# CHALLENGES OF LABOR MARKET TRANSFORMATIONS TOWARDS SOCIAL POLICIES IN THE REPUBLIC OF MOLDOVA

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Abstract: The transition to market economy and the prevalence of private property have contributed to the development of new labour relations. The coexistence of different forms of employment has conditioned the research of the determinants of formal and informal employment and their impact on the economy. In different countries, standard and atypical employment exists as a result of its own scenario depending on the socio-economic development model, the law framework, involvement in globalization processes, the dependence of the economy on foreign markets, etc. In the Republic of Moldova, which is not an exclusion, two opposite forms of occupation have been developed - formal and informal. Formal employment is based on labour legislation, respect for rights, social and human guarantees, stable socioeconomic development, but informal leads to violation and non-compliance with labour rights, social protection for hiring workers, insufficiency and a deficit of budget income, which does not promote all measures for the country's development. Based on the logistical analysis of the impact of social and demographic factors on the development of informal employment, its consequences on the financial stability of the social insurance budget, financial losses due to non-payment of social insurance contributions were highlighted. Some conclusions and proposals to improve the situation in labour market, transforming informal to formal employment, increasing the financial stability of the social protection system were elaborated.

Keywords: social insurance, main employment indicators, forms of employment, formal and informal employment, social policies, wages, income.

**JEL Classification**: E24, I31, J17, J31, R23.

### 1. Introduction

The specific tendency of the contemporary labour market is the transformation of forms of employment. Thus, the standard employment, whish was traditional for the economy of the XXth century, gradually gave way to more stable forms of employment and instead of stable employment, through labour contract with unlimited and full labour regime, have been developed such forms of employment as employment partial, temporary, secondary, independent, etc. The standard form of employment predominates, as a rule, in advanced countries (in the USA, European countries the share of this form is up to 70%), while in underdeveloped countries and countries in transition to the market economy the most common forms are self-employment, casual employment and other forms of unstable employment. On the basis of the analysis of specialized literature of the scientific community on this subject, it was established that there is no unified point of view on the impact on socio-economic development and the quality of labour force in nonstandard forms of employment.

So, the American sociologist A.L. Kalleberg considers that labour agreements and non-standard working conditions are the main types of employment that makes it possible for flexible planning - flexible work programme (Kalleberg, 2020). Another factor influencing on the development of new types of work places is the impact of globalization processes of world economic system which has contributed to the globalization of forms by using of labour force or some new models the organization of work places (outsourcing) or the refusal of firm or organization to execute a set of functions or part of business processes, as well as to transfer them to another economic agent who professionally specializes in performance such types of product or services, including their placement

abroad (offshoring) with the aim of reducing the costs of work places creation which has led to the creation of different types of work places (non-standard employment) and, respectively, employment of employees (Kirkegaard, 2007: Jensen and Kletzer, 2008; Scott, 2007).

Some factors that have contributed to the development of non-standard (atypical) employment are conditioned by the diminishing (weakeness) of the trade unions role, as well as the ongoing demographic changes in labour force structure, including the increase of women share, of elder population groups in labour market and a downward tendency of young employees, who often prefer flexible working hours, which are specific forms of non-standard employment and allowing young people to participate simultaneously in 2 or more different types of socio-economic activities or to combine them with learning process (Pfeffer and Baron, 1988; Jackman and Rutkowski, 1994: Rosnick, 2010).

Non-standard employment from the point of view of V.E. Gimpelson, R.I. Kapeliusnikov (2005) means all types of employment that differ from standard, including conditions of hiring, labour regime, duration of employment contract, working place and this interpretation is also supported by J. Fudge, R. Owens (2006) and A.L. Kalleberg (2000, pp. 341-342), taking into account the accessibility of social protection. Also, scientists V.E. Gimpelson, R.I. Kapeliusnikov (2005) underlines that the employer's use of non-standard employment allows for a greater level of freedom of action and flexibility in the use of labour force as the equilibrium between protection and liberal norms of labour use by the employer, as well as and highlights 8 atypical types of employment, including part-time, temporary, informal, overemployment, secondary employment, etc. Scientists V.E. Vanchevichi, V.O. Zaiţeva (2015, p. 132) mentions in its capacity as specific characteristics the conditions for concluding the employment contract, the duration of employment regime, placement of work place (telecommuting), the type of employment and employer.

The problems of the emergence and development of non-standard employment are reflected in scientific papers of scientists in Germany - W. Eichhorst, V. Tobsch (2013), Central and Eastern Europe - K. Lipták (2011), Romania - C. Ghinararu and L. Mladen (2016), USA – J.T. Addison and C.J. Surfield (2009), Italy - R. Bardazzi & S. Duranti (2016). Non-standard employment, on the one hand, contributes to adaptation of employers and employees to the continuous change of socio-economic conditions, strengthening the stability of labour market (D.A. Bezrukov (2009, p. 12), V.E. Gimpelson and R.I. Kapelyushnikov (2005), and at the same time, the social vulnerability of employees is increasing. In parallel, the concept of flexicurity (T. Wilthagen and F. Tros (2003) provides for the implementation of policies aimed at equilibrium the flexibility of labour force market and the security of employed labour force.

In contrast to the methodological approaches and definitions proposed by scientists, the International Labour Organization has established that atypical or non-standard employment (International Bureau of Labor, 2017) is linked to the period of concluding of employment contract (usually for an indefinite period), to the length of work time (complete/incomplete labour regime, temporary etc.), multilateral labour relations (indirect subordinate relations with the end user), types (forms) of hire etc.

### 2. The prerequisites for the development of different forms of employment.

The Republic of Moldova is no exception in this process and labour market develops forms of employment that differ by at least one of the criteria established in national legislation, including urgent employment, work with part-time regime, occasional employment and other forms of multilateral relations of employment, including disguised employment relations and independent employment.

The analysis of the tendencies the transformation of employment forms from one to another on labour market is concluded that it is not a short-term phenomenon, but a longer period and represents the characteristic of socio-economic development the modern society. The main causes of formation the different forms of employment are the level of internal and external socio-economic development, the demographic situation, the existing national traditions in society, as well as the effectiveness of state policies promoted to solve pressing problems in relevant fields (Vishnevskaya et al., pp. 39-40; International Bureau of Labor, 2017, p. 45; Pisica, Vasile and Voineagu, 2012, p. 473).

# 3. Demographic situation and its impact on employment

The share of women predominates over that of men in structure of population of the Republic of Moldova (52,2% women compared to 47,8% for men in 2019, practically, being at the same level for the last 5 years), including on 01.01.2020 the share of the population aged 16-62 was 59,0% of usual residence population, of which the share of men was 52,6% and women 47,4%.

Table 1. Structure of usual residence population by age groups and sex, on 01 January 2020, %

Share of population by main age groups, % of	Both sexes	Ву д	ender
total and by age groups	Both sexes	Males	Females
Total population including:	100,0	100,0	100,0
Males and females aged 0-15 years (0-15), % of total	19,6	21,6	17,8
Males 16-62 years and females 16-57 years (16-62/16-57), % of total	59,0	64,6	53,8
Males 63 and over and females 58 and over (63+/58+), % of total	21,4	13,8	28,4
By	y age groups		
Total population by sex	100,0	48,1	51,9
Males and females aged 0-15 years	100,0	52,8	41,2
Males 16-62 years and females 16-57 years	100,0	52,6	47,4
Males 63 years and over and females 58 years and over	100,0	31,1	68,9

Source: Authors' calculations on the basis of NBS RM data, www.gov.statistica.md

During the analyzed period in the conditions of population decline (as at 01.01.2020 compared to 01.01.2015 the number of usual residence population decreased by 7,2%), the share of women predominates compared to men, the analyzed correlation between the last years was within the limits from 107,8% (2016) to 109,40% (2018). The demographic burden indices are increasing: the number of working age population has gradually increased from 60,6 as at 01.01.2014 to 69,6 per 100 persons of working age. At the same time, the average age of the population was increasing, including the average age of women is higher than that of men  $(Table nr. 2)^{1}$ .

