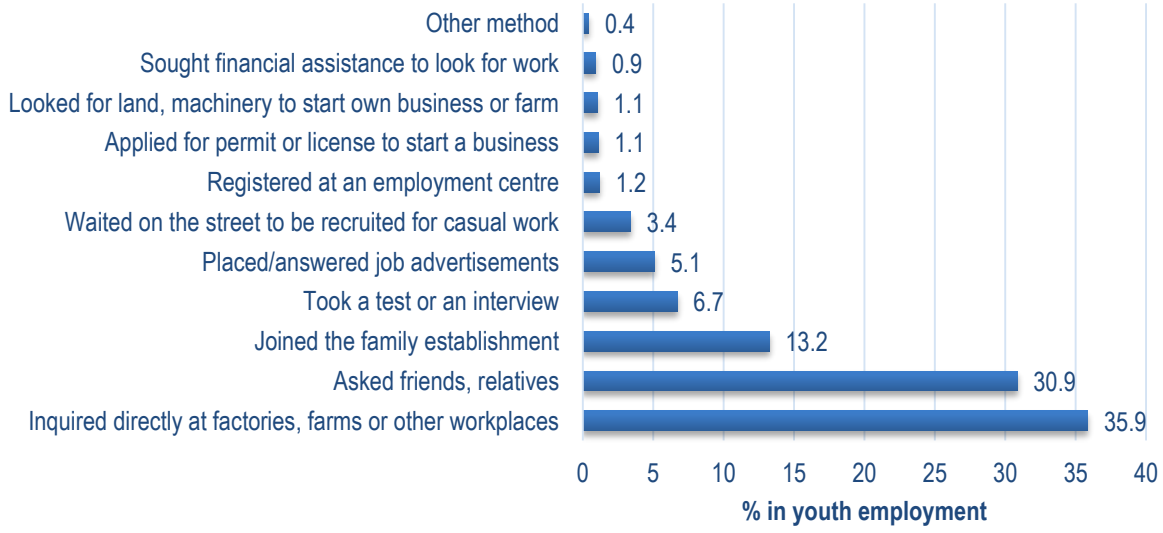
5.5 Job-search methods of the employed

The largest share of currently employed youth spent, on average, not more than one month searching for a job prior to obtaining their currently held position (48.6 per cent). The job search lasted between one and three months for 23.6 per cent of the employed and between three and six months for 12.1 per cent of the employed youth. About 7.5 per cent looked for a job for between six months and a year, while 4.7 per cent spent over two years job hunting before they landed their current job.

It is interesting to compare the job-search methods used by the currently employed youth to those of the currently unemployed (discussed in section 4.1). The hope would be that the currently employed youth used a job-search method that proved to be underutilized by the currently unemployed, i.e. the employed youth use more effective search channels. Unfortunately, finding the answers to the labour market challenges in the country does not prove to be so easy. There is an overlap in job-search methods used by the currently employed and unemployed. The largest share of the employed youth obtained their job by inquiring directly at factories, farms and other workplaces (35.9 per cent) or asking friends and relatives (30.9 per cent), which are also common job-search methods among the unemployed youth. It is possible that the employed young people have networks (friends and family) which differ from those of the unemployed youth, with consequent effects on the outcomes of their job search. About 13.2 per cent of the currently employed youth joined the family establishment, which can be another indicator of a shortage of jobs on the labour market (figure 5.8).

Formal job-search channels are rarely used by youth in Moldova and, when they are, they are unlikely to be successful: only 5.1 per cent of the currently employed youth secured their job by placing or responding to a job advertisement, while nearly 17.1 per cent of the unemployed use this method in the hope of finding work. In fact, this search method was not much more effective than waiting on the street to be recruited for casual work – 3.4 per cent of the employed youth got their job this way. Only 1.2 per cent of the employed and 2.4 per cent of the unemployed youth registered at an employment centre.

Figure 5.8 Employed youth by job-search method used to obtain current job



Source: NBS, SWTS Moldova, 2015.

6. Stages of transition

6.1 Concepts and definitions[21]

The preceding sections analysed youth with respect to their current activity status. Another means of classifying youth is to group them according to where they stand in relation to their transition into the labour market. The labour market transition of young people concerns not only the length of time from their exit from education (either upon graduation or early exit without completion) to their first entry into any job, but also relates to qualitative factors, such as whether the job is stable (measured by contract type).

The SWTS is designed to apply a stricter definition of "stable employment" than is typically used. By starting from the premise that a person has not "transited" until they are settled in a job that meets very basic criteria of stability, as defined by the duration of the employment contract, the SWTS analytical framework introduces a new qualitative element to the standard definition of labour market transition. However, as seen in previous sections, few young people in Moldova attain stable employment and, if the "end goal" does not fit the reality of the situation, then perhaps the statistics are not framed widely enough. For this reason, the ILO added job satisfaction as a component and built it into the concept of labour market transition.

More specifically, labour market transition is defined as the passage of a young person (aged 15–29) from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job. Based on their experience gained in analysing data from 2012–2013 SWTS data sets, the ILO made slight revisions to the methodology for calculating the stages of transition. The justification for the revisions, based on lessons learned in the analyses, is summarized in ILO (2015), Chapter 4.

The revised definition thus acknowledges the transitory state of current students and also the subjectivity of job satisfaction. The transition is therefore considered to be complete only when a young person has attained a stable job based on a written contract of duration greater than 12 months or oral agreement with likelihood of retention or has attained a satisfactory temporary job judged on the young respondent's willingness to stay there. The full revised definitions of the stages of transition are as follows:

I. **Transited** – A young person who has "transited" is one who is currently employed and not in school in:
   i. a stable job
      a. based on a written contract of at least 12 months' duration, or
      b. based on an oral agreement and likely to keep the job over the next 12 months;
   ii. a satisfactory temporary job
      a. based on a written contract of less than 12 months' duration and does not want to change the job, or
      b. based on an oral agreement; not certain to keep the job over the next 12 months and does not want to change the job; or
      c. satisfactory self-employment (in self-employed status and does not want to change the job).

[21] This section is provided by the ILO.

II. **In transition** – A young person still "in transition" is one who is currently:
   i. an active student (employed or unemployed);
   ii. unemployed (non-student, broad definition);
   iii. employed in a temporary and non-satisfactory job
      a. based on a written contract of less than 12 months' duration and wants to change the job, or
      b. based on an oral agreement; not certain to keep the job over the next 12 months and wants to change the job;
   iv. in non-satisfactory self-employment (in self-employed status and wants to change the job); or
   v. inactive and not in education or training, with the aim of looking for work later.

