YOUTH ON THE LABOUR MARKET IN THE REPUBLIC OF MOLDOVA: COMPETENCES AND ASPIRATIONS

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INTRODUCTION

The development of the national economy depends largely on the human capital, which is an aggregate of education, professional training and population health. This fact stimulates the governments of many countries to increase investment in strengthening human capital and increasing its competitiveness.

The demographic ageing and massive decline of the population, faced by the Republic of Moldova for the second decade already, will continue in the following decades affecting the size and structure of the working age population with negative economic and social effects. Under these circumstances, one of the solutions that society has at its disposal to mitigate these negative consequences in population dynamics is increasing the level of participation in economic activities, labour productivity and its level of technology. An indispensable element is rising education levels of the population and the degree of matching the skills with current labour market needs.

Currently, both the activity rates and the employment rates in the Republic of Moldova are very low for all age groups, especially for young people. Attracting the economically inactive population on the labour market implies strategies and professional training programs for this population according to the needs of the national economy.

Similar to other countries, young people in the Republic of Moldova face difficulties in transitioning from school to work, as well as finding a stable well paid job and with good career prospects and that will provide a decent living. The entry into the first job has a strong influence on later professional life, and an unsuccessful professional start may cause difficulties in achieving career goals, skill mismatch in the labour market or unemployment.

We can highlight several obstacles to integration of young people on the labour market, including: mismatch between the qualifications of young specialists and employers’ requirements, lack of experience in making independent decisions, lack of knowledge, lack of practical and professional skills. Often the choice of a profession is not based on the labour market demand in certain fields. There is a tendency in choosing a humanities specialization rather than a technical one, which leads to an excess of specialists in humanities and a deficit in the technical field. As a result, many graduates are not employed according to their degree or need requalification for employment.

Solving the problems related to the integration of young people on the labour market is an important objective for several European countries, especially those in the East European region, including the Republic of Moldova, which are on the path of strengthening the market economy. The young labour force has a lower competitiveness compared to other age groups. Thus, the demand on the labour market for this category of workers is low. Under these circumstances, the government should promote special policies that would facilitate the transition from school to work and the professional integration of young people, especially from socially vulnerable groups.

The main objective of the National Employment Strategy (2017–2021) is to increase the level of formal employment based on economic competitiveness, skills and appropriate qualifications, under conditions of sustainable and inclusive development. The Labour Market Observatory is a tool that provides a statistical and analytical database for better integration of productive employment objectives into national economic development programs.
In this context, the National Institute for Economic Research of the ASM launched the Youth-centered Skills Observatory – a project that is carried out with the financial support of the Catalytic Facility of Istanbul Regional Hub and under the general guidance of UNDP in Moldova.

The Youth-centered Skills Observatory aims to strengthen the analytical and informational basis on the situation of young people on the labour market. The Skills Observatory is focused on the competences of young people, and comes with an innovative approach in facilitating their inclusion on the labour market and improving state policies in this field.

This report represents a comprehensive analysis of the situation of young people on the labour market in the last decade, highlighting the main issues, especially those related to the quality and professionalism of young people, the match of the skills with the labour market requirements, the educational specialization of the unemployed and inactive young people. The results of the analysis will serve as a benchmark for developing new approaches to diagnosing the labour market situation and seeking innovative solutions that would stimulate the economic participation of young people and strengthen their professional skills.

Research methodology

The study is based on the analysis of the NBS data on labour force extracted from the Labour Force Survey and the secondary analysis of the School-to-Work Transition Survey (SWTS), NBS, 2013 and 2015.

**Target group:** young people aged 15–29 years.

**Objectives of the study:**

- To analyse the indicators of youth employment.
- To highlight the main issues related to the quality of young people’s professional training and matching the skills to the labour market requirements.
- To analyse the educational profile of the unemployed young people.
- To explore the structure of economically inactive youth.
- To formulate recommendations on improving the monitoring of the situation of young people on the labour force.

The objectives of the study interconnect, thus, providing an integrated and complex overview of the situation of young people on the labour market.

The report is intended for specialists from the Ministries, Local Public Administrations, Employment Agencies, other stakeholders concerned with the problems of youth integration on the labour market.
1. YOUTH ON THE LABOUR MARKET

Employment indicators

According to the SDG 8, target 8.5, the Government of the Republic of Moldova assumed the responsibility for ensuring, by the year 2030, a level of employment similar to that of the Central and Eastern European countries, stimulating productive employment and decent work for all women and men, including the young people and people with disabilities. The National Employment Strategy (2017–2021) presents a national framework that will contribute to the achievement of these commitments. At the same time, target 8.6 mentions the reduction of the proportion of young people without a job, without education or training, to a level similar to the average in the countries of Central and Eastern Europe by 2020.

Currently, every fifth person employed in the labour market is aged 15–29 years, according to the analysis of data on the situation of youth on the labour market. Between 2000 and 2016, the influence of the demographic, economic and social factors led to the growth of the young population both in absolute terms, and as a share in the employed population, reaching 23% by 2010. Subsequently and up to current moment, there was a diminishing trend of the number of young people on the labour market. These oscillations are due to the numerous generations born in the mid-90s of the last century that entered the working age, recording the highest increase during 2010–2011. However, as a temporary phenomenon, after 2011, the number of working age population (16–57/62 years), including young people, started to decrease.

The lack of fair investments in human capital prevented the capitalization of this potential on the domestic labour market, the consequences being apparent in the long run.

The labour market integration has a particular contribution to the quality of life of young people. The obstacles and failure to get a decent job after graduation can have a serious and lasting impact on young people’s skills and abilities but also on their incomes. The successful entry into the labour market determines the subsequent professional and personal success of the young person.

The employment rate of young people is lower compared to the total economically active population. Lately, the employment rate of young people (15–29 years) fluctuates between 28.4% and about 31–33.3%, the value of the indicator being dependent on whether or not the number of young people missing from the country more than 12 months because migration is included in the calculation. The youth unemployment rate is about twice as high as in the total economically active population (Fig. 1).