Table 2. Evolution of changes in main demographic indicators, 2014-2020

	2014	2015	2016	2017	2018	2019	2020
Total population, the	2869,2	2844,7	2824,4	2780,0	2730,4	2686,1	2640,4

<sup>1</sup> NBS RM, Statistical Yearbook of the Republic of Moldova 2020, Chisinau. BNS, Anuarul statistic al Republicii Moldova 2020, Chişinău, pp. 39-41, www.gov.statistica.md.

beginning of year, thousands persons							
% compared to the previous year	-	99,1	99,3	98,4	98,2	98,4	98,3
Correlation between females and males, %	108,56	108,05	107,80	108,40	109,17	109,40	108,05
Natural increase, ‰	0,5	0,3	0,6	-0,1	-1,0	-1,7	-
Mean age of population, years	37,4	37,7	37,9	38,1	38,5	38,8	39,3
- males	35,7	35,9	36,1	36,4	36,7	37,0	37,2
- females	39,0	39,3	39,5	39,8	40,1	40,5	41,2
Demographic depend	ency indic	ces, as of	1 January,	, per 100 p	people of v	working a	ge, %
Total non-working age population, including:	60,6	62,0	63,7	66,5	69,4	67,5	69,6
a) under working age	30,6	30,9	31,4	32,5	33,4	33,0	33,3
b) over the working age	30,0	31,1	32,3	34,0	36,0	34,5	36,3

Source: NBS RM data and authors' calculations, www.gov.statistica.md

In the Republic of Moldova, the process of demographic ageing is deepening against the background of population decline, which cannot but affect the labour market. Demographic and nature of population reproduction changes, a decrease in the birth rate and an increase in life expectancy at birth have led to an increase in the proportion of elderly. Life expectancy at birth increased by 1,6 years in 2019 compared to 2014, including 1,6 years for men and 1,5 years for women. The analysis of these indicators reflects the ageing process of population and for the period 2014-2019 the ageing coefficient increased by 3,7 p.p. at the beginning of the years, including men or 3,1 p.p. and women or 4,1 p.p.

Table 3. Dynamics of demographic indicators<sup>1</sup>, 2014-2019

Ţ	2014	2015	2016	2017	2018	2019	2020
Life expectancy at birth, RM, years	69,3	69,4	69,9	70,8	70,6	70,9	-
Males	65,2	65,2	65,7	66,7	66,3	66,8	-
Females	73,6	73,7	74,2	74,9	75,0	75,1	-
Ageing Coefficient, RM <sup>2</sup> , on Januare 1, %	17,5	18,1	18,5	19,2	20,0	20,8	21,8
Males	14,5	15,0	15,4	16,0	16,7	17,5	18,1
Females	20,3	21,0	21,5	22,2	23,0	23,9	25,1

For estimation the research results the number of population with usual residence was used.

Source: NBS RM data, www.gov.statistica.md

Increasing life expectancy has been one of the factors in prolonging the active life of retired people. According to the NBS data, the share of pensioners trained in the field of work for the period 2014-2019 was increasing by 0,9 p.p. (from 22,5% (2014) to 23,4% (2019)). Only in 2018 there was a decrease in the number of retirement pensioners (de facto), while their growth rate began to decrease in 2017 (Fig. nr. 1.). At the same time, the stable tendency to increase or maintain the share of employed pensioners was observed (Fig. nr. 2.).

At the beginning of 2014-2020.

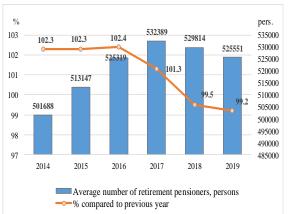




Fig. 1. Dynamics of number

Fig. 2. Dynamics of employed pensioners' share,

# of retirement pensioners, annual average 2014-2019, persons

2014-2019, %

Source: NSIF RM data and authors' calculations, www.cnas.md

Source: NBS RM data, www.gov.statistica.md

The national legislation frameworks do not provide for any restrictions or discriminatory provisions in the field of human rights, including by, at the same time, during optimization and reorganization, first of all in formal sector, as a rule, the categories of employees of pre- or pension age fall under the reduction first. At the same time, having a small pension and much lower than the wage, the working population had to search for work, a work place taking into account aim at ensuring an improved living for his family, the replacement rate of wage had the decreasing tendency and constituted in 2019 only 23,6%. The amount of pension indexation index was also decreasing: in 2019 this index was less than in 2016 by 4,8 p.p. and the previous year by 1,3 p.p. (respectively, in 2016 – 10,1%, in 2017 - 6,8%, in 2018 - 6,6% and in 2019 - 5,3%, which in conditions of the increase of Consumer Price Indices reduced even more the real amount of pensions. In such a situation, it is difficult to imagine that the value of pension according to the international standard must be at the level of 42% and a new social standard established at the level of 50% and over of wage received<sup>2</sup>.

The ratio between wage and the average amount of pensions in the Republic of Moldova was reflected in Fig. nr. 3.

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According to the data www.cnas.md and www.statistica.gov.md.

ILO Convention no. 102 on the minimum social security standards, 1952, which the Republic of Moldova did not ratify, established the replacement rate of 40%, and according to the ILO Convention no. 128, this amount should be at 45% for developed countries. For example, in Ukraine the replacement rate is 50%, including for those who have worked in sphere of science, given rate is up to 80%, for public service - 75%, in Russia this rate is 40%, in France - 70 -80%, in Croatia - 80-90% [13; 29, pp. 72-73].

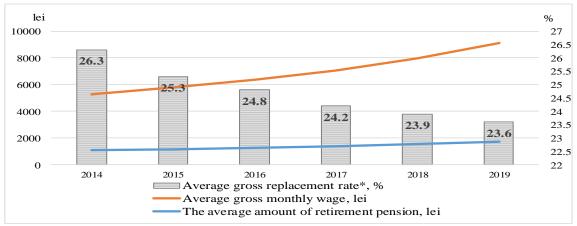


Fig. 3. Dynamics of the average amount of retirement pension and average gross monthly wage, 2014-2019

Source: NBS RM, NSIF RM data and authors' calculations, www.cnas.md si www.statistica.gov.md

The average amount of retirement pension in the agricultural sector on 01.01.2020 was 1447,4 lei or at a level 14,3% below the extreme poverty line, in the non-agricultural sector its amount was 2,5 % less than the absolute poverty level. Moreover, the average amount of retirement pension by sector was also 12% lower than absolute poverty, the ratio between pension in the agricultural and non-agricultural sector remains at 29,1% and between women and men at 20,7% less and on 01.01.2020<sup>1</sup>.

The process of demographic ageing has had an irreversible tendency, contributing to the modification of the structure of labour market towards the older adults and this fact must be taken into account for elaboration of employment and social protection policies. In this context it is necessary to mention the tendency of structural change of economic development or if previously it was characterized by the transition from primary to secondary sector or from agriculture to industry, in the present there is the transition from industry to services (57,3% in 2019, while the share of those employed in agriculture decreased to 21,0%) or to the tertiary sector of the economy, which ultimately allows the transition from standard employment to "non-standard or informal employment", which is much more specific for this sector than for industrial enterprises. Under these conditions, the development of information and computerized information technologies also expands the opportunities to participate in informal economic activities, making it easier the exit from the "visibility" area for the state. At the same time, the development of the service sphere is caused by the social differentiation of society, concentration the most part of population with richer economic well-being, contributed to the demand for services provided by hiring domestic workers, whose profession is considered informal.

Table 4. Population structure aged 15 years and over(15+), %

	2014	2015	2016	2017	2018	2019*
Total population	100	100	100	100	100	100
Labour force	36	37	37	36	38	35
including:						
Employed population in economy	34	35	35	35	37	33
including sectors:						
Agriculture	32,4	34,2	36,6	35,5	39,3	21,0

NBS RM, https://statistica.gov.md/category.php?l=ro&idc=200.