III. **Transition not yet started** – A young person whose status is "transition not yet started" is one who is currently:
   i. still in school and inactive (inactive student); or
   ii. inactive and not in education or training (inactive non-student), with no intention of looking for work.

Two elements of this classification are noteworthy. First, the stages of transition span across the boundaries of economic activity as defined in the standard labour force framework.[22] The "transited" category includes a sub-set of youth classified as employed; the remaining employed fall within the category of "in transition", which includes those who fall under the strict definition of unemployed and portions of the inactive (namely, those without work, available for work but not actively seeking work[23] and inactive non-students who have stated an intention to join the labour force at a later stage). The "transition not yet started" category is the residual of the inactive population.

Second, the stages of transition are not intended to be a normative framework. Because of the inclusion of youth in satisfactory self-employment and satisfactory temporary employment, one cannot say that all young people in the transited category have transited to a "good" job. In fact, many young people in self-employment – the own-account workers and unpaid family workers – are engaged in the informal economy and, by definition, make up the bulk of the country's share of irregularly employed. Yet they have expressed a degree of satisfaction with their job, and they are likely to have finished their transition in the sense that they will remain in the self-employed classification for the remainder of their working lives.

The classification into stages of transition offers a flow concept. A person is in transition until they have reached a stable position in the labour market, meaning they have a job they are likely to maintain, regardless of whether it is good or bad. For a normative framework, it is better to look at the job-quality indicators presented in the previous sections.

[22] The international guidelines for measuring statistics on the economically active population, set out by the 13th International Conference of Labour Statisticians (ICLS) in 1982, provide the framework for measuring who is counted as employed and as unemployed according to the economic production boundaries set out by the System of National Accounts.

[23] This is the portion added to the "strictly" unemployed category to make up the unemployed (according to the broad definition).

6.2 Stages of transition

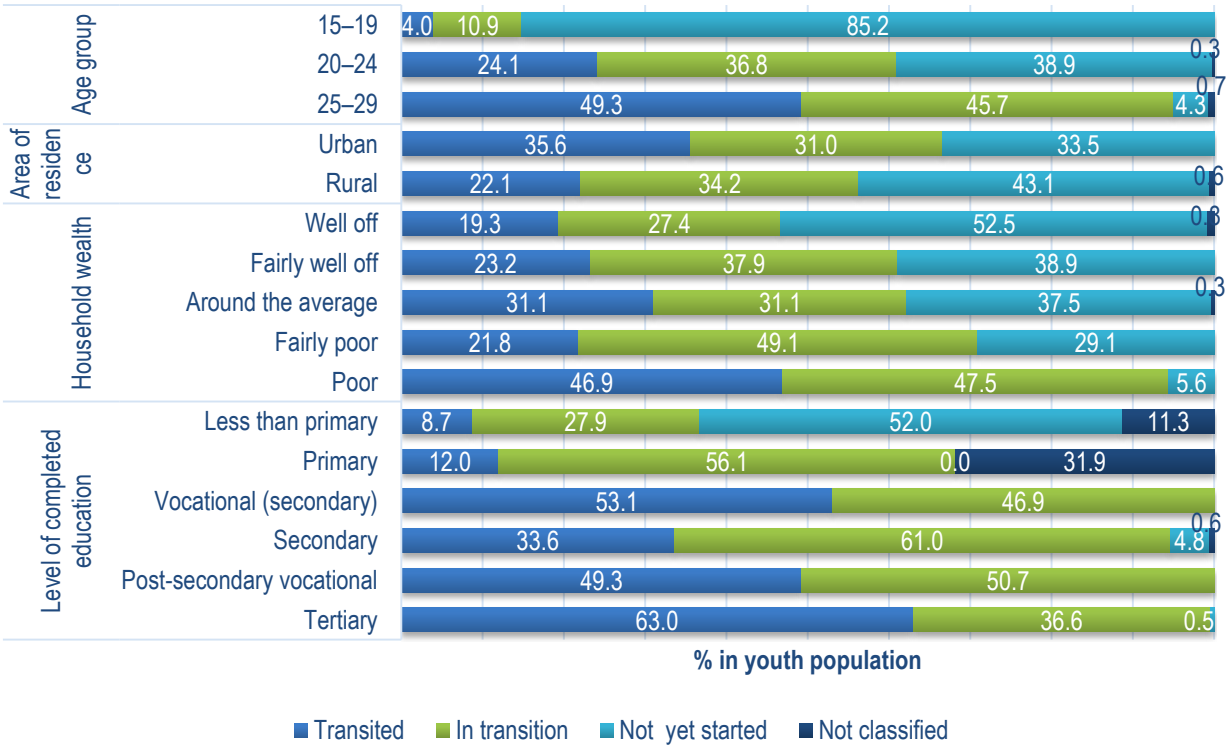
The largest share of the total youth population in 2015 consists of those who have not yet started their transition (38.8 per cent), closely followed by those in transition (32.8 per cent). The proportion of those who have completed their transition is 28 per cent (table 6.1). Young men are more likely than young women to have completed their transition (31 per cent and 25 per cent, respectively). The share of those who are still in transition is higher among young women (36 per cent compared to 29.6 per cent of men).

Table 6.1 Distribution of youth population by stage of transition

	Total		Male		Female	
	Number	%	Number	%	Number	%
Transited	210 058	28.0	117 597	31.0	92 460	25.0
In transition	245 723	32.8	112 322	29.6	133 401	36.0
Not started	291 086	38.8	148 907	39.2	142 180	38.4
N/A	2 667	0.4	573	0.2	2 094	0.6
Total	749 534	100	379 399	100	370 135	100

Source: NBS, SWTS Moldova, 2015.

Figure 6.1 Stages of transition by selected characteristics



Note: In distribution by educational attainment, only youth with completed education are considered (excluding current students). Household income levels are based on the individual perception of each young respondent.
Source: NBS, SWTS Moldova, 2015.

Figure 6.1 shows the distribution of youth by the stages of transition detailed by age band, sex, location and level of educational attainment. Not surprisingly, age has a strong correlation to the stages of transition. Few of the 15–19-year-olds have started or completed

their transition, while very few in the higher age band, the 25–29-year-olds, are yet to start theirs (4.3 per cent). Urban youth are more likely to have successfully transited (35.6 per cent) compared to rural youth (22.1 per cent) and less likely to fall into the category of those whose transition has not yet started (33.5 per cent of urban youth relative to 43.1 per cent of rural youth). Youth from a poor background are more likely than other categories of youth to have completed their transition (46.9 per cent), while youth from wealthier backgrounds are more likely not to have started their transition, staying in school longer than youth from poorer households.