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1 Statistically, youth on the labour market are people aged 15–24 years or 15–29 years. International statistics qualifies the 15–24 years old as a youth occupational group. The persons targeted by the youth employment policies of the Republic of Moldova are considered those aged 15–29 years.


3 The NBS data bank based on the Labour Force Survey (2016), where the migrant population is not excluded from the calculations.

4 School-to-Work Transition Survey (SWTS), NBS, 2014/2015. The migrant youths (aged 15–29 years), which are missing 12 months and more from the country, are excluded from the calculations.
In the Republic of Moldova, every second young person aged 15–29 starts for the first time to look for a job on average at the age of 19. Research shows that the search of a stable or fulfilling first job after graduation has an average length of 8.6 months for a young person, and takes longer for women (9.6 months) than for men (7.4 months). It is worth mentioning that this period becomes even longer if we relate to the current workplace of the young employees. Thus, on the domestic labour market, a young person needs on average three years (34.4 months) to complete the transition from school to the current workplace. Women’s integration into the labour market takes nine more months (39.3 months) than the men’s (30.6 months). The significant gap between the first stable job and the current job indicates the likelihood that young people do not remain in the same field for a long period, moving from one job to another. At the same time, this fluidity in the labour market generates economic and social costs due to decreased labour productivity.

The youth employment rate increases with age: for young people aged 25–29, the rate is 42.4%, while for young people aged 15–19/20–24 it is 8% and 24.4%, respectively, these actively studying.

Young females and young people from the villages are most disadvantaged in the labour market

SDG 5, target 5.1 mentions the elimination of all forms of discrimination against women, including in the labour market. Discriminatory practices persist continuously, in spite of the fact that during recent years various measures have been taken in this respect, especially with regard to the alignment of the legal framework with international standards. Thus, there is a need to keep an eye on and monitor this issue.

Gender inequality in the employment sector is also present among the younger population. The employment rate is about 30% (in 2014) among young men (15–29 years) and 24.3%

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6 ILO database, based on NBS data.
among young women. Women enter less and later the labour market due to longer studies, early marriages and childbirth. At the same time, young women, although they have a higher education level compared to men, have less access to high positions, are paid less, even in similar conditions and positions, face more often cases of discrimination by employers (as a result of stereotypes and demanding role in the family).

The highest concentration of young people on the labour market is observed in the urban area, with their employment rate reaching about 34%, while in the rural area – about 23%. This is due to the small employment opportunities in rural areas, as well as to the massive migration of young people from the countryside to the cities or abroad, in search of a job that will provide a decent living. The empirical data points to the inequality of employment opportunities and income for rural youth. Only 54% of young people from rural areas find a significant job after leaving the education system, while in the urban area the proportion is 75%. About 83% of young people are employed and 12.1% are self-employed. In the rural area, each fifth is a self-employed worker due to the employment in agriculture (Fig. 2).

Fig. 2. Distribution of young people (15–29 years), by occupational status, by sex and type of residence, 2015, %

<table>
<thead>
<tr>
<th>Occupational Status</th>
<th>Total</th>
<th>Males</th>
<th>Females</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>83.2</td>
<td>80.9</td>
<td>86.5</td>
<td>95.2</td>
<td>68.9</td>
</tr>
<tr>
<td>Self-employed</td>
<td>12.1</td>
<td>14.3</td>
<td>9.0</td>
<td>4.8</td>
<td>20.9</td>
</tr>
<tr>
<td>Unpaid family worker</td>
<td>4.7</td>
<td>4.7</td>
<td>4.6</td>
<td>0.0</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Fig. 3. Distribution of young employees (15–29 years), by economic sector, 2015, %
Note: Only young people with complete studies are considered.

7 Gagauz O., Buciuceanu-Vrabie M. Parental Role & Professional Role: balancing opportunities for contemporary woman. Chisinau, 2011.
The distribution by economic sectors of young employees maintains the same structure over the years (Fig. 3). In 2015, the vast majority of young people were employed in service sector (68.2%), about 14% in agriculture, over 11% in industry, and around 7% in construction industry.

The gender gap in the choice of occupations is imminent, being partially reflected by the young people’s level of education because a larger proportion of young men have secondary or post-secondary non-tertiary, while young women – tertiary studies. Thus, younger men are mostly economically active in the agriculture, construction and industry sectors, while women are mostly working in the service sector, and are employed in education, health, social work and financial activities. The type of residence influences the structure of young people’s occupations and their job opportunities, in the rural areas, the employment of young people in agriculture is specific, and in the urban areas – service sector (Fig. 4).

A more detailed view of the occupations of young people on the labour market (Fig. 4) shows that among men the most common are the elementary occupations (21.1%), services and sales (17.5%), crafts and other similar occupations (14.5%). In the case of young women, each fifth is mainly employed as a service and sales worker (22.2%) or works as a professional (21.5%), and about 14% are employed as technicians and associate professionals. In the urban area, most of the young people engage in services and sales (23.8% compared to 14.3% in rural area) and managers (16.1% compared to 0.6% in rural area). In the villages, young people are mostly employed in elementary occupations (28.2% compared to only 8% in urban area). Young women, as well as young people in the urban area, participate in skilled employment, while young men and rural youth focus on less-skilled and elementary occupations.
Every fourth young person is working in the informal sector

Informal employment among young people remains high. According to the results of the School-to-Work Transition Survey (NBS, 2015) (from the calculations are excluded young labour migrants absent from the country 12 months and more), in 2015, over 23% of the employed young people were working in the informal sector. The informal employment rate remains high, especially among young men (26.6% compared to 18.2% among working women) and among young people in rural areas (over 41% compared to 8.1% among young people in the urban area). The young employees in the informal sector are working mostly in agriculture (63.9%); industry (12.1%) and service sector (24%).

In informal sector, young people with a lower level of education are usually engaged: each second has only lower secondary education, and two out of five – upper secondary education (Fig. 5).