Industry	12,0	11,8	11,5	11,2	11,0	14,7
Construction	5,4	5,3	4,9	4,5	4,6	7,0
Services	50,2	48,7	47,0	48,8	45,1	57,3
BIM unemployed	1	2	1	1	1	2
Population outside the labour force	64	63	63	64	62	65

Note: \* Beginning with 2019, the Labour Force Survey is realized according to the new survey plan and according to the revised definition of employment. The results of LFS are extended to the number of the population with usual residence. The results of LFS for the period up to and including 2018 have been recalculated, using the population with usual residence.

Source: NBS RM data, www.gov.statistica.md

The expansion of the nominated services has led to the increase in women's economic activity and employment rate. Taking into account the feminine nature as a mother, a wife, a housewife, the interest of women is to combine work in labour market with the fulfillment of family and childcare obligations taking into account this fact, especially, in recent decades women have created the demand for various flexible work regimes, including and the existence of non-standard forms of employment. At the same time, the labour legislation and standard employment do not give the possibility women with preschool children to fully participate in the established work regime. Thus, the participation of women in labour market remains at a lower level than men, and the employment rate is lower than the national average, which is reflected in the data in *Table* nr. 5.

Table 5. Dynamics of main employment indicators by gender. %

•	2014	2015	2016	2017	2018	2019*
Economic activity rate	43,3	44,5	44,8	44,1	45,9	42,3
Males	46,9	48,2	48,7	48,3	49,9	47,0
Females	40,0	41,2	41,3	40,4	42,4	38,2
Employment rate	41,7	42,4	43,0	42,4	44,5	40,1
Males	44,8	45,3	46,1	46,1	48,1	44,2
Females	38,9	39,8	40,2	39,1	41,4	36,5
Unemployment rate	3,7	4,7	4,0	3,9	2,9	5,1
Males	4,5	5,9	5,2	4,5	3,4	5,8
Females	2,9	3,4	2,7	3,2	2,4	4,4

Note: \* Beginning with 2019, the Labour Force Survey is realized according to the new survey plan and according to the revised definition of employment. The results of LFS are extended to the number of the population with usual residence. The results of LFS for the period up to and including 2018 have been recalculated, using the population with usual residence.

Source: NBS RM data, www.gov.statistica.md

In 2019, the mens' labour force economic activity rate (participation rate) was higher and was 8,8 p.p. higher than women's and the employment rate, respectively, exceeded by 7,7 p.p. At the same time, the unemployment rate for men was higher than for women by 1,4 p.p. In 2019, the share of men in employed population was 51,3% and women 48,7%. At the same time, can be mentioned another fact about inactivity - among those inactive by 2019 for the last four years, their share has increased by 1,4 p.p. due to housework/family care (up to 12,9%) in the total inactive population or, in principle, the vast majority of them are women (in the group of youth 15-29 years this share in 2019 constituted 59,5% compared to of 29,6% in 2016) (BNS, 2019). Thus, the participation of

the person capable of economic activity depends from some circumstances in which this person is.

In the context of analyzing the possible reasons for the emergence and development of different forms of participation in economic activities, it is necessary to note the intensification of international migration processes, as a result of which having limited access to formal employment, some migrants are forced to "settle" in informal work places. In order to prevent these cases, the state promotes policy of establishing "quotas" in labour force with the professions currently required on labour market, including the limited time for hire. At the same time, referring to the processes of the world economy's globalization and the integration of developing countries into the international system of division of labour, have the fact that, in order to maintain competitiveness, many companies had to begin radically reducing their costs of labour force. And the most simple way to achieve this goal is "shadow work", the transfer of work places to informal work places, this includes and offshore development which can be observed in the Republic of Moldova.

The existence of different forms of employment the working age population in economic activity, it can be noted that the experience of many countries shows that under certain conditions, non-standard employment may have an incomparably more potential of growth than standard employment or the formal sector. This is explained by the fact, that in order to increase the education level and more abilities the person seeks a more flexible labour regime than the one existing in the unities of formal sector. At the same time, nonstandard forms of employment, including informal sector, have some advantages taking into account the modification of relations between employers (patrons) and employees because they are oriented toward use the maximum of opportunities for realization the interests and needs of both parties.

The development of various forms of employment in the Republic of Moldova has been accentuated in the process of transition to market economy, including following the implementation of new forms of property (private, mixed, with foreign capital, etc.), reduction of employed population, intensification of labour migration flows, promotion during the analyzed period of the consumption-oriented economic development model and the sinusoidal changes of macroeconomic indicators due to the influence of external and internal factors (global financial crisis and recession of largest economies of foreign countries (2009); increasing demand for domestic production in EU countries; recession and trade restrictions of the Russian Federation on some agricultural products; crisis in Ukraine; internal summer droughts, political instability, etc.). In 2019 the GDP growth was 3,7% compared to the previous year, having a high degree of dependence from external national economy, the negative result of activity of agricultural sector, etc. The real average monthly wage index of a worker in economy (Real Wage Index) was 110,1% compared to its increase in absolute amount of 115,4% or 5,3 p.p. due to the increase in the Consumer Price Index (CPI), the increase of the retirement real of the amount of pension corrected by CPI was only 106,9%. The changing tendences of some important macroeconomic and social indicators are reflected in Table nr. 6.

Table 6. Dynamics of some main economic and social indicators, 2014-2019

	2014	2015	2016	2017	2018	2019
GDP, comparable prices, million lei	125 509	133 030	152 180	168 358	186 575	199 599
Physical volume Index of <b>GDP</b> , previous year = 100,0 %	105,0	99,7	104,4	104,7	104,3	103,7
Physical volume index of <b>GVA</b> total, previous year = 100,0 %	105,4	99,6	105,0	104,2	104,4	103,9
Industrial production volume index, % to previous year	107,3	100,6	100,9	103,4	103,7	102,0
Agricultural production volume index,	108,6	86,6	118,8	109,1	102,9	98,1

% to the previous year						
Physical volume index of <b>GDP</b> per capita compared to previous year, %	105,0	99,7	104,4	104,7	104,3	103,7
Average monthly wage (economy worker), lei	4089,7	4538,4	4997,8	5587,4	6268,0	7233,7
% compared to previous year	111,3	111,0	110,1	111,8	112,2	115,4
Real Wage Index, compared to previous year = 100,0 %	105,9	101,2	103,5	104,9	108,9	110,1
Consumer Price Index (Price Index, average, monthly), compared to the previous year = 100,0 %	105,1	109,68	106,36	106,57	103,05	104,84
-food goods	106,5	109,85	107,35	107,93	105,39	107,61
-non-food goods	105,5	111,80	106,32	104,53	102,67	104,19
-services	102,5	106,17	104,90	107,06	99,78	101,47
Average amount of the monthly pension established, at the end of the year, lei*	1087,6	1165,2	1275,2	1527,8	1709,2	1901,1
% compared to previous year	106,6	107,1	109,4	119,8	111,9	111,2
Real index of established average monthly pension, compared to previous year = 100%	101,4	97,6	102,9	112,4	108,6	106,1
Average amount of monthly <i>retirement pension</i> , at the end of the year, lei*	1114,7	1191,8	1301,1	1456,9	1643,7	1842,9
% compared to previous year	106,2	106,9	109,2	112,0	112,8	112,1
Real index of <i>retirement pension</i> , compared to previous year = 100,0 %	101,0	97,5	102,7	105,1	109,5	106,9

Note: \* Beginning in 2017, the average pension amount was calculated taking into account the pensions of law enforcement pensioners (officials or agencies).

Source: NBS RM, MEI data and authors' calculations, www.statistica.md; www.gov.mei

Thus, it can be concluded that it is difficult to identify the certain sustainable tendency in their development because in reality they are more characterized by the sinusoidal line of change, which is more typical and taking into account that labour market is the derivative economic development, employment of labout force, in particular, forms of employment, are directly or indirectly dependent on structural reforms or other processes of socio-economic infrastructure change taking place during the transition period. And as result of these processes is the intensification of mobility and redistribution of labour force between socio-economic sectors and localities.