Finally, all youth with tertiary education have either completed their transition (63 per cent) or are currently in transition (36.6 per cent). Youth with primary education, on the other hand are far less likely to have completed their transition (12 per cent), while a majority of them remain in transition (56.1 per cent). There is a high incidence of completed transition among youth with vocational education, both secondary (53.1 per cent) and post-secondary (49.3 per cent). For a majority of youth with little education (less than primary or none) transition has not started (52 per cent); this group makes up a very small proportion of the overall youth population in Moldova.

6.2.1 Youth who have not yet started their transition

The results of the SWTS show that most of the youth population who have not started their transition are in school and that a somewhat smaller proportion among them are currently inactive or not in school with no intention of looking for work. Similar outcomes emerged from the previous round of the survey in 2013. The shares of inactive students among young men and women are almost equal (38.3 per cent are male and 36.2 per cent female). Nonetheless, young women are much more likely than men to be inactive non-students with no plans to work in future (5.8 per cent of women in comparison to 2.4 per cent of men).

6.2.2 Youth in transition

A youth person is classified as "in transition" if they are either unemployed (broad definition), engaged in non-satisfactory self-employment or in a paid temporary job with which they have expressed dissatisfaction, are an inactive non-student with an attachment to the labour market indicated by their desire to work in the future, or an active student (employed or looking for work).

Table 6.2 presents the category of youth in transition in greater detail, with disaggregation by sub-category, sex, area of residence, level of education, and household income level. The majority of youth in transition are classified as falling within this category because they are inactive non-students that intend to work in the future (60.5 per cent) or youth who are currently unemployed (21.9 per cent). Very few young people in this category are in non-satisfactory self-employment (4.2 per cent) or temporary employment (3.8 per cent), while the remaining 9.7 per cent are active students.

There are differences between the sexes in the composition of youth in transition: young women are less likely than men to be unemployed and much more likely to be inactive non-students with plans to work in the future. Urban youth in transition are more likely than rural youth to be out of school and inactive but with a desire to work in the future, unemployed or in non-satisfactory self-employment. The largest category of youth in transition come from averagely wealthy households and are more likely to be inactive non-students who intend to work in the future or are currently seeking work. Young people with completed tertiary and

secondary level education who are still in transition are mainly inactive but planning to find work in the future. The secondary school graduates have a higher likelihood of being unemployed than youth with other levels of education.

Table 6.2 Distribution of youth in transition by sub-categories (%)

Characteristics		Unemployed (broad definition)	In non-satisfactory temporary employment	In non-satisfactory self-employment	Active students	Inactive non-students with plans to work in the future
Sex	Male	14.6	2.9	3.3	5.4	19.6
	Female	7.3	0.9	0.9	4.3	40.9
Area of residence	Rural	9.5	2.7	0.5	5.0	24.0
	Urban	12.5	1.1	3.7	4.6	36.4
Household income level	Well off	2.0	0.0	0.4	2.2	8.3
	Fairly well off	0.2	0.9	0.2	1.1	5.0
	Around the average	15.2	1.6	3.5	5.6	38.7
	Fairly poor	4.3	1.3	0.0	0.8	7.5
	Poor	0.3	0.0	0.0	0.0	0.9
Level of completed education	Less than primary (including no schooling)	0.0	0.0	0.0	0.0	0.6
	Primary	0.2	0.3	0.2	0.0	0.0
	Vocational (secondary)	3.4	0.4	2.0	0.0	10.8
	Secondary	11.2	2.6	1.2	0.0	29.6
	Post-secondary vocational	2.6	0.0	0.7	0.0	4.9
	Tertiary	4.6	0.4	0.0	0.0	14.7
Total		21.9	3.8	4.2	9.7	60.5

Note: In distribution by educational attainment, only youth with completed education are considered (excluding current students). Household income levels are based on the individual perception of each young respondent.

Source: NBS, SWTS Moldova, 2015.

6.2.3 Youth who completed their labour market transition

Most of the transited youth have attained a stable job (81.6 per cent), 14 per cent are in satisfactory self-employment and 4.4 per cent have a satisfactory temporary job (table 6.3). Rural youth are more likely to have transited into stable employment (53.6 per cent) than urban youth (28 per cent), while urban youth are more likely to be in satisfactory self-employment (12 per cent in comparison to 2.1 per cent of rural youth). The largest group of transited youth come from backgrounds of average wealth and have attained stable employment (61.6 per cent). Youth from poorer backgrounds are underrepresented among the transited youth. Unsurprisingly, university graduates make up the largest group among the transited youth and a majority of them are in stable employment. Youth with secondary general and vocational education also tend to be in stable employment (19 per cent and 17.8 per cent, respectively) and are more likely than other categories to be in satisfactory self-employment (6.9 per cent and 3.2 per cent, respectively). Youth with primary education or less are barely represented in the category of transited youth.

Table 6.3 Distribution of transited youth by sub-categories (%)

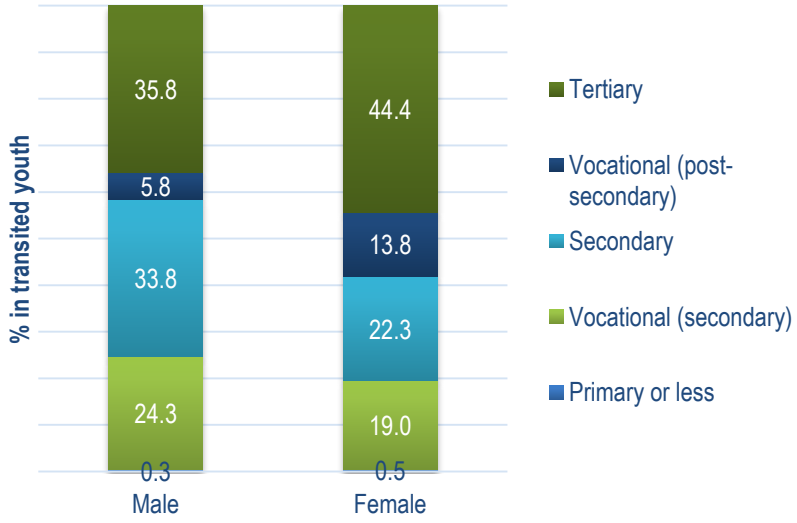
Characteristics		Stable employment	Satisfactory temporary employment	Satisfactory self-employment
Sex	Male	45.1	2.1	8.8
	Female	36.5	2.2	5.2
Area of residence	Rural	53.6	0.3	2.1
	Urban	28.0	4.1	12.0
Household income level	Well off	7.9	0.3	2.5
	Fairly well off	5.3	0.0	0.0
	Around the average	61.6	3.3	10.5
	Fairly poor	5.8	0.5	0.9
	Poor	1.0	0.3	0.1
Level of completed education	Less than primary (including no schooling)	0.0	0.2	0.0
	Primary	0.2	0.0	0.0
	Vocational (secondary)	17.8	1.0	3.2
	Secondary	19.0	2.9	6.9
	Post-secondary vocational	7.8	0.1	1.4
	Tertiary	36.9	0.2	2.5
Total		81.6	4.4	14.0

Note: In distribution by educational attainment, only youth with completed education are considered (excluding current students). Household income levels are based on the individual perception of each young respondent.