![Fig. 5. Distribution of young people (15–29 years) working in the informal sector by level of education and sex, 2004 and 2014, %](image)

2. QUALITY AND LEVEL OF PROFESSIONAL TRAINING OF YOUNG EMPLOYEES IN THE LABOUR MARKET

The education and professional training of young people at the entry into labour market has a very important role, and there are obvious advantages according to the education level. Both finding a stable and satisfactory job and the interval between the completion of studies and the first stable job is a longer or shorter process for young people depending on their education level and professional training. Thus, in the school-to-work transition, young people with tertiary education represent the largest group that completed the studies (63%), many of whom having a stable job (about 37%) (Table 1). At the same time, among young people with general and vocational secondary education, the proportion of those with completed transition and stable job is higher, while among the young people with primary or pre-primary education very few have completed the transition to work (10.4%). The duration of entry into the first stable/satisfactory job is about 2.8 months for university graduates, three times longer for young people with secondary education (11.8 months) and practically eight times longer for those with primary education (24 months).

Table 1. Distribution by level of education of young people who have completed the transition to the labour market and have a stable job, 2015

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Young people that completed the transition to labour market, %</th>
<th>Average duration of school-to-work transition, (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Stable job</td>
</tr>
<tr>
<td>Primary or pre-primary</td>
<td>10.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Lower secondary education</td>
<td>53.1</td>
<td>17.8</td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>33.6</td>
<td>19.0</td>
</tr>
<tr>
<td>Post-secondary non-tertiary education</td>
<td>49.3</td>
<td>7.8</td>
</tr>
<tr>
<td>Tertiary</td>
<td>63</td>
<td>36.9</td>
</tr>
<tr>
<td>Total</td>
<td>81.6</td>
<td></td>
</tr>
</tbody>
</table>

Note: Only the young people with completed studies are considered. 

The national statistics on the employment rate of young people by educational attainment shows that with the increase of the education level the chances to participate in employment are higher (Fig. 6). Thus, each second young person with tertiary education is employed, the employment rate for this category being 53% and it is higher for men (over 63%) and urban youth (57.3%) compared to women (46%) and rural youth (about 43%). It is noteworthy that although women, including young women, generally have a higher level of professional training and education than men, the employment rate among them is lower.
Over the last decade, there have been major changes in the level of professional training of young people in the labour market. Thus, among the employed young people, the share of those with tertiary education practically doubled (from about 18% in 2004 to over 32% in 2014), and the share of young people with lower education levels has decreased (by over 2 pp in the case of lower secondary education and about 12 pp in the case of upper secondary education) (Fig. 7).

The distribution of the population aged 15–29 by the level of education is dependent on the structure of the young population and the number of population of different generations. Currently, the people aged 25–29 years are from the numerous generations that were born in
2. Quality and level of professional training of young employees in the labour market

the second half of the 1980s, while the age group 15–19 years consists of small generations born in the late 1990s. Thus, the change in the ratio between the proportions of young people with different levels of education, namely, the increase of the share of young people with higher education and the reduction of the share of those with secondary and primary education, is largely due to the age-sex structure of the population.

In the labour market in the Republic of Moldova women have higher education levels compared to men, and the urban population compared to rural population. Currently, among the employed young women, the share of those with tertiary education is about 39%, while for men – 27.4%. Among young people with post-secondary non-tertiary education, the gender gap is insignificant (9% compared to about 8% for men). Among the employed young men there are more with upper secondary education (including vocational) – 36.4% and lower secondary – about 27%.

Educational attainment among employed young people is rising and according to the type of residence, despite the fact that urban-rural gap remains very significant: in cities, practically every second person has tertiary education (48.4%), one third has upper secondary education (including vocational) (33.2%) and one in ten has post-secondary non-tertiary education (9.7%). In the villages, although the proportion of young people with higher education among the employed has tripled compared to ten years ago (15.2% in 2014), on the labour market there are mainly young people with lower secondary (40%) and upper secondary (35.1%) education.

In the informal sector, again women have better education: about 13% have higher education (post-secondary and tertiary studies), while men – over 7%. In recent years, the level of education of young women in the informal sector has been rising, indicating, rather, the vulnerability of highly educated women in finding a job in the formal labour market.

If we only take into account the younger population who completed education and has a job in the domestic labour market, we note that the share of young people with tertiary education is even higher. The results of the School-to-Work Transition Survey (NBS, 2015, second round) show a high level of education among young employees – over one third of them are university graduates (or 82.6 thousand young people) (Fig. 8). According to the employment status, among employees the share of young people with tertiary education is the highest – about 42% (or 78.9 thousand), and among the young people who work as self-employed three times less – about 13%. This is related to the security that with the increase in the level of education comes the increase in the probability of employment, although, as shown by the research, often young people are employed on lower working conditions and positions then their qualifications. More than a quarter of young employees (27.6%) have upper secondary education, and each fifth has lower secondary education (21.3%). Young people who have only completed secondary school or vocational secondary education are more likely to work as freelancers, their share accounts for 47.4% and 30.2%, respectively, exceeding by more than three times the proportion of those with tertiary studies.
The level of education of young people employed in the domestic labour market influences the vulnerability of the job they can get (Table 2). Thus, the young people with secondary education have a higher share among those employed in vulnerable employment (85.5% compared to 12.8% of young people with tertiary education). Among the young people employed in non-vulnerable employment almost half have tertiary education (about 46%).

Table 2. The educational attainment by employment vulnerability, %

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Vulnerable employment</th>
<th>Non-vulnerable employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Men</td>
</tr>
<tr>
<td>Primary</td>
<td>1.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Secondary</td>
<td>85.5</td>
<td>85.7</td>
</tr>
<tr>
<td>Tertiary</td>
<td>12.8</td>
<td>11.8</td>
</tr>
</tbody>
</table>

Note: Only young people with fully completed education are considered. Source: School-to-Work Transition Survey (SWTS). BNS, 2015

The economic benefits of education, from both individual and social point of view, are the most important. Specialized knowledge and technical skills lead to higher incomes, greater productivity and generation of valuable ideas. The rate of return to education is an analysis indicator used to estimate the economic benefits of education. At the global level, the rate of return to education is estimated at 10% on average, which means that a year of study (schooling) is associated with at least a 10% increase in labour income. In the Republic of Moldova, according to empirical studies, the rate of return to education for employed young people is 8%. Characteristically to global trends, this indicator is higher for young women (8.2%) compared to men (7.3%), which is due to the higher education levels of women, including young women.