*Table 7.* Structure of employed population by forms of property and sex

	2014	2015	2016	2017	2018	2019*
Total employed population, thousands	981,5	989,1	993,7	960,8	988,5	872,4
persons						
including: % of total						
Public	25,8	26,1	26,5	25,2	22,8	29,3
Private	66,3	66,2	68,8	66,8	69,3	60,7
Other	7,9	7,7	4,7	8,0	7,9	10,0
Males, total, thousands	496,5	499,1	501,0	490,9	497,7	447,4
pers.	470,5	477,1	301,0	470,7	421,1	447,4
including: % of total	50,6	50,5	50,4	51,1	50,3	51,3
Public**	36,6	35,9	36,2	37,3	36,8	35,8
Private**	56,8	56,8	56,3	57,0	55,4	59,3
Other**	44,5	44,9	41,7	45,6	45,2	48,0
Females, total, thousands	485,0	490,0	402.7	469,8	490,8	425,0
pers.	400,0	490,0	492,7	409,8	490,8	445,0
including: % of total	49,4	49,5	49,6	48,9	49,7	48,7

Public**	63,4	64,1	63,8	62,7	63,2	64,2
Private**	43,2	43,2	43,7	43,0	44,6	40,7
Other**	53,5	55,1	58,3	54,4	54,8	52,0

Note: \* Beginning with 2019, the Labour Force Survey is realized according to the new survey plan and according to the revised definition of employment. The statistical data in 2019 are interrupted and not comparable with the previous period 2014-2018.

Source: NBS RM data and authors' calculations, www.statisica.gov.md

The private sector population employed predominates taking into account that the share of those employed during 2014-2018 is in the limits of 66-69%, as well as the major share (60,7%) in 2019 (the decrease is explained by applying the new methodology and exclusion from employed population the persons employed in households who use the results of their labour for self-consumption). Analyzing the employed population by sex, it can be noted that men prefer to work in the private sector (56-59%) and other forms of property (up to 48%), conversely, the vast majority of women work in the sector with public property (63- 64% and over of population employed in this sector), it is explained the desire of women to have a more stable, protected work place and some social guarantees.

At the same time, given processes have contributed to the redistribution of working age population in favor of the development the non-standard forms of employment, in particular, informal employment. Against the background of objective or subjective reasons in this field there are some other wishes that are specific to youth or to have a more free and unlimited working programme (work schedule) in connection with the study or to combine different types of work. At the same time, there is the wich of elder generation to half-time work in order to obtain an additional earning to pension or to be useful to society with professional work experience in a certain activity.

Table 8. Modifications dynamics the programme of work

1 40000 01 11	s. Wounteations dynamics the programme or work							
	2014	2015	2016	2017		2019*		
	401 <del>4</del>	2013	2010	2017	Total	Males	Females	
Programme of work – total, thousands persons	1 184,9	989,1	993,7	960,8	872,4	447,4	425,0	
%	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
including: <b>Complete</b> , % of total	93,9	93,8	94,1	94,6	93,7	94,7	92,8	
0-20 hours, % of total	8,2	9,0	8,7	8,0	7,8	5,6	10,2	
including: complete, %	69,3	69,8	69,1	72,8	59,5	61,9	58,1	
21-30 hours, % of total	15,7	17,9	19,1	17,9	9,3	7,4	11,2	
including: complete, %	81,6	84,4	87,2	87,0	76,0	72,8	78,4	
31-39 hours, % of total	14,3	15,5	15,2	15,3	14,0	10,6	17,6	
including: complete, %	95,5	96,9	95,7	95,9	94,4	89,9	97,3	
40 hours, % of total	36,3	31,8	33,8	33,3	43,8	43,8	43,8	
including: complete, %	99,8	99,7	99,9	99,8	99,9	99,9	99,9	
41 hours and over, % of total	25,5	25,8	23,2	25,5	25,1	32,6	17,2	
including: complete, %	99,5	99,6	99,6	99,0	99,8	99,8	99,7	
Share of employed population, 40 hours and over, % of total	61,8	57,6	57,0	58,8	68,9	76,4	61,0	

Note: \* Beginning with 2019, the Labour Force Survey is realized according to the new survey plan and according to the revised definition of employment. The statistical data in 2019 are interrupted and not comparable with the previous period 2014-2018, the data for 2018 are absent.

<sup>\*\*</sup> Including public (or private, or other) property, %.

**NBS** RMdata authors' calculations, Source: and http://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\_03% 20FM\_\_03%20MUN2019\_\_MUN030/MUN130100.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

The analysis of the distribution of employed population by duration of working week demonstrates that its share for last four years has increased by 11,3 p.p. (from 2015 to 2019) and amounted to 68,9%, including 76,4% for men and 61,0% for women or the difference of 15 p.p.

Also, the labour regime differs depending from the age of employed in labour market. Thus, the analysis demonstrates that the share of young people aged 15-24 with a work programme of up to 40 hours (0-39 hours of work) per week is 28,7%, and the elder age groups, 55-64 years, are 34,7% and 65 years and over  $-55,2\%^{1}$  of the total employed in these age groups, at the same time the work programme 40 hours and over predominate for other age groups. Such analysis is important takeing into account that labour legislation and, respectively, wage provide that the main basis for obtaining earning from work is dependent, first of all, from the programme of work (the guaranteed minimum wage has been established per hour, 40 hours per week or for the complete (full-time) programme of work on average 169 hours per month in real sector or 8 hours per day and 40 hours per week in budget sector).

# 4. The role of social and gender factors in the development the different forms of employment

In the context of the above it is important to note, that the Labour Code of the Republic of Moldova (Codul Muncii al Republicii Moldova, 2003) provides that the normal duration of work time may not exceed 40 hours per week (Part IV. Work and Rest Time, Chapter I. Work time, Articles 95-106). At the same time, for some categories of employees there are exist reduced time of work, overtime and shift work, the distribution of working hours during the week, guarantees for part-time workers (Article 97<sup>1</sup>), as well as it is established that «Maximum daily duration of work time may not exceed 10 hours within limits the normal duration of work time of 40 hours per week» (Article 100 point (1) and point (5)). For certain types of activities/professions the working day may be stablished at 12 hours in accordance with the collective agreement, followed by a rest period of at minimum 24 hours (point (6), Article 100), as well as and it has been provided that the use of a reduced working week (30 hours per week) for some categories (for example, persons with severe and accented disabilities) work on a reduced regime does not infringe the rights to both remuneration and other rights provided by current legislation (Article 96, point (4)). At the same time, in the case of part-time employment (work as part of time-norm or part-time work), the wage is paid "in proportion to the time worked or according to the volume of work performed" (point (3) of Article 97). Consequently, it can be supposed that 31,1% of employed population in 2019, including 23,6% of men and 39,0% of employed women, had lower wages because their working hours were up to 40 hours (Table nr. 8). Analysis of working time by main age groups, it is observed that not all of those employed have decent wages taking into account the existing legislative framework. Part-time employed and their family members are most likely to fall into the category of socially vulnerable groups and are the most vulnerable to the risk of poverty, at the same time evaluating employment of labour force, the specifics of the mode of work and as the consequences of underutilizing the disponibil labour potential are a social issue

**NBS** RM.

http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\_ 03% 20FM 03%20MUN2019 MUN010/?rxid=2345d98a-890b-4459-bb1f-9b565f99b3b9.

and should be taken into account in the elaboration of state policies for the socio-economic development of the country. According to the above-mentioned situation, the work age population is looking for possible ways to earn money, including through various direct, indirect methods in formal-informal sectors, through other non-standard (atypical) forms of employment or migration in search of the work place abroad. Table nr. 9 reflects the dynamics of average monthly wage in the Republic of Moldova, including in the real and budgetary sector and by gender, the existing disparities between them, as well as the disposable income in dependence from the number of children for the years 2014-2019.