Source: NBS, SWTS Moldova, 2015.

While both young men and young women with tertiary education have a higher likelihood of completing their transition, for young women having the higher level of education seems to bear more weight. Some 44.4 per cent of the transited women hold a university degree, while 22.3 per cent finished only secondary school (figure 6.2). For young men who have completed their transition, a secondary school degree was just as effective as a university degree, in terms of transiting to a stable, satisfactory job.

Figure 6.2 Distribution of transited youth by level of educational attainment



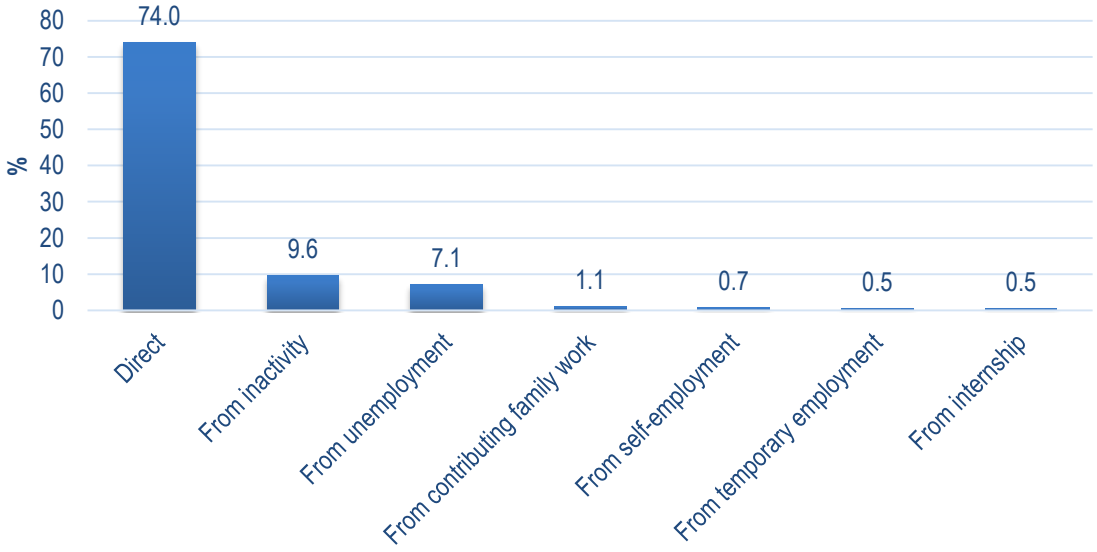
Note: In distribution by educational attainment, only youth with completed education are considered (excluding current students).

Source: NBS, SWTS Moldova, 2015.

6.3 Transition paths and lengths of transition

The ability to review the historical path of economic activities of youth who have completed the transition is one of the SWTS's biggest added values. Using the historical path, it is possible to identify the labour market category held by the young person prior to transiting to the first stable or satisfactory job. Figure 6.3 shows that the majority of transited youth attained their first stable and/or satisfactory job directly (74 per cent). This means that the young person had no other labour market experience (employment or unemployment) before taking up the job. A further 9.6 per cent transited from inactivity, 7.1 per cent from unemployment, 1.1 per cent from contributing family work and a handful of youth from either self-employment (0.7 per cent), temporary employment (0.5 per cent) or from an internship or apprenticeship (0.5 per cent).

Figure 6.3 Flows to first stable and/or satisfactory employment (transited category)



Source: NBS, SWTS Moldova, 2015.

Table 6.4 provides information on the lengths of the school-to-work transition. Lengths are calculated from the date of graduation to (i) the first job, (ii) the first transited job and (iii) the current transited job. The various categories may or may not overlap: a young person could have only one job experience which is deemed stable and/or satisfactory (so that the first job = first transited job = current transited job) or the young person might have held several jobs and moved in and out of transition before finally settling into the current stable and/or satisfactory job (so that the first job ≠ first transited job ≠ current transited job).

Table 6.4 Average lengths of labour market transitions from school graduation (months)

	Total	Male	Female
To first job (any job, including direct transitions)	6.5	5.1	7.9
To first transited job (including direct transitions)	8.6	7.4	9.6
To first transited job (excluding direct transitions)	11.9	10.9	12.8
To current transited job (including direct transitions)	34.4	30.6	39.3
To current transited job (excluding direct transitions)	38.0	35.0	41.6

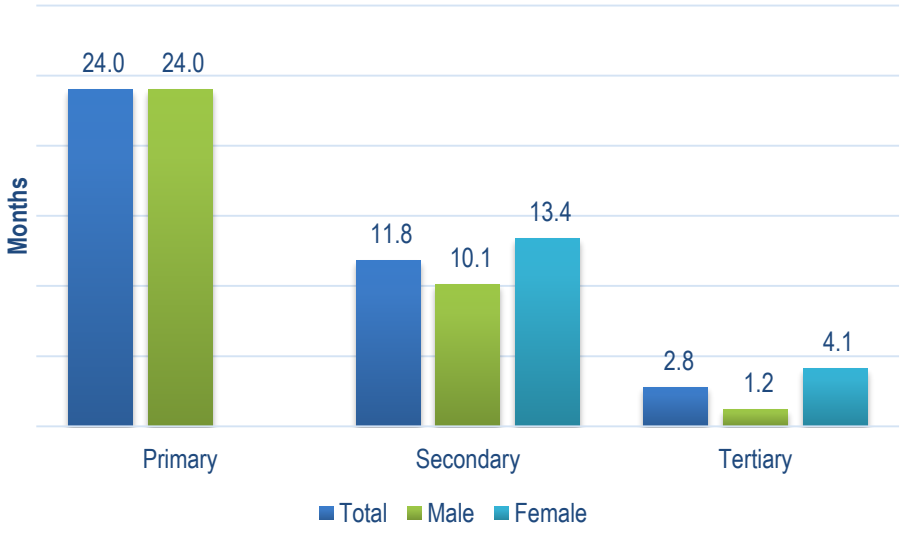
Source: NBS, SWTS Moldova, 2015.