Note: Only the young people with completed studies are considered. Source: School-to-Work Transition Survey (SWTS). BNS, 2015.


The labour market performance depends largely on the matching of education offers and initial professional training with the labour market needs. According to SDG 4, targets 4.4 and 4.7, the substantial increase in the number of young people and adults with relevant skills for the labour market, as well as ensuring that all pupils/students acquire the knowledge and skills necessary to promote sustainable development and lifestyles are important objectives for the public policies. In this context, the situation analysis in this field and highlighting the key issues, including the availability of statistical data, are relevant informational support for decision-makers.

A poor matching between the education system and the labour market mark the last years. One of the causes that limits the matching is the insufficiency and outdated data and research according to the long-term needs of the labour market. The measurement of the matching between the person’s occupation and the level of qualifications is realized by applying the norms of professional competency categories from the International Standard Classification of Occupations (ISCO-08), where the major occupational groups are classified by the level of education according to the International Standard Classification of Education (ISCED).

<table>
<thead>
<tr>
<th>Table 3.</th>
<th>Mapping of ISCO major groups to levels of education and skill levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISCO-08 major groups</td>
<td>Skill level</td>
</tr>
<tr>
<td>1. Managers, senior officials and legislators</td>
<td>High qualification</td>
</tr>
<tr>
<td>2. Professionals</td>
<td></td>
</tr>
<tr>
<td>3. Technicians and associate professionals</td>
<td></td>
</tr>
<tr>
<td>5. Services and Sales Workers</td>
<td></td>
</tr>
<tr>
<td>6. Skilled Agricultural, Forestry and Fishery Workers</td>
<td></td>
</tr>
<tr>
<td>7. Craft and Related Trades Workers</td>
<td></td>
</tr>
<tr>
<td>8. Plant and Machine Operators and Assemblers</td>
<td></td>
</tr>
<tr>
<td>9. Elementary Occupations</td>
<td>Unqualified</td>
</tr>
<tr>
<td>0. Armed Forces Occupations</td>
<td></td>
</tr>
</tbody>
</table>

The term “over-educated” means that employees have a higher academic level than is necessary for their work, and “over-qualified” or “over-competent” (often in the literature, these two terms are synonyms) means that workers have high-level skills, knowledge, and valuable professional experience that are superior to the requirements of the position. These definitions coexist and relate directly to each other.

Over the past few years, the number of over-qualified workers has increased among the people with tertiary education (21% in 2015), while among the employees with secondary education, the share of over-qualified workers has decreased twice between 2010 and 2015 (Fig. 9).

An explanation for these changes may be that the number of people with tertiary education has increased in both the structure of the population and of the employees. Moreover, the very poor matching between the labour market’s needs and the education, the low number of employment opportunities corresponding to the qualification often entails people to accept jobs below their skill level. There is a slight increase in the share of under-qualified workers in the total number of employees (16% in 2015), which are predominantly low-educated (corresponding to ISCO 1, 2, 3). This increase was due to older age groups.

The level of education of young people correlated to the labour market needs is relatively high. The results of the School-to-Work Transition Survey (NBS, 2015) reveal that almost a third (29.1%) of the economically active young people have a higher level of education than the job requirements and only 2.1% are under-educated for their job. However, about 69% of young people have jobs corresponding to their level of education. Compared to the first round of the study (NBS, 2013), we observe a slight increase in the share of young people who are over-educated for their job and those with a level of education corresponding to the job requirements, while the share of under-educated decreased. The employed young men very often have a higher level of education than their job requirements (35.4% compared to 20.7% for women), while about 3/4 of young women on the labour market have education matching their position (Fig. 10).
3. Matching skills with labour market needs

An overview of the data by type of residence indicates that young people in rural areas are more disadvantaged because each third employed young person is over-educated for the job he/she has, and this indicates both personal and social losses due to time and money investment in education. In general, the high share of over-educated young people in the labour market is also the result of the increase in the level of education among young people in the Republic of Moldova. The lack of jobs that match a certain level of education lead to young people with tertiary education to accept available jobs, including those for which they are over-qualified. On the one hand, people with a level of education that exceeds the job requirements are more likely to earn less than they could otherwise in different conditions. In addition, inadequate use of skills and over-education leads to the loss of skills. On the other hand, the state is also at loss because the productive capacity in the economy is not fully utilized.

The mismatching between the level of education/skills of young people and their job, forces them to choose and look for a new activity/field. In general, more than a quarter of the employed young people (27%) had the experience of quitting a job. Of these, 6.4% quit the job because the position did not correspond to their skill level (Table 4). 10% of young women, and 4.2 of young men faced this problem. We note that women have a higher level of education and that the probability of getting a job with lower qualification requirements is higher due to the shortage of employment opportunities, and to the aspects of gender discrimination mentioned above.

The mismatch of skills with professional activity is also a reason for young people to change their job. Thus, on average, 12% of young employees would like to change their jobs so they can fully use their skills/abilities. In the case of young men, about 13% would choose to change their job, and in the case of women – 10%.
There is an extremely high proportion of young employees with higher qualification than required (about 57%) engaged in vulnerable employment (self-employed and unpaid family workers) usually without decent working conditions, earnings by qualification and social security (Fig. 11). There is a similar situation for the young people engaged in non-vulnerable employment in the agricultural sector, 2/3 of whom have higher education than job requirements.

There is an increased probability of having over-educated young employees engaged in elementary occupations (94.9%) (Fig. 12). In addition, every second young clerical support worker (about 48%), every third young employee in services and sales (29.3%), every fifth plant and machine operator and assembler, but also young associate professionals and craft workers have a higher level of education for the current position.