Table 9. Dynamics of average gross monthly wage (worker in economy) and disposable income of population

disposable incol	2014	2015	2016	2017	2018	2019
Average gross monthly wage – total, lei	4089,7	4538,4	4997,8	5587,4	6268,0	7233,7
% compared to previous year	111,3	111,0	110,1	111,8	118,6	115,4
Consumer Price Index, %	105,1	109,7	106,4	106,6	103,0	104,8
Real average gross monthly wage (a worker), %	105,6	101,2	103,5	104,9	115,1	110,1
Average gross monthly wage, budget sector, lei	3699,2	4143,4	4382,0	4975,9	5729,9	6664,4
% compared to previous year	111,1	112,0	105,8	113,6	115,2	116,3
Average gross monthly wage, real sector, lei	4238,8	4692,3	5237,2	5815,5	6459,4	7420,4
% compared to previous year	111,4	110,7	111,6	111,0	111,1	114,9
Ratio between wages in budget and real sector (budget wage as % of real wage), %	87,3	88,3	83,7	85,6	88,7	89,8
Average monthly wage, males, lei	4374,9	4881,3	5414,4	6017,0	6779,4	7808,0
Average monthly wage, females, lei	3831,8	4235,2	4631,4	5204,0	5800,7	6709,8
Gender gap in wage, p.p.	12,4	13,2	14,5	13,5	14,4	14,1
Average disposable incomes of population - total, RM, lei	1735,2	1951,8	2051,8	2208,5	2357,1	2880,6*
Real disposable incomes index, %	100,0	102,5	98,8	101,0	103,6	116,6
including: by number of children in household		•	•			
1 child	1741,4	1946,6	1905,9	2108,7	2325,3	2939,2
% compared to the average on RM	100,4	99,7	92,9	95,5	98,6	102,0
2 children	1353,4	1610,1	1688,6	1148,7	2229,2	2360,6
% compared to the average on RM	78,0	82,7	82,3	52,0	94,6	81,9
3 children and more	1025,6	1148,7	1143,4	1246,2	1384,1	1679,6
% compared to the average on RM	59,1	58,9	55,7	56,4	59,5	58,3
without children	2011,4	2229,2	2419,6	2618,2	2711,4	3320,4
% compared to the average on RM	115,9	114,2	117,9	118,6	115,0	115,3
Subsistence level (living wage) of working age population, lei	1726, 8	1842,2	1914,7	1984,5	2016,1	2194,0
Subsistence level (living wage) of retirement pensioners, lei	1343,7	1437,4	1494,8	1547,5	1574,2	1707,4
Absolute poverty rate, %	29,5	25,4	26,4	27,7	23,0	25,2
Extreme poverty rate, %	12,8	10,5	10,4	11,0	8,7	10,7

Note: \* Beginning with 2019, the methodology of Hosehold Budget Survey (HBS) was modified, a new survey plan was applied based on information of Population and Housing Census 2014 (PHC 2014), there were some changes in the questionnaire.

Source: NBS RM data and authors' calculations, www.statistica.gov.md

The wage being the main source for the most part of employed population, is regulated by the Remuneration Law (Legea salarizarii, 2002) for real sector employed, according to which in the Republic of Moldova the guaranteed minimum amount of wage in real sector was established, calculated on the basis the average duration of work time of

169 hours per month, as well as re-examine annually taking into account the growth in labour productivity and the Consumer Price Index. Thus, since with May 1, 2019, the guaranteed minimum amount of wage in the real sector, indifferent to the type of property of economic agent, was established at 2775 lei per month or 16,42 lei per hour based on the complete programme of work in average of 169 hours per month [16, 17]. For employed in budget sector, the minimum amount of wage established in the country by Government Decision is used taking into account the financial possibilities of the budget and this amount is a basis for the first category of tariff salary, as well as is being regulated through the new legislative framework beginning with 2018 (Legea nr. 270, 2018). However, the state policy in this field is proceeded from the legislative framework based on two wage systems and the increase of wages of some categories of employed in budgetary sector has the fragmentary character that depends on the budgetary financial sources. This explains why the wage gap between the wages of real and budgetary sector from 16,3% (2016) to 10,2% (2019) remains in force for the present (*Table nr. 9*).

In 2019, compared to the previous year, the wages situation of employed has improved somewhat - if in 2018 they had wages up to 2000,0 lei 6,1%, then in 2019 the share of employed population, which received wages up to 2000,0 lei, constituted only 0,7%, what was even less than the subsistence level. At the same time, taking into account that the social standard of human survival or the subsistence level for working age population in 2019 was at level of 2194,0 lei, 4,4% of employed had wages up to 2500,0 lei, including art, recreation and leisure activities of 13,0%, education of 12,7%, real estate transactions of 6,6%, health and social assistance of 5,1%, agriculture, forestry and fisheries of 4,9% etc. The highest wages, exceeding 10,000.0 thousands lei, are for employees in the field of production and supply of electricity and heat, gas, hot water and air conditioning (48,1%), financial and insurance activities (41,2%), public administration and defense; obligatory social insurance (23,7%) and some other categories of employed<sup>1</sup>.

Analysis of incomes obtained by households is observed that the best situation is for employees, the main source of income whose (77,6%) comes from wage activity, the average monthly income of person in 2019 exceeded the average monthly income in Moldova by 20, 7% and constitutes 197,9 dollars. The most unfavorable situation in terms of monthly income per capita is observed in the households of self-employed workers in agriculture (farmers), this income accounted for only 63,5% of the average monthly income in the Republic of Moldova and is 104 dollars per month for a person, having its main source - individual agricultural activity (50,1%), as well as to a largely degree exposed to social risks of being poor due to the impact of internal and external socioeconomic factors, a lack of access to permanent markets sales, natural factors – hazards (drought).

Table 10. Characteristic and structure of disposable incomes by socio-economic status of household (average month per person, lei)

nousenoid (diverage moneil per person, ier)										
	Farmers	Employed in agricultural sector	Employed in non- agricultural sector	Entre- preneurs	Pensio- ners	Others catego- ries	Total, RM, lei			
Disposable incomes, 2017, lei	1 265,6	1 689,5	2 722,6	3 635,4	1 918,0	2 245,4	2 208,5			
Disposable incomes, <b>2018</b> , lei inclusive:	1 400,5	1 897,7	2 962,3	3 121,4	2 065,5	2 182,4	2 357,1			
% compared to previous year	110,7	112,3	108,8	85,9	107,7	97,2	106,7			

**NBS** RM.

http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\_03% 20FM\_\_SAL025/?rxid=4eec3dd5-755a-4e4e-92de-3dc2d391f3a9.

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Real disposable income index, %	107,4	109,0	105,6	83,4	104,5	94,3	103,5
- ratio to subsistence level, %*	69,5	94,1	146,9	154,8	131,2	108,2	124,6
Disposable incomes, <b>2018</b> , US dollars**	83,3	112,9	176,3	185,8	122,9	129,9	140,3

Anul 2019	Employe es	Self- employed workers in agriculture (farmers)	Self- employed in non- agricultural activities	Pensioners	Others	Total, RM, lei
Disposable incomes – total, lei	3 478,1	1 828,2	2 837,4	2 443,6	2 399,3	2 880,6
- ratio to subsistence level, %*	158,5	83,3	129,3	143,1	109,4	141,8
Ratio of disposable income of respective category to disposable income – total (RM), %	120,7	63,5	98,5	84,8	83,3	1
Disposable incomes, 2018, US dollars**	197,9	104,0	161,4	139,0	136,5	163,9

Note: \* Average subsistence level in 2018 amounted to 1891,0 lei per month, including for working age population - 2016,1 lei and retirement pensioners - 1574,2 lei, respectively, in 2019 - of 2031,2 lei per month, including for working age population - 2 194,0 lei and retirement pensioners - 1 707,4 lei.

\*\* Calculated by the authors according to the exchange rate of 16,8031 lei/US dollar in 2018 and 17,751 lei/US dollar in 2019, NBM, national accounts, www.statistica.gov.md.