The results show that it takes a young person, on average, 8.6 months from the time of graduation to attainment of a first job that is deemed to be either stable or satisfactory. Excluding the number of youth who moved directly to that first transited job (as their first labour market experience after graduation), results in the average transition length jumping to 11.9 months. In comparison to other countries in the region, the transition period can be considered short, in part reflecting the lower unemployment rates and also the marked tendency for female youth to remain outside the labour market. For the young women who do remain active, however, their labour market transitions are longer than those of young men (9.6 months compared to 7.4 months to first transited job).

Some youth continue their pathway in the labour market even after attaining a first transited job – perhaps they are made redundant or dismissed from their job or leave to have children or for other reasons. Regardless of the specific reason, it therefore makes sense that the average length to current transited jobs is longer than the length to the first transited job. In Moldova, it takes a young person an average of 34.4 months (nearly three years) to complete the transition from school to the current transited job (30.6 months for young men and 39.3 months for young women). Excluding those who move directly to the current transited job causes the transition duration to rise to as long as 38 months. The significant gap in lengths between the attainment of a first stable job and the current job shows that there is a tendency for young people to move between jobs and between labour market activities (into and out of the labour market). In other words, there seems to be a degree of fluidity in the labour market, with young people not remaining in the same category for long periods of time. The economic and social costs of such movements can be a hindrance to productivity growth in the country.

Finally, figure 6.4 shows the advantage that education brings to the school-to-work transitions of youth in Moldova. The transition length to a first stable/satisfactory job for a university graduate is one-quarter of that of a youth holding a secondary degree (2.8 and 11.8 months, respectively). Despite the higher representation of young women than men among tertiary degree holders, it still takes the young tertiary-educated female longer to complete the school-to-work transition in comparison to her male counterpart (4.1 and 1.2 months, respectively), which could be representative of a gender bias in the labour market.

Figure 6.4 Average lengths of labour market transitions from school graduation to first stable and/or satisfactory job by level of completed education (months)



Source: NBS, SWTS Moldova, 2015.

Youth with only primary-level education can take as long as 24 months (two years) to complete the transition. The lengthy transitions of youth with low levels of education can be partly explained by their younger age on leaving school, but the question of what those youth do during the long interim period remains to be answered. A future investigation should specifically consider the characteristics of youth in this category, since they are likely to be the most disadvantaged youth in the country in terms of opportunities and therefore in the greatest need of early intervention.

7. Policy framework for youth employment in Moldova

7.1 Relevant policy framework in Moldova

Moldova's national youth policy is developed within the legislative framework set forth by the National Youth Law adopted in 1999 and the National Youth Strategy 2009–2013. Some of the main objectives of the strategy are boosting employment and self-employment opportunities for the young and improving their access to education, information, health care and other services (CE, 2011). The main governmental agency dealing with youth-related issues is the Ministry of Youth and Sports, founded in 2009. Moldova is currently in the process of developing its next National Youth Strategy 2014–2020, which will build on the lessons learned from the previous strategy, and incorporate the latest practices in youth policy at national and international levels.[24]

The new strategy recognizes youth as key stakeholders in the country's development and intends to involve youth in decision-making processes and civic activism. Initiatives targeted at the economic empowerment of youth, promotion of employment opportunities and entrepreneurship include rolling out the National Programme for Economic Empowerment of Youth and improving the status of youth organizations. Further initiatives of the new strategy focus on the youth labour force, specifically the institutional and regulatory framework surrounding occupational standards, recognition and certification of training and informal education, as well as establishing support mechanisms for youth organizations, including funding.

The National Employment Policies Strategy (NEPS) is the primary policy tool for the labour market. It defined its strategic goal for the period from 2005 to 2015 as "ensuring a high level of sustainable and productive employment as well as a decent remuneration of human resources". In statistical terms it envisaged an increase of 15 percentage points in the employment rate, from 45 per cent in 2005 to 60 per cent in 2015 and a decrease of 9 percentage points in the share of employment in the informal sector, from 12 per cent in 2005 to 3 per cent in 2015. The SWTS finds that the main problem with the Moldovan labour market, both in general and in terms of youth's transition from school to work in particular, is a lack of decent employment opportunities. To solve this problem, NEPS sets as a major objective "job creation through development of small and medium-size enterprises, which then should grow into big enterprises and will generate stable, decent jobs".

[24] See Sergiu Stanciu, "Priorities of the draft National Youth Strategy 2014–2020", a presentation prepared by the Ministry of Youth and Sports of the Republic of Moldova.

Government resources should be primarily focused on creating a stable, motivating environment for investment, governed and protected by law. In such an environment companies will be intrinsically motivated to invest and create new jobs. Current policies unfortunately concentrate too narrowly on adjusting labour supply to suit existing labour demand. Such an approach is counterproductive for Moldova. A significant share of the employed youth is already in a situation of skills-related underemployment. Further adjusting skills to meet employers' current needs would mean setting lower standards for the educational system. On the contrary, the quality of education should be increased.

Most severely affected are those youth from rural areas, who have the fewest employment opportunities and those that do exist are often of suboptimal quality. Creating conditions for sustainable development of the country's rural areas must be the cornerstone of any youth employment policy. The National Regional Development Strategy (NRDS) has such an objective, but, just as with NEPS, NRDS action plans are focused on solving specific problems with the available public resources and not on developing new mechanisms to support the initiative.

7.2 Policy implications

In Moldova, authorities develop strategies and action plans in close cooperation with international partners, thus benefitting from their expertise and experience. All strategies recognize that Moldova is facing serious structural problems and offer possible solutions, while having sustainable development as their common objective. Youth employment is included in the policy-making process as a crosscutting theme. While active steps towards job creation are currently insufficient, resulting in a shortage of decently paid jobs, still few young people are willing to take up entrepreneurial activities, viewing self-employment as a suboptimal career path. The prospect of working in low-wage jobs that do not match young people's interests or qualifications frequently leads youth to migrate in search of better opportunities in the region. Given the high levels of educational attainment in the country, underutilization of youth labour and migration represent important missed returns on the investment in education made by individuals, and by society as a whole.

An effective policy mix to address youth employment challenges must be comprehensive, inclusive in its formulation process and financially viable and sustainable. Policy responses to promote job growth and quality jobs for youth must start from macroeconomic and sectoral measures with provisions to improve employability and productivity, strengthen labour market policies, promote youth entrepreneurship and ensure adherence to labour standards. No single institution can tackle all policy areas alone. Rather, the Government and employers' and workers' organizations will have work together if they want to reach a detailed understanding of the current challenges, and formulate relevant solutions. Finally, if such responses are to have the desired results, they must be financially viable. Policy-makers should focus on a long-term perspective and address structural issues in a realistic and sustainable way.