On the other side, with a relatively small share there are the under-educated young people in occupations requiring specific skills: managers (about 9%), professionals and technicians (on average about 5%). Undereducation of human capital can have a negative impact on labour productivity and can be a significant obstacle to economic growth.
3. Matching skills with labour market needs

<table>
<thead>
<tr>
<th>Skill Level</th>
<th>Managers</th>
<th>Professionals</th>
<th>Technicians and Associate Professionals</th>
<th>Clerical Support Workers</th>
<th>Services and Sales Workers</th>
<th>Skilled Agricultural, Forestry and Fishery Workers</th>
<th>Craft and Related Trades Workers</th>
<th>Plant and Machine Operators, and Assemblers</th>
<th>Elementary Occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>8.9</td>
<td>5</td>
<td>15.9</td>
<td>4.6</td>
<td>29.3</td>
<td>32</td>
<td>17.8</td>
<td>21.7</td>
<td>94.9</td>
</tr>
<tr>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40%</td>
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<td>60%</td>
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<td>80%</td>
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Fig. 12. Distribution of young employees (15–29 years) by (mis)matching the level of education with skill levels, by ISCO-08 major groups, 2015

Note: Young employees with completed education from the occupational group.

The demand for education and skills is influenced by structural and technological changes that usually increase the need for skilled workers. International studies show that migration plays an important role, as structural changes are often accompanied by rural-urban migration, and international migration flows intensify the interaction of skills and lead to skills mismatch. Less experienced workers are more prone to have a higher education (over-educated), and those with work experience, on the contrary, are under-educated, suggesting that experience can replace education.

The distribution of the students according to the desirable job and the skill level needed for achieving the career goals shows a clear mismatch on the labour market with the supply and demand of job positions with higher level of education (Fig. 13). Currently, the number of students who are aspiring to become professionals (ISCED 5–6 / high ISCO qualification) exceeds four times the share of real employees in this occupation group. Although among economically young people, workers with elementary occupations are in the top of the employees, young people who are preparing to work in this group of occupations are totally missing. This is, in fact, a normal situation, given that youth today chooses to raise their level of education, requiring individual and financial effort, and expects job opportunities according to their qualification. We note, that another occupations desirable by young people, such as managers (10.4%), techni-

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12 As a rule, the elementary occupations refer to unskilled workers who have at most completed the lower secondary level (ISCED 1–2) and have skill level 1 that contains the occupations related to performing simple and routine tasks or manual tasks (according to International Standard Classification of Occupations, group definitions and correspondence tables. ILO, 2012). Elementary occupations include: unskilled labourers in agriculture, unskilled workers in public works, porters, cook chefs, out-of-home vendors, cleaning staff, sweepers, etc. (according to the Classification of Occupations of the Republic of Moldova, approved by the Order of the Minister of Labour, Social Protection and Family, No. 22 of 3 March 2014).
cians and associate professionals (10.1%) relate to high qualification requirements (qualification level 4 and 3 according to ISCO-08) and tertiary education (ISCED 5–6).

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Employees, according to the occupation</th>
<th>Students, according to occupations they aspire to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services and Sales Workers</td>
<td>19.5</td>
<td></td>
</tr>
<tr>
<td>Elementary Occupations</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>Professionals</td>
<td>12.9</td>
<td></td>
</tr>
<tr>
<td>Craft and Related Trades Workers</td>
<td>12.8</td>
<td></td>
</tr>
<tr>
<td>Technicians and Associate Professionals</td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>10.1</td>
<td></td>
</tr>
<tr>
<td>Skilled Agricultural, Forestry and Fishery</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Plant and Machine Operators, and Assemblers</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Clerical Support Workers</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>Armed Forces Occupations</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Don’t know</td>
<td>6.4</td>
<td></td>
</tr>
</tbody>
</table>

**Fig. 13. Distribution of the young employees by occupations on the domestic labour market and distribution of students by the occupations they aspire to, according to ISCO-08, 2015, %**

*Note: Only the employed young people with completed studies are considered.*

*Source: NBS, School-to-Work Transition Survey (SWTS), 2015.*

The gap between the real occupations in the national labour market and desirable jobs of the human capital that is about to enter to the market can lead to probable loss of educated and qualified human resources. Either this human capital will accept to engage in employment below their level of education, being over-educated for it, or they will migrate.
4. THE EDUCATIONAL PROFILE OF THE UNEMPLOYED YOUNG PEOPLE

For the year 2016, the youth unemployment rate (ILO) was 8.1%, and it is increasing compared to the last years (7.2% in 2014) and surpassing more than twice the country average (4.2% in 2016). Among young people, the most affected by unemployment are men (3 out of 5 young men are unemployed), young people in rural areas (7 out of 10 young people are unemployed) and young people aged 20–29 (9 out of 10 young people are unemployed).

At the same time, the officially registered unemployment is too low and does not reflect the real situation. The recent economic, social and political crisis, the intensive migration of young people seeking work, especially from rural areas, as well as the reliability of population statistics (data collection on migration) allow us to assume that the unemployment rate is underestimated.

Conventional job search tools have limited relevance, the domestic labour market is unorganized and the labour force absorption is inadequate. Under these conditions, for providing a more realistic reflection of the unemployment in the Republic of Moldova the number of unemployed young people is estimated by other definitions. The number of unemployed young people is significantly higher if the strict definition of unemployment is followed (according to which a person can be considered an “unemployed person” if he/she does not have a job, is willing to work and is actively seeking work), and the relaxed definition (excludes the criterion of “actively seeking work”)

Thus, according to the strict definition – youth unemployment rate is 17.4%, and according to the relaxed definition – unemployment rate is about 19% (Fig. 14).