Source: NBS RM data and authors' calculations, www.statistica.gov.md

According to NBS investigations, in 2019 the absolute poverty line was 2095,1 lei (in 2018 – 1998,4 lei), and extreme poverty was registered at the level of 1689,7 lei (in 2018 – 1611,7 lei) on average per month per person<sup>1</sup>. Thus, practically, the average monthly disposable income per person in households with the status of farmers (1828,2 lei) or 12,7% less than the absolute poverty line, which does not allow to insure the food security of family members. From the mentioned NBS's results for 2019 it is observed that the most disadvantaged are the households in which the head works as a worker in agricultural sector (absolute poverty rate 43,2%), the self-employed (38,4%) and households head as retiremen pensioner (38,3%). The average amount of retirement pension in agricultural sector on 01.01.2020 constituted 1447,4 lei or at a level 14,3% below the extreme poverty line, in the non-agricultural sector its amount was 2,5% less than the absolute poverty level. Moreover, the average amount of retirement pension by sector was also 12% lower than absolute poverty, the ratio between retirement pension in agricultural and non-agricultural sector remains at 29,1% and the gap between women and men is 20,7% less on 01.01.2020.

The created situation obliges the working age population to search for additional sources of income, including based on a combination of different types and forms of employment, including the development of entrepreneurial business out of a wish to get more earnings (BNS, 2020). This motive is predominant for both sexes (39,5% of entrepreneurs start or continue business, and 23,7% have run a business because is the realization of their ream).

The results of statistical research on the situation of women and men in the Republic of Moldova in various socio-economic fields (BNS, 2018) and the portrait of women and men was developed on the total population highlighting important gender issues in different spheres. Thus, it was noted that in recent years, practically, the share of women (49,7%) and men (50,3%) in the employed population has been equaled with gender employment rate gap by 6,7 p.p. or for women -41,4% and for men -48,1%. The

<sup>&</sup>lt;sup>1</sup> NBS RM. Poverty Level in the Republic of Moldova 2019, determined according to the methodological changes applied in Household Budget Survey (HBS) in 2019 and their impact on poverty indicators, www.statistica.gov.md.

main cause of given situation is the presence of children, in particular, under the age of 16: for example, the employment rate of women aged 25-49 with at least one child of that age was 53,4%, and for women without children at this age the employment rate was 59,5%. At the same time, researchs observe that it is important, that women prefer remunerated activity and formal work place compared to men: 63,% of employed women were trained in paid activities (wage activity), but for employed men this indicator was at 56,2%. The predominant field of economic activity of women is services sector (share of employed women of 59,0% and men of 41,0%), health and social assistance (79,8%), education (78,0%), hotels and restaurants (69,2%) and trade (55,8%). The share of employed women is lower in agricultural sector (45,5%), industry (44,4%) and construction (6,9%). In non-employees, including in the self-employed category, men predominated (57,9%), at the same time the higher share of women was registered in the category of unpaid family workers (73,4%). In informal employment, the share of women was 36,7% and men, respectively, of 42,7%.

At the same time, it can be mention another important factor - women had lower wage than men by 14,4% or the average wage of women constituted 85,6% of that of men, including the biggest discrepancy in given sphere were in *financial activities, information and communications* (32,5%), *industry* (20,9%), *health and social assistance* (18,6%), *agriculture, forestry and fisheries* (11,8%) etc. (or from 1,3% in education to 38% in *financial and insurance activities*). Such situation is the result of impact the multitude of factors, including socio-economic status, qualification level, skills, profession, etc. At the same time, the results of research show that women were involved in income-generating activities less than men. Statistical data demonstrate that every third woman (32,1%) aged 18 and over had social benefits (including pensions) as the main source of income compared to every fifth man (21,9%). Moreover, for 60% of men aged 18 and over the main source of income was *individual* and *wage activity* (for women this indicator was 46,6%) (BNS, 2018).

Taking all the above into account, causes and motives for participation of the person capable of economic activity depends on some circumstances in which this person is. The same can be seen for the elderly.

## Population ageing and employment

The analysis of the elderly employment, including in the transitional age group of 45-54 years, by type of economic activity showed that most of the elderly population is employed in agriculture, forestry and fisheries, industry (including 65 years and over), construction, transport and storage, information and communications, other activities, the budgetary sphere - public administration, education, health and social assistance, as well as the increase of the elderly workforce and the age category 45- 54 years (*Table nr. 11*). The 2019 data reflect the actual situation due to NBS RM's change in research methodology.

Table 11. Structure of employed population aged 45 and over by main types of economic activities, RM, % of total employed population\*

	2014	2015	2016	2017	2018	2019**	Difference 2018 and 2014, p.p.	Difference 2019 and 2018, p.p.
Total, RM	100,0	100,0	100,0	100,0	100,0	100,0	-	-
45-54 years	25,2	24,5	23,6	23,3	22,4	22,8	-2,8	0,4
55-64 years	16,9	17,2	17,9	18,9	19,3	18,2	2,4	-1,1
65 years and over	2,9	3,5	4,2	4,6	6,3	3,2	3,4	-3,1
<b>Agriculture, forestry and fisheries:</b> 45-54 years	27,1	24,6	24,3	24,4	22,1	27,0	5,0	4,9
55-64 years	21,4	21,5	22,2	24,2	25,1	24,5	3,7	-0,6
65 years and over	5,9	7,2	8,4	9,1	13,3	5,9	7,4	-7,4

110

<b>Industry:</b> 45-54 years	23,6	22,8	23,0	21,8	21,9	23,4	-1,7	1,5
55-64 years	14,5	15,6	15,9	17,3	16,7	16,5	-2,2	-0,2
65 years and over	0,9	1,4	1,5	1,6	1,1	2,1	0,2	1,0
Construction: 45-54 years	19,0	17,5	17,8	18,9	18,2	19,5	-0,8	1,3
55-64 years	11,9	9,5	12,0	17,1	13,8	10,9	1,9	-2,9
65 years and over	0,8	0,6	0,8	0,2	1,1	1,3	0,3	0,2
Wholesale and retail trade; Accommodation and public catering activities: 45-54 years	22,3	23,2	19,8	22,4	22,5	17,6	0,2	-4,9
55-64 years	10,0	10,0	11,3	10,6	11,6	12,4	1,6	0,8
65 years and over	0,8	0,6	0,8	1,4	1,0	1,6	0,2	0,6
Transport and storage, Information	0,0	0,0	0,0	1,1	1,0	1,0	0,2	0,0
and communication 45-54 years	27,2	25,6	23,3	22,1	22,8	20,0	-4,4	-2,8
55-64 years	14,7	17,6	16,9	14,6	15,4	15,0	-0,7	-0,4
65 years and over	0,8	0,7	0,8	2,2	1,1	2,2	0,3	1,1
Public administration, Education,	,-	,.	,-		-,-			
Health and social assistance: 45-54 years	28,0	28,6	29,0	26,8	25,7	25,8	-2,3	-0,1
55-64 years	19,6	18,8	19,5	19,9	19,3	22,0	-0,3	2,7
65 years and over	2,1	2,7	3,1	3,6	3,1	3,5	1,0	0,4
Other activities: 45-54 years	21,9	22,8	19,7	16,9	19,4	20,2	-2,5	0,8
55-64 years	14,4	15,0	14,8	16,3	14,1	16,9	-0,3	2,8
65 years and over	2,4	2,2	2,2	2,7	2,5	3,3	0,1	0,8

Note: \* 2014-2019, for estimation of the research results the number of population with usual residence was

Source: Authors' calculations on the basis of NBS RM data, https://statistica.gov.md/category.php?l=ro&idc=107&

The statistical data<sup>1</sup> show, that as a rule, the employed population in groups older than 45 years has the labour regime of up to 40 hours. For example, in 2019 the employed population in age group 45-54 years, whose share was 22,8% of employed population, of which 53,5% worked with the labour regime up to 40 hours, respectively, group age 55-64 years, taking into account the share of 18,2% of employed population, of which 65,6% worked with the labour regime up to 40 hours, including of which 43,0% with the regime of 0-30 hours per week. Such situation obliges people to search for ways to improve their material conditions, including using work on combine, informal work places, going abroad in search of a work place, etc., as well as employment in the informal sector is the way to solve given issue or to be involved in the field of work.