Although there is no one-size-fits-all approach to tackling issues of youth employment, there are still certain key policy areas that must be considered and tailored to national and local circumstances. These areas were identified at the International Labour Conference (ILC) in June 2012 and are included in its resolution "The youth employment crisis: A call for action", which was adopted by representatives of governments, employers' organizations and trade unions of the 185 member States of the ILO. The call for action underlines the urgent need for immediate and targeted interventions to tackle the unprecedented youth employment crisis. It provides a global framework that can be adapted to the national circumstances of Moldova in

implementing policies and strategies to promote decent work for youth that are based on a multi-pronged and balanced approach. The framework covers five main policy areas:

1. employment and economic policies to increase aggregate demand and improve access to finance;

2. education and training to ease the school-to-work transition and to prevent skills mismatches;

3. labour market policies to target employment of disadvantaged youth;

4. entrepreneurship training to assist potential young entrepreneurs; and

5. labour rights that are based on international labour standards to ensure that young people receive equal treatment and are afforded rights at work.

These main policy areas are briefly discussed below in light of the issues identified in this report. In particular, the following section examines the main areas where actions and close monitoring are needed in the forthcoming period:

1. Design macroeconomic policy to promote job growth. Effective actions to promote youth employment involve interventions on both sides of the labour market, the supply and the demand side. On the demand side, the Government needs to implement measures that will further promote private sector growth and, consequently, stimulate job creation. This step requires an appropriate mix of macroeconomic policy measures to boost aggregate demand, increased focus on investments, fostering competitiveness within the economy, provide support to the companies through ensuring a better business environment, improving access to finance, etc. All these measures are likely to boost growth, exports and job creation. As the survey showed, a lack of jobs is the main reason for youth unemployment. There are two additional areas of concern within this macro environment. The first is related to a situation where the countries are "poor" in terms of being able to innovate and compete in the high-tech sector, but "rich" in their ability to compete in low-cost industries and to attract those investors seeking low-cost investments.

2. Ensure educational access for all and prevent early school leaving. Even though education is not a panacea and there is evidence that some of the best educated young people have to accept jobs for which they are overqualified, having a higher level of education still improves the employment chances of a young person. The returns on investment in education in Moldova are relatively high, in a market characterized by generally low wages. Keeping young people motivated to stay in school and improving the quality of education will create greater equality of opportunities among the youth population and raise the productive potential of the country. Possibilities should be opened up for all young persons with primary education or less to either go back to school or to be engaged in training programmes that lead to formal qualifications.

3. Tackle gender inequality. Young women who work in Moldova tend to be highly educated, yet are paid lower wages than their male peers. Low unemployment rates among women and the tendency to be economically inactive point to a situation of unacceptable levels of labour underutilization and waste of the country's productive potential. Policies targeted at the reintegration of females into the labour force and creation of working conditions which are conducive to their retention in employment can help to contain this problem.

4. Support employers in taking an active part in the creation of decent jobs for young people. Employers are generally supported in hiring young people by the provision of wage subsidies as an element of the country's active labour market policies. Recent evaluations of similar programmes in other countries in the region, such as FYR Macedonia (Mojsoska-Blazevski and Petreski, 2015), show that wage subsidy programmes are effective and bring positive results for the unemployed, including young people. Employers might be further encouraged to employ young people by improving the skills and job-readiness of the unemployed youth. This could be achieved through the education system, or as part of the employment services activities. Introducing some form of support to employers (for instance, co-financing) could promote investments in further training of their workers. However, awareness should be raised among employers that better trained workers are an asset and that the benefits of better educated and trained workers are largely internalized by the company through improved productivity (which does not have to be fully compensated by a higher wage).

5. Strengthen employment services as a crucial aspect of helping disadvantaged youth. The SWTS shows that young people make limited use of the employment services in their search for a job, but mainly rely on informal search channels. For instance, only 2.4 per cent of the unemployed youth stated that they searched for a job through an employment service, yet even fewer employed youth (1.2 per cent) found their job through an employment service. Strengthening the provision of employment services, including by access to adequate funding, could help to raise the profile of the labour offices of employment services, making them more attractive as a placement tool for job-seeking youth.

6. Encourage and support more young entrepreneurs. Only 12.1 per cent of working youth are self-employed, and very few of them voluntarily opted for self-employed status. This suggests that self-employment is viewed as a second-best alternative by young people, who would much rather work in salaried jobs. Self-employment is increasingly attracting the attention of policy-makers as an important pathway towards reducing the youth unemployment rate. However, before self-employment can become a viable option for young people, a conducive business environment must be created and, among youth, an entrepreneurial spirit cultivated from an early age. The cost of risk-taking for youth should be reduced, and society's attitudes towards entrepreneurs and failure of entrepreneurs must be revisited. Jobs in the public sector are still often viewed as dream jobs for young educated persons. Young people involved in the self-employment programme of the employment services should have access to strong business-related services, mentorship from successful business persons, etc.

7. Enable bipartite and tripartite cooperation on youth employment to yield better employment outcomes. Establishing an enabling environment for the successful implementation of employment and labour market interventions for young people requires bipartite and tripartite cooperation. The Government, employers' organizations and trade unions of Moldova each have a role to play by fulfilling their own specific mandates through concerted and joint efforts for the promotion of decent work for youth in the country. In addition, schools (mainly, secondary vocational schools), universities and local government should be encouraged to implement innovative strategies for building closer relationships between schools and local enterprises. The Government can allocate funds for piloting such incentives and, based on the results, the effective models of cooperation that produce results in terms of participant employment can be expanded.

8. Enhance the skills forecasting mechanism in the country. At present, education and employment policy-making are constrained by the lack of quality information on the skills which are currently in demand. As it takes time for the education system to produce the

appropriate workforce, a strong skills forecasting mechanism should be established. A lack of timely and relevant information on labour market demand also leads some young people to make poor decisions regarding their education or training path and area of specialization.

9. Address the problem of informality. Informality affects about one-quarter of working youth in Moldova. In both the medium and long term, it will be necessary for the Government to address the issue of informality. However, it must do so in a gradual way, seeking to retain the employment potential of a dynamic private sector, while introducing measures to enforce registration of own-account workers and enterprises, and coverage of employees by basic benefits, such as social security protection and paid annual and sick leave. The increased fiscal revenues generated by a higher share of declared activities could be used to finance labour inspectorates in order to more effectively ensure that workers are protected by, at least, minimal provision of decent work conditions by employers.