Fig. 14. Unemployment among youth (aged 15–29), alternative estimates by the strict and comprehensive definitions, %


Looking at the general trends among the population in terms of education, we notice significant changes in the levels of education of unemployed young people (Fig. 15). The proportion of young people with tertiary education increased almost three times (from 10.1% in 2004 to 28% in 2014), while the number of persons with lower secondary and upper secondary education constantly decreased (from 30.8% to 24.3%, and from about 49% to 39.2%, respectively). Thus, the degree of vulnerability, specific for young people with lower level of education, expanded also for the youth with tertiary education, which shows essential dysfunctions of the labour market and of the labour demand and supply, and the inefficiency of the professional and vocational curricula that do not match the needs of the domestic labour market. Among the highly educated unemployed young people, women and people from urban areas are the most affected, practically, every fourth has tertiary education and was unable to participate into the labour market.

![Fig. 15. Distribution of unemployed young people (15–29 years) by level of education, sex and type of residence, 2004 and 2014, %](image)


The increase of the share of young people with tertiary education among the unemployed is due to: unattractive job offers, indecent wages, difficulties finding an entry-level job, gender inequality, lack of work experience and mismatching of the skill levels with the labour market needs (41% of employers identify the low skill levels as a major constraint on the labour market14).

Therewith, the youth unemployment rate by education level shows that tertiary education usually becomes a mean of protection against unemployment among young people, the unemployment rate being the lowest among the people with tertiary education (11.7%) compared to other levels of education. The highest unemployment rate is registered among young people with secondary education (25.7%) and young people with post-secondary non-tertiary education (22.9%).

According to the Labour Force Survey (NBS, 2014), the vast majority of unemployed young people (about 95%), irrespective of the socio-demographic characteristics, are not studying and do not attend professional trainings. The number of unemployed young people involved in informal training is insignificant.

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Unemployment among young people is also influenced by the lack of work experience, unemployed young people who have never worked have an impressive share in the total number of unemployed young people – 42% (in 2014). This is determined, on the one hand, by the unwillingness of employers to hire people without work experience, and, on the other hand, by the lack of professional skills that would allow these unemployed people to find a job. In addition, young people do not accept the wages offered by employers at the beginning of their professional career, considering them extremely small. At the same time, the lack of employment in the rural areas and the gender discrimination in employment increase the proportion of unemployed young people without work experience, especially among women (about 46% of young unemployed women) and young people from rural areas (about 39%). Unemployment of young people who have worked before is determined by the work interruption, and young people are usually engaged in temporary work. In fact, the end of temporary work is the most widespread reason for a quarter of young people who have become unemployed after having a job.15

The high share of unemployed young people – about 41%, turned down a job offer in the job search process16. Among the main reasons for declining a job offer, namely, the low wages offers (76.5%); boring job (9.2%), about 7% refused a job because the work did not match the level of qualification (Table 5).

Table 5. The share of unemployed young people for whom the mismatch between skills and education is the reason for declining a job or an obstacle in finding it, 2015

<table>
<thead>
<tr>
<th>Unemployed young people (15–29 years)</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>who refused a job due to mismatch between the job and skill level (% of the total number of unemployed young people who once turned down a job in the job search process)</td>
<td>6.5</td>
<td>8.4</td>
<td>–</td>
<td>9.3</td>
<td>–</td>
</tr>
<tr>
<td>which consider that the main obstacle in the finding a job is the requirement for a higher skill level of the job vacancies (% of the total unemployed young people)</td>
<td>7.8</td>
<td>12.1</td>
<td>–</td>
<td>5.9</td>
<td>9.3</td>
</tr>
<tr>
<td>who do not look for a job because they do not feel professionally ready (% of the total unemployed young people who are not seeking work)</td>
<td>10.2</td>
<td>8.1</td>
<td>20.1</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>


The results of the study show that young unemployed men are more selective in accepting a job offer, with the tendency to assess the job position not only in terms of remuneration, but also if it is interesting (about 12%) and matches with the level of qualification (about 9%). In fact, the skill level does not give young unemployed women a reason to refuse a job, the main conditions being the salary and job location. The high job requirements is the main obstacle in finding a job for about 8% of unemployed young people, especially for males (12.1%) and youth in rural areas (9.3%). At the same time, 18.2% of unemployed young people (or 9.7 thousand people) were not seeking work at the time of the research. Of these, over 10% (or 2% of total unemployed young people) mentioned that they are not professionally ready.

More than two-thirds (67.7%) of unemployed young people faced short and medium-term unemployment (up to six months), its extensions leading to skills erosion, financial loss and

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discouragement. The duration of youth unemployment and its causes are explained by the limited number of job offers available in the country, the job offers that young people are willing to accept do not correspond to position, or the salary, job location are not satisfactory etc.

The comparison between the positions already held by young employees and the positions the unemployed young people are willing to apply for show imbalances of labour supply and demand (Fig. 16). Among the unemployed young people, according to NBS studies, the most desirable occupations are craft workers (28.5%), service and sales workers (17%), professionals (about 15%) and managers (11.3%), while among the young employees the distribution of occupations is: service and sales workers (19.5%), elementary occupations (17.2%), professionals (about 15%) and craft and related trades workers (about 13%). We note that low-paid work for elementary occupations and for agriculture workers, including as qualified workers, is not an attractive choice for young people, with only 1.8% and 2.4%, respectively, of unemployed young people looking for these jobs.

There is an over-supply of craft and related trade workers, the demand for these activities by the unemployed young people exceeds twice the proportion of young employees with these occupations, and there is a moderate surplus of managers, professionals and clerical support workers. We assume that a large proportion of the unemployed young people, at least with secondary or post-secondary, non-tertiary education, tend to find a job that would match their skill level (ISCO-08, level 2) to their education level (ISCED 3–4).

<table>
<thead>
<tr>
<th>Employees, according to the occupation</th>
<th>Unemployed, according to desirable occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services and Sales Workers</td>
<td>19.5</td>
</tr>
<tr>
<td>Elementary Occupations</td>
<td>17.2</td>
</tr>
<tr>
<td>Professionals</td>
<td>12.9</td>
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<tr>
<td>Technicians and Associate Professionals</td>
<td>10.3</td>
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<tr>
<td>Managers</td>
<td>9</td>
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<tr>
<td>Skilled Agricultural, Forestry and Fishery Workers</td>
<td>8</td>
</tr>
<tr>
<td>Plant and Machine Operators, and Assemblers</td>
<td>6.1</td>
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<td>Clerical Support Workers</td>
<td>2.4</td>
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<tr>
<td>Armed Forces Occupations</td>
<td>1.8</td>
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<tr>
<td>Don’t know</td>
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</table>

Fig. 16. Distribution of desirable occupations by unemployed young people and occupations of young employees by the major occupational group ISCO-08, 2015, percentage

Note: Employed young population with completed education in the main ISCO groups.
Source: NBS, School-to-Work Transition Survey (SWTS), 2015.