# 5. Development of the informal sector

The employment tendency of population able to work in formal and informal work places had a sinusoidal curve. The number of informal places being increasing in 2016 and 2018, and in 2019 there is the sharp decrease due to the application of the new Research Methodology by the NBS, including and the employed population, excluded persons, who are occupied in production of agricultural products for their self-consumption in difference

<sup>\*\*</sup> In 2019, the new statistical research methodology was applied.

<sup>&</sup>lt;sup>1</sup>NBS RM,

http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\_03% 20FM\_\_03%20MUN2019\_\_MUN010/?rxid=2345d98a-890b-4459-bb1f-9b565f99b3b9.

of the number of hours worked <sup>1</sup>, which also contributed to the change in the structure of employed population on some economic activities, especially in agriculture. The largest share of informal work places was accumulated in agriculture, forestry and fisheries and in construction and other activities, and the lowest was observed in the field of public administration, education, health and social assistance. In industry, transport and storage, information and communications, since 2016 the share of informal work places has tended to decrease (*Table nr. 12*).

Table 12. Dynamics of relation ratio between the employed in the formal and informal sectors\*

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	2014	2015	2016	2017	2018	2019**		
Employed population, thousands of persons	981,5	989,1	993,7	960,8	988,5	872,4		
Share of formal work places, % of total	66,5	63,4	61,7	63,0	60,3	76,9		
Share of informal work places, % of total	33,5	36,6	38,3	37,0	39,7	23,1		
Share of informal work places, % of total by economic activities								
Agriculture, forestry and fisheries	77,4	82,5	82,3	82,5	82,9	64,3		
Industry	6,3	6,0	6,4	5,0	4,8	5,6		
Construction	59,3	62,6	58,6	60,0	61,3	64,0		
Wholesale and retail trade; Accommodation and public catering activities	15,8	15,6	16,0	15,3	12,8	11,7		
Transport and storage; Information and communication	10,4	11,7	14,6	9,4	9,0	9,0		
Public administration, Education, Health and social assistance	0,3	0,5	0,6	0,3	0,6	0,2		
Other activities	14,3	14,3	15,7	17,3	18,4	16,1		

Note: \* 2014-2019, the data were calculated based on the population with the usual residence.

https://statistica.gov.md/category.php?l=ro&idc=107&

The analysis of those employed in informal work places by the main age groups demonstrates that in the period 2014-2018 there is the tendency of increasing the share of informal employment of population aged 65 and over by 7,0 p.p. and 55-64 age group by 3,6 p.p.. At the same time the decreasing tendency of share of employed persons in other age groups was accentuated, including 15-24 years (by 1,9 p.p.), 25- 34 years (with 1,3 p.p.), 35-44 years (with 4,0 p.p.) and 45-54 years (with 3,4 p.p.). In 2019, the largest share of population in informal places belongs to population in age group of 25-34 years (24,8%) and in age group of 45-54 years (23,1%), the population in age group pre- and pensioners or 55-64 years was placed on the fourth place of those employed in this sphere (*Table nr. 13*).

Table 13. Structure of population employed in informal work places by main age groups

(% of total informal work places)\*

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<sup>\*\* 2019</sup> data were interrupted due to the application of the new research methodology by the NBS RM. *Source:* NBS RM data and authors' calculations, <u>www.statistica.md</u>,

Resolution I. Resolution concerning statistics of work, employment and labor underutilization, adopted by the 19th International Conference of Labour Statisticians" in 2013, <a href="http://www.ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians">http://www.ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians</a> /19/WCMS 230304/lang-en/index.htm; NBS RM, Methodology of Labour Force Survey, (Metodologia Anchetei asupra forței de muncă în gospodării), 2019, <a href="https://statistica.gov.md/public/files/Metadate/alte/Methodology\_AFM\_2019.pdf">https://statistica.gov.md/public/files/Metadate/alte/Methodology\_AFM\_2019.pdf</a>.

	2014	2015	2016	2017	2018	2019
The population employed in total						
informal work places	100,0	100,0	100,0	100,0	100,0	100,0
including the share by main age groups:						
15-24 years	9,6	9,8	8,4	7,7	7,7	7,8
25-34 years	20,2	20,9	20,7	18,8	18,9	24,8
35-44 years	23,9	23,2	23,2	22,4	19,9	21,7
45-54 years	23,7	21,9	21,8	22,5	20,3	23,1
55-64 years	17,2	17,6	18,2	20,2	20,8	17,5
65 years and over	5,4	6,6	7,7	8,4	12,4	5,1

Note: \* 2014-2019, the data were calculated based on the population with the usual residence. Source: Authors' calculations on the basis www.statistica.md; of NBS RMdata, https://statistica.gov.md/category.php?l=ro&idc=107&

The portrait of informal sector workers will be incomplete if their socio-economic or professional status is not reflected and if there is no clarity about the affiliation of the legal firms (organizations) type in which they work (Table nr. 14).

Table 14. Evolution of informally employed population by professional status, %

	2014	2015	2016	2017	2018	2019
Employed population, total (RM) including:	100,0	100,0	100,0	100,0	100,0	100,0
Employees, RM, % of total employed						
population	66,3	63,7	61,0	62,9	59,6	77,8
of which working at:	00,5	03,7	01,0	02,7	37,0	77,0
Formal work place, % of total						
employees	90,7	91,1	91,8	92,7	92,4	92,3
Informal work place, % of total						
employees	9,3	8,9	8,2	7,3	7,6	7,7
including is occupied at:		,	,	,	,	,
Formal sector enterprises, informal	92.1	07.5	04.4	05.0	70.0	70.6
place	82,1	87,5	84,4	85,8	78,8	79,6
Informal sector enterprises, informal	13,3	7,6	9,6	8,1	14,7	15,1
place	13,3	7,0	9,0	0,1	14,7	13,1
Households which employees is	4,6	4,9	6,0	6,1	6,5	5,3
occupied, informal place	4,0	4,9	0,0	0,1	0,3	3,3
Self-employed, RM, % of the total						
employed population	30,6	31,7	33,5	32,7	35,7	17,6
of which working at:						
Formal work place, % of total	18,6	15,3	15,5	13,4	13,8	26,9
employees	10,0	15,5	10,0	15,1	15,0	20,5
Informal work place, % of total						
employees	81,4	84,7	84,5	86,6	86,2	73,1
including is occupied at:						
Formal sector enterprises, informal	54,3	46,5	42,6	41,0	36,2	100,0
place	- 1,0		1-,0	1-,0	,-	
Informal sector enterprises, informal	45,7	53,5	57,4	59,0	63,8	-
place						
Households which employees is	-	0,0	-	-	0,0	-
occupied, informal place  Unpaid family workers, RM, % of the						
total employed population	2,4	4,0	4,9	4,1	4,4	4,2
of which working at:	2,4	4,0	4,9	4,1	4,4	4,2
Formal work place, % of total						
employees	-	-	-	-	-	-
Informal work place, % of total						
employees	100,0	100,0	100,0	100,0	100,0	100,0
chip to yees	1	1	l	l	l	

including is occupied at:						
Formal sector enterprises, informal place	19,2	24,81	18,6	15,6	32,5	28,2
Informal sector enterprises, informal place	80,8	74,93	81,4	84,4	67,5	71,8
Households which employees is occupied, informal place	-	0,26	-	-	-	-
Patrons (employers), members of the cooperative, % of the total employed population in the Republic of Moldova of which working at:	0,7	0,6	0,6	0,3	0,3	0,4
Formal work place, % of total employees	100,0	100,0	98,2	100,0	100,0	94,4
Informal work place, % of total employees including is occupied at:	-	-	1,8	-	-	5,6
Formal sector enterprises, informal place	100,0	100,0	98,2	100,0	100,0	94,4
Informal sector enterprises, informal place	-	-	1,8	-	-	5,6

the **NBS** Authors' calculations on basis data, www.statistica.md; https://statistica.gov.md/category.php?l=ro&idc=107&

Thus, from the data analysis (Table nr. 14) it is observed that the major share of employed population constituted employees, whose share in 2019 reached 77,8%, who prefer work under legal conditions, officially concluded contracts or formal employment (at the level of 92,0% and over during the last 4 years have been activated in formal work places). At the same time, 7,7% of total employees have an informal work places, of which 79,6% are informal work places at enterprises of formal sector and which are increasing by 0,8 p.p. compared to the previous year, as well as were increasing compared to 2018, by 0,4 p.p., informal work places occupied by employees in formal sector enterprises. The second group of those employed informally refers to self-employed workers whose share constituted 17,6% of employed population, decreasing by 18,1 p.p. compared to 2018 (due to the change of research methodology by NBS), of which 73,1% work in informal places in informal sector. At the same time, unpaid family workers (4,2% of the employed population) refers to informal sector. The structure of formally or informally employed population is reflected in *Table nr. 14* and it can be observe that, in principle, preference is given to the official format or formal work places, when the choice of employment form.