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Annex I. Additional tables from the SWTS-2013

Table A.1 Moldovan youth by selected characteristics

	Total		Male		Female	
	Number	(%)	Number	(%)	Number	(%)
Age group						
15–19 years	216 212	30.6	115 510	36.5	100 702	25.8
20–24 years	231 410	32.8	103 883	32.8	127 527	32.7
25–29 years	258 812	36.6	97 008	30.7	161 805	41.5
Area of residence						
Urban	318 387	45.1	133 760	42.3	184 627	47.3
Rural	388 047	54.9	182 641	57.7	205 407	52.7
Marital status						
Married (including divorced and widowed)	238 739	33.8	65 553	20.7	173 185	44.4
Single	467 697	66.2	250 848	79.3	216 849	55.6
Education level (non-students)						
Less than primary	3 506	0.9	3 002	1.7	504	0.2
Primary	6 837	1.7	5 375	3.1	1 464	0.6
Secondary general	187 030	46.4	86 913	49.7	100 121	43.8
Vocational (secondary + post-secondary	91 209	22.6	40 434	23.1	50 781	22.2
University and postgraduate studies	114 762	28.5	39 256	22.4	75 514	33.1
Total youth population	706 434	100	316 401	100	390 034	100

Table A.2 Share of youth who moved from original residence by area of previous residence (%)

	Total	Male	Female
Share of young people who left their birthplace, including	**19.4**	**24.9**	**12.6**
from rural settlement areas	66.1	53.9	71.1
from small towns/villages	24.0	24.0	24.0
from big cities/capital city	3.3	6.7	1.9
from other countries	6.6	15.4	3.0
By reasons for leaving:			
to accompany family	24.1	40.9	17.3
for education/training	35.7	25.9	39.8
to work/employment-related reasons	15.1	19.3	13.4
other reasons	25.0	13.9	29.6

Table A.3 Main life goals of youth by sex, area of residence, marital status and age group (%)

	Successful career	Contribute to society	Make lots of money	Have a good family life	Other	Total
Total	26.5	1.2	20.0	51.6	0.7	100
Male	28.7	1.2	34.8	34.2	1.1	100
Female	24.7	1.2	7.9	65.7	0.4	100
Urban	29.3	0.5	15.4	54.8	0.0	100
Rural	24.2	1.8	23.7	49.0	1.3	100
Single	33.2	1.6	23.4	40.8	1.0	100
Married	9.9	0.3	11.5	78.4	0.0	100
15–19 years	40.3	1.7	23.9	33.5	0.6	100

20–24 years	30.6	1.8	21.0	45.6	1.0	100
25–29 years	11.3	0.2	15.8	72.1	0.6	100

Table A.4 Comparison of young persons' educational attainment to their parents' educational attainment (%)

Education level	Same level as father	Father has lower level	Father has higher level	Same level as mother	Mother has lower level	Mother has higher level
Primary or less	81.0	0.0	19.0	21.0	0.0	79.0
Secondary	68.3	12.2	19.5	64.6	12.5	22.8
Secondary vocational	13.5	64.7	21.8	12.0	63.8	24.1
Post-secondary vocational	9.1	68.8	22.1	7.8	65.6	26.6
Tertiary	48.8	51.2	0.0	44.5	55.5	0.0
Total	44.1	39.4	16.5	30.0	39.5	30.5

Table A.5 Household income level and level of educational attainment of non-students (%)

Education level	Well off	Fairly well off	Average	Fairly poor	Poor
Primary or less	14.6	7.6	8.0	10.4	16.8
Secondary	52.2	43.5	57.5	59.0	69.3
Secondary vocational	10.7	4.8	8.9	11.5	6.4
Post-secondary vocational	2.2	11.8	5.7	8.2	3.1
Tertiary	20.3	32.3	19.9	10.9	4.4
Total	100	100	100	100	100

Table A.6 Detailed disaggregation of economic activity by youth

	Population	Regular employment		Irregular employment		Broad unemployment		Inactive non-students		Inactive students	
	Number	Number	%	Number	%	Number	%	Number	%	Number	%
Total	706 434	161 831	22.9	62 044	8.8	40 822	5.8	162 378	23.0	279 358	39.5
Male	316 400	73 208	23.1	39 061	12.3	28 278	8.9	43 145	13.6	132 709	41.9
Female	390 034	88 623	22.7	22 983	5.9	12 544	3.2	119 233	30.6	146 649	37.6
Age group											
15–19	216 212	4 585	2.1	4 372	2.0	7 443	3.4	14 633	6.8	185 179	85.6
20–24	231 410	56 732	24.5	22 600	9.8	18 464	8.0	46 868	20.3	86 745	37.5
25–29	258 812	100 514	38.8	35 072	13.6	14 915	5.8	100 877	39.0	7 434	2.9
Area of residence											
Urban	318 387	108 835	34.2	21 723	6.8	11 025	3.5	57 492	18.1	119 312	37.5
Rural	388 047	52 996	13.7	40 321	10.4	29 797	7.7	104 886	27.0	160 047	41.2

Table A.7 Unemployed youth by duration of job search

	Total		Male		Female	
	Number	(%)	Number	(%)	Number	(%)
Total unemployed population	36 651	100.0	25 204	100.0	11 447	100.0
Less than 1 month	5 100	13.9	3 215	12.8	1 885	16.5
1 month to less than 3 months	9 058	24.7	6 219	24.7	2 839	24.8
3 months to less than 6 months	11453	31.3	8609	34.2	2844	24.9
6 months to less than 1 year	7 254	19.8	5 137	20.4	2 117	18.5
More than a year	3 786	10.3	2 025	8.0	1 761	15.4

Table A.8 Youth employment by status in employment (%)

Status in employment	Total	Male	Female	Urban	Rural
Employee	80.1	73.5	86.7	91.4	64.3
Own-account worker	18.0	24.6	11.4	8.2	31.8
Contributing family worker	1.9	2.0	1.9	0.4	4.0

Table A.9 Youth employment by aggregate sector (%)

Sector	Total	Male	Female	Urban	Rural
Agriculture	13.8	15.8	11.7	0.6	32.2
Industry	11.1	10.3	12.0	13.9	7.3
Construction	6.9	12.5	1.2	4.0	10.9
Services	68.2	61.5	75.0	81.6	49.6

Table A.10 Youth employment by occupation (%)

Occupations	Total	Male	Female
Service and sales workers	23.6	15.0	32.3
Professionals	21.7	15.5	27.9
Elementary occupations	19.7	24.4	14.9
Technicians and associate professionals	11.6	13.2	9.9
Craft and related trades workers	10.5	14.3	6.6
Managers	5.3	6.2	4.4
Plant and machine operators and assemblers	4.2	7.4	1.0
Clerical support workers	1.7	0.5	3.0
Armed forces occupations	1.2	2.4	0.0
Skilled agricultural workers	0.6	1.1	0.0
Total	100	100	100