However, there is significant evidence of the young unemployed looking for positions matched with tertiary education (level 5 and 6 according to ISCED-97) and skill level (level 3 and 4 according to ISCO-08) (Fig. 16). According to statistical data, more than a quarter of unemployed young people are searching for positions such as managers, but also as highly-skilled specialists.
Fig. 17. Distribution of desirable occupations (according to CORM) by unemployed young people, by sex, 2015, %

Occupational preferences differ between young men and young women (Fig. 17). Among the young unemployed women, the most desirable jobs are service and trade workers and similar activities (about 32% compared to 8.6% for men) and managers / senior officials (about 24% compared with 4.1% for men). Young unemployed men are looking for jobs such as skilled workers in industrial enterprises, trades, construction and other similar activities (around 36%) or specialists with high level of qualification (20.1%).
5. YOUTH WAGES AND INCOME

SDG 8, target 8.5 stipulates equal pay for work of equal value for men and women and the elimination of all forms of discrimination based on sex or other criteria. In this respect, the National Employment Strategy (2017–2021) is to contribute to this goal by special measures to increase formal employment.

In the job search, young people put a great emphasis on the monthly wage (salary) they will receive. Moreover, the low wage offered for employment is the most common reason among young people who have declined a job offer at any given time. According to the empirical results (BNS, SWTS, 2015), over 62% of economically active young people and about 77% of unemployed young people experienced this.

Although official statistics do not provide disaggregated data on the wages of the 15–29 year old population, School-to-Work Transition Survey (SWTS, 2015, NBS) allows us to get a more detailed overview. Thus, at the time of the study (March 2015), the young employees (employees with a working day of 8 hours) earned an average monthly salary of 2771 lei (or 147US $17), which was about 35% less than the country average monthly wage at the time of the survey (about 4300 lei or 225US $18). The results show that about 7% of young people earned up to 1000 lei; 20.2% were earning between 1001–2000 lei, and for 36% the monthly wage was 2001–3000 lei (Fig. 18). Generally, over 86% of younger employees receive a monthly income less than or equal to the country average monthly wage.

![Fig. 18. Distribution of young employees (15–29 years) by monthly wage, sex and types of residence, 2015, %](source: School-to-Work Transition Survey (SWTS). NBS, 2015.)

The gender and urban-rural gaps are quite significant. Young women and young people from the villages are the most disadvantaged: 9 out of 10 have a lower wage than the country average, while among young men and young people in urban areas, 8 out of 10 have a lower wage than the country average. Only 5% of employed young women have a salary of 4001–5000 lei, and for less than 1% the monthly average wage exceeds 5000 lei, which is twice as low as for young men.

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17 The average exchange rate according to the National Bank at the time of the study (March 2015) was 18.6 lei for 1US $.

18 Current statistics on the evolution of average monthly earnings. NBS, www.statistica.md
An obvious fact is that education and professional training are an advantage for earnings. We note that in the case of young people with tertiary education, the salary (3258 lei or 173.5 US $) is 24% higher than for those with lower education, and 17% higher than the average wage for young people in general. It is very disadvantageous for young people with post-secondary education, for this category the salary is the lowest (around 1950 lei or 103.6 US $), compared to young employees who have secondary or vocational education (on average about 2472 lei or 131.6 US $).

A significant gap, specific to the entire working population, relates to gender pay gap, including by the level of education completed. Although young women have a higher level of education and professional training than men, their earnings are lower, practically for all education levels (Fig. 19). In the case of young employees with tertiary education and those with post-secondary (non-tertiary education), under similar conditions, the women’s salary is 20% and 23%, respectively, lower than for men.

High-skilled jobs are better paid (Fig. 20). Largely, this justifies the tendency of young people to obtain tertiary education, deciding less on vocational education. Gender gap is significant for most occupations, with young women having a lower salary by 16% compared to men. Two categories of occupation are exceptions – managers and skilled agricultural workers, where the wage of young women exceeds that of men by about 2% and 20%, respectively.

There are significant gender pay gaps for the high-skilled occupations: professionals (with about 25% less for women), and technicians and associate professionals (with over 47% less for women). It should be noted that in the distribution by occupation, there are more employed young women engaged in employment with high qualification requirements.

Thus, unequal and inequitable pay increases the financial vulnerability of women in the national labour market despite the higher level of professional training. Thus, women end up demotivated and become economically inactive for a long period, this being amplified by maternal and family responsibilities, and the lack of alternatives in reconciling work and family life, etc., on the other hand.
Youth on the labour market in the Republic of Moldova: competences and aspirations

Fig. 20. Average monthly salary of the young employees by occupations (according to ISCO-08), by sex, 2015 (lei)

It is reasonable that in terms of low living standards, economic and political instability, young people aspire to a job with reasonable income for a decent living. The wage expectations of young people are very different from the actual salary of young employees.

Fig. 21. The difference between the minimum acceptable monthly wage by unemployed young people and the average wage of young employees, 2015

Thus, if we refer to the expectations of the unemployed young people, the minimum wage acceptable to them (3569 lei or about 190US $) is more than 22.4% higher than the real average salary among young employees.

The current low salaries among young people, low opportunities to earn more, integration problems into the workplace while entering into first job, workplace discrimination, especially for young women, low attractiveness of existing vacant positions etc. are the factors that intensify the youth labour migration outside the country. The loss of professionally trained human potential causes serious consequences on the country’s economy and human capital.
6. ECONOMICALLY INACTIVE YOUTH

Among the young people in the Republic of Moldova there is a high inactivity rate, which has constant high values in the last ten years (on average over 69% between 2004–2016), compared to other age groups of the population. The number of economically inactive young people increased until 2010 because of entering in the working-age of the numerous generation born in the 1990s, decreasing subsequently and following the same trend as the whole population.

By 2016, according to official statistics, one third of the inactive population consisted of young people (15–29 years), and the inactivity rate for this category of population was about 60% (447.1 thousand people). The highest inactivity rate is registered among rural young people and young women – about 76% and 74%, respectively. The inactivity rate decreases in older age groups, which is obviously due to the higher proportion of young people aged 15–19/20–24 studying (about 77%).

It is important to note that, according to the available data, among the inactive young people (15–29 years) over the last ten years, the share of persons with tertiary education has tripled, reaching about 17% by 2015. Among the inactive young people, the level of education is also higher among women. Among inactive young women, the proportion of those with tertiary education exceeds 23%, while among men is 5.4%. Among the inactive young men, the highest share consists of men with secondary professional education (21.5%), upper secondary education (14%) and every second has lower secondary education.

![Fig. 22. Distribution of economically inactive young people (15–29 years) by education level, sex, 2015](Image)

Source: Calculations based on School-to-Work Transition Survey (SWTS) data. NBS, 2015.

Aspirations towards the desirable professional activity highlights, on the one hand, a relatively high level of education of inactive young people and, on the other hand, as in the case of the unemployed young people, the serious mismatch between labour supply and demand (Fig. 23).
Fig. 23. Distribution of unemployed young people and of the young employees by occupations according to CORM, 2015, %

*Note:* Employed young population with completed education from the occupational groups.


![Fig. 23](image)

Fig. 24. Distribution of unemployed young people and of the young employees by major occupations according to CORM, by sex and type of residence, 2015, %


![Fig. 24](image)
According to the major occupation groups (according to CORM), every second person among the inactive young people wants to work as a high-skilled specialist, exceeding 3.5 times the actual number of young employees in the labour market in this occupational group. Occupations requiring lower qualifications and levels of education are found less in the professional preferences of inactive young people, these being easily accepted by men and young people in rural areas (Fig. 24), in particular: middle-skilled specialists and skilled workers in enterprises. Elementary occupations are of no interest, including for the inactive young people, their attractiveness can be low because of low wages and poor working conditions.

From the current labour force statistics\(^{19}\), we find that more than half of the inactive young people are studying and are involved in professional training, over 16% are engaged in domestic work and family responsibilities, and an important category consists of young people working abroad or seeking employment (about 24%). At the same time, among the young people who neither seek nor want to work, about 11% (or 56.4 thousand) indicated that they do not want to work in the country and intend to go abroad for work. We note that outward labour migration is an important aspect of the labour force in the Republic of Moldova, especially for the youth. Young people who work abroad account for about 40% of all migrant workers and over 16% of the total young population\(^{20}\).

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\(^{20}\) Calculated on Labour Force Survey data, 2016, NBS.
CONCLUSIONS

The working-age young and the young adult population will face massive decline in the coming decades. The young labour force will decrease, and problems with professionalization and empowerment of this population impose special requirements. From a medium to a long-term perspective, increasing employment and ensuring the replacement of skilled labour force must become a priority objective for the policies.

Currently, the weak labour market dynamics leads to high unemployment rate, high employment rate in the informal sector, especially of young people, and the low pace of modernization of the national economy and low wages cause a significant gap between the skill level of young people and working conditions, this being an important push factor of migration.

Coherent policies and special programs with the active involvement of local public administration and a public-private partnership are required in order to increase the supply of jobs, especially the quality ones – with good working conditions and qualifications matching the needs of the modern society.

On the labour market, there is a growing interest on high qualifications and skills. In case of stabilization of the economic situation and the achievement of a necessary sustainable growth in the Republic of Moldova, young people without professional education and with a low level of qualification will be in a strongly disadvantaged.

In order to reduce the unemployment caused by the mismatch between labour demand and supply, it is necessary to periodically train/retrain the young people / economically active population and to increase the territorial mobility of the labor force.

Educational institutions must provide initial and lifelong learning in line with current and future labor market needs.

The involvement of the business community in the development of the educational programs and during the professional training (internships) will increase the matching of the level of qualification to the real needs of the national economy.

A particular problem is the reduction of youth unemployment in rural areas and the professionalization/reprofessionalization of young people in agriculture, mainly in the informal sector. The population engaged in this type of employment has to be significantly reduced, and the improvement in labour productivity and agricultural technology is a primary objective of the national economy. Only in this way, national agriculture can become efficient and competitive in EU. Territorial mobility and maximum use of opportunities in the domestic labour market will contribute to the reduction of labour migration abroad.

It is indispensable to develop educational specializations that will match with the needs and requirements of the national economy, discouraging specializations that are not demanded by the labour market. From another perspective, the growth of professional competences is imposed by the economic, social, technological and cultural development of contemporary society, while the pace of changes necessitates similar adaptations to the level of the professionalization of society. With limited public funds, the best option in terms of costs and potential impact should be chosen by finding effective solutions to the new challenges and investments in education and professional training.

Labour market governance also requires new approaches based on reliable statistical evidence, quantitative employment forecasts on professions and skill levels, education levels, national
market structure by gender and development regions, as well as identifying the key issues and changes in the country and the world that may have an impact on long-term employment.

A better understanding of the trends in the demand for new skills and competences, and of the skills gap will contribute to better coordination and interaction between the education system and the labour market, the development and promotion of appropriate labour market policies and economic growth.

Currently, statistical data sources are relatively limited in terms of the situation of youth on the labour market, especially regarding their professional and personal competences. The national researches should focus on determining the degree and magnitude of skills mismatch, which will create the basis for the development of appropriate policies.

Under these circumstances, the capacity building of the Youth-centered Skills Observatory represents an analytical and informational mechanism for decision-making, contributing to facilitating the economic integration of this population by finding the various possible solutions and proposing practical recommendations that would stimulate the economic participation of youth.