Annex II. Definitions of labour market statistics

1. The following units are defined according to the standards of the International Conference of Labour Statisticians:

a. The **employed** include all persons of 15 years of age or more who, during a week of reference:
   - worked for wage or profit (in cash or in kind) for at least one hour;
   - were temporarily absent from work (because of illness, leave, studies, a break of the activity of the firm, for example), but had a formal attachment to their job;
   - performed some work without pay for family gain.

b. The **unemployed** (strictly defined) include all persons of 15 years of age or more who met the following three conditions during the week of reference:
   - they did not work (according to the abovementioned definition);
   - they were actively searching for a job or took concrete action to start their own business;
   - they were available to start work within the two weeks following the reference week.

c. Persons neither included in the employed nor in the unemployed category are classified as **not in the labour force (also known as inactive).**

2. The International Classification of Status in Employment (ICSE) categorizes the employed population on the basis of their explicit or implicit contract of employment, as follows:

a. **Employees** (also wage and salaried workers) are all those workers who hold the type of jobs defined as "paid employment jobs", where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work.

b. **Employers** are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as "self-employment jobs" (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced) and, in this capacity, have engaged, on a continuous basis, one or more persons to work for them as employee(s).

c. **Own-account workers** are those who, working on their own account or with one or more partners, hold the type of jobs defined as "self-employment jobs" and have not engaged, on a continuous basis, any employees to work for them.

d. **Contributing (unpaid) family workers** are those who hold "self-employment jobs" as own-account workers in a market-oriented establishment operated by a related person living in the same household.

3. The employed are also classified by their main **occupation**, in accordance with the International Standard Classification of Occupations (ISCO-08).

4. A **household** is a family or other community of persons living together and jointly spending their income to satisfy the basic necessities of life. The concept of household includes members present in the place where the household resides, as well as individuals who are temporarily absent and living elsewhere, including abroad, for business, education or other

purposes, as long as their residence in the foreign country does not exceed one year. A person living alone can also qualify as a household ("single household") if she or he does not already belong to another unit. The single household can reside in a separate or shared dwelling and will be considered as an independent unit as long as the household's income is not shared with other residents. Collective households, such as prisons and institutions, and their members are typically not observed.

5. **The reporting period**, to which the questions for the economic activity are related, is the week before the week of interview (52 reporting weeks throughout the year).

6. The following units are also defined within the SWTS analysis but are outside the scope of those defined within the international framework of labour market statistics mentioned in item 1 above:

   a. **Broad unemployment** – a person without work and available to work (relaxing the jobseeking criteria of item 1b above).

   b. **Labour underutilization rate** – the sum of shares of youth in irregular employment, unemployed (broad definition) and youth neither in the labour force nor in education/training (inactive non-students) as a percentage of the youth population.

   c. **Regular employment** – the sum of employees with a contract (oral or written) of 12 months or more in duration and employers; the indicators are therefore a mix of information on status in employment and contract situations.

   d. **Satisfactory employment** – based on self-assessment of the jobholder; implies a job that respondents consider to "fit" their desired employment path at that moment in time.

   e. **Stable employment** – employees with a contract (oral or written) of 12 months or more in duration.

   f. **Temporary employment** – employees with a contract (oral or written) of less than 12 months in duration.

Annex III. Meta-information on the ILO school-to-work transition surveys

1. Framework

The National Bureau of Statistics of the Republic of Moldova undertook two rounds of the SWTS. The first round was implemented with a sample base of 1,158 youth aged 15–29. The fieldwork was completed between January and March 2013. The second round of the survey was carried out in March 2015 with a final sample of 1,189 youth.

2. Stratification

The SWTS applied labour force survey (LFS) sampling, as it is conducted as an ad hoc module of the LFS. The latter applies a two-stage stratified cluster sampling. During the first stage, 150 primary sampling units were sampled within a stratum, with probabilities proportional to population size. The SWTS sample frame was divided into 12 strata, including three (towns, big villages, small villages) in each of four regions, namely North, Centre, South and Chisinau municipality. During the second stage, 25 households were sampled in each of the primary sampling units from the lists of private consumers of electricity. In 25 primary sampling units from the two biggest cities (Chisinau and Balti) a total of 25 households were selected. Households were selected with equal probabilities within each primary sampling unit.

The sample design strata were defined by geographic regions, area types (urban and rural) and size of enumeration districts. Using the aim and the contents of the survey as a starting point, stratification of the enumeration districts was carried out according to the NUTS 3 classification. The strata were first based on the eight regions, then on urban/rural areas, and finally on size (below 90 and more than 91 households). In this way, 32 strata were created (8*2*2).

3. Sample size

The final sample consisted of 4,000 households. The SWTS differs from a regular labour force survey in that it covers only those youth aged 15–29 who are present in the household at the time of the interview. Young people residing abroad at the time of the interview are excluded from the sample to avoid proxy interviews (given the type and complexity of data collected in the SWTS). Young people not at home, but elsewhere in the country, were excluded unless they returned before the end of the survey month (March 2013 and May 2015).

4. Estimates and error calculation

The estimates presented from the LFS and SWTS are representative at the country level. In the estimation procedure, data are weighted for unequal probability of selection. The first step assigns the inverse of the selection probabilities to each sampled unit. In the second step, weights are adjusted for non-response by multiplying the basic weights by the inverse of response rate at level of the enumeration district. The third and final steps consist of calibrating the secondary weights to the best latest available population totals for gender and five-year age groups, estimated number of households at the regional level and estimated number of households by size.

The deviations of estimated data from the sample and hypothetically true data of population are calculated as standard variations and relative errors (coefficients of variation). The calculations are made in the SAS 9.1 software package and module CALMAR for calibration of the weights.

This report presents the highlights of two rounds of the School-to-work Transition Survey (SWTS) implemented by the National Bureau of Statistics in 2013 and 2015 in the Republic of Moldova. The SWTS is a unique survey instrument that generates relevant labour market information on young people aged 15 to 29 years. The survey captures longitudinal information on transitions within the labour market, thus providing evidence of the increasingly tentative and indirect paths to decent and productive employment that today's young men and women face. The SWTS and subsequent reports are made available through the ILO "Work4Youth" (W4Y) Project. This Project is a five-year partnership between the ILO and The MasterCard Foundation that aims to promote decent work opportunities for young men and women through knowledge and action.

The W4Y Publication Series is designed to disseminate data and analyses from the SWTS administered by the ILO in 34 countries covering five regions of the world. The series covers national reports, with main survey findings and details on current national policy interventions in the area of youth employment, regional synthesis reports that highlight regional patterns in youth labour market transitions and thematic explorations of the datasets.

Work4Youth

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