The development of the informal sector takes place because there are causes that contribute to it, including the necessity to care for children, elderly or sick family the disabled, the search work members, for due age dismissal, reorganization/optimization of organizational structure of the enterprise/organization (staff reduction) or other problems as a result of which the person is out of work in a labour regime established by the existing legislation framework or find a work place. However, 22,6% of employed persons aged 20-49 are employed informally and of which 32,4% are persons with at least one preschool child, including 76,2% of these persons working to informal sector enterprises. At the same time, it is interesting that 71,2% of these informal employees who have at least one preschooler are men and only 28,8%, respectively, are women. At the same time, the analysis of the informally employed population by the nature of work place and the organizational-juridical form for 2019 shows that 36,0% are occupied in the auxiliary or own household, 32,8% of individual work activity, 14,4% to an individual agricultural enterprise (peasant household), 9,2% to an enterprise, organization, institution (with the right of legal person) and 6,2% to individual enterprises,

individual advocate or notary office (without the right of a juridical person) and other as employeed in private households of the cities according to the labour legislation. 47% of employees in the informal sector work in agriculture, forestry and fisheties, 18,7% - in wholesale and retail trade, accommodation and catering, 14,5% - in construction, 11,8% for other activities, 7,8% - for industry, etc. (BNS, 2020).

Taking into account, that 77,4% (*Table nr. 13*) of those employed are up to 55 years of age or, practically, of productive age, informal employment does not have any guarantees of employment on a full and stable work prodramme for employed. Moreover, for this sector there are specific ways of employment in the absence of employment contract, the payment of social and medical contributions, the granting of labour leave, etc. All this has a negative impact on workers, contributes to increased social risks of being unemployed or in category of poor, as well as loss of health. Some characteristics related to the activity of employees in field of informal employment are reflected in *Table nr. 15*.

Table 15. Specific conditions for the activity of employees in informal sector

Table 13. Specific conditions for						
	2014	2015	2016	2017	2018	2019
Employees employed informally-total,	<b>5</b> 0.1	60.0	(2.2	<b>7</b> ( )	<b>5</b> 60	<b>50.4</b>
thousands persons	72,1	68,0	62,2	56,2	56,9	52,4
% of total employees	9,0	8,6	8,1	7,1	7,3	7,7
Social contributions not paid by the total employer (unpaid social contributions), thousands of pers.	66,1	59,1	54,3	49,0	51,2	49,2
% of total employees in informal sector	91,7	86,9	87,3	87,2	90,0	93,9
including those who are employed at:						
Formal sector enterprises, informal employment, thousands of pers.	53,4	50,1	44,4	41,0	39,4	38,5
% of total unpaid contributions	80,8	84,8	81,7	83,6	77,0	78,3
Informal sector enterprises, thousands of pers.	9,5	5,5	6,5	4,7	8,0	7,9
% of total unpaid contributions	14,4	9,3	11,9	9,5	15,6	16,1
Households that hire paid domestic workers, thousands pers.	3,3	3,5	3,5	3,4	3,8	0,0
% of total unpaid contributions	5,0	5,9	6,4	6,9	7,4	0,0
Hiring procedures employees, including by:						
- employment contract, % of total	8,3	13,1	12,7	13,0	10,2	6,1
- oral agreement, % of total	91,7	86,9	87,3	87,0	89,8	93,9
Permanence of employment, % of total						
- indeterminate duration	54,4	63,4	66,1	66,0	59,1	52,7
- fixed term	45,6	36,6	33,9	34,0	40,9	47,3
Annual paid labour leave, % of total:						
- benefits	2,8	0,0	0,0	0,0	0,0	0,0
- does not benefit	97,2	98,4	98,7	98,2	98,9	98,1
Paid sick leave, % of total:						
- benefits	2,4	5,9	0,0	0,0	0,0	0,0
- does not benefit	97,6	94,1	95,5	95,2	96,0	98,7

Source: Authors' calculations and NBS RM data, Labour force. Employment and unemployment for 2015-2020 (Forta de muncă. Ocuparea pentru 2015-2020), şomaj https://statistica.gov.md/pageview.php?l=ro&idc=263&id=2204

Thus, in the last 4 years (2015-2019) there has been a tendency to increase the share of employees for whom employers do not pay social insurance contributions and by 2019 this share has reached about 94% constituting more than 6,6 p.p. than in 2015 and, respectively, by 3,9 p.p. the previous year. This creates social risks for both these people and their families, including the chance of being unemployed and as a consequence, will fall in category of poor, as well as in nonworking age will be among those who do not have the amount of the pension sufficient to survive or social services guaranteed by the state.

Such the situation also refers to those who do not have concluded employment contracts and work by oral agreement, the share of which was 93,9%, increasing by 4,1 p.p. compared to the previous year and by 6,6 p.p. compared to 2015 or this category of employees has not legitimate right in labour sphere, pay for work, rest, etc. provided by the current labour legislation framework. At the same time, employees involved in informal activity do not benefit (nu beneficiază) from paid sick leave (in 2019 the share of these persons reached the level of 98,7%, increasing by 4,6 p.p. compared to 2015 and 2,7 p.p. compared to the previous year), as well as paid annual labour leave.

Informal employment has a negative impact not only on employees hiring in this sector, but also on the reliability and stability of the existing social insurance system. This refers to the losses of the State Social Insurance Budget (SSIB) due to the reduction of possible taxpayers because employers in informal sector do not pay these contributions (Table nr. 16), including the payment of obligatory social insurance contributions by individual and juridical persons. The calculations of the State Social Insurance Budget (SSIB) losses due to non-payment of social contributions from the remuneration fund of employees hiring "by oral agreement" (Table nr. 16) demonstrated that the amount of the above-mentioned losses tended to increase in 2018 by 20,7% compared to the previous year and 12,1% in 2019 compared to 2018 even in conditions of reduction of employees by 7,9% compared to the previous year.

Table 16. Possible amount to supplement the SSIB in the case of the legitimate activity of employees in informal sector under the conditions of national labour legislation

or employees in it	normai secto	i under the	continuons (	oi nanonai	iabout icg	151411011	
Name of indicators:	2017*	2018*	2019**	Increase/ Descrease, 2018/ 2017	Difference +/- in abcolute terms	Increase/ Descrease, 2019/ 2018	Difference +/- in abcolute terms
Informally employees, thousands persons	56,2	56,9	52,4	101,2	0,7	92,1	-4,5
Population hiring by "oral agreement", thousands of persons including by economic activities:	48,9	51,1	49,2	104,5	2,2	96,3	-1,9
Agriculture and fisheries	19,6	24,1	23,8	123,0	4,5	98,8	-0,3
Industry	4,0	3,5	3,1	87,5	-0,5	88,6	-0,4
Construction	0,0	3,7	7,5		-	202,7	3,8
Wholesale and retail trade; Accommodation and public catering activities	12,9	10,9	9,0	84,5	-2,0	82,6	-1,9
Transport and storage; Information and communications	0,0	0,0	-	-	-	-	-
Public Administration; Education; Health and social assistance	0,0	0,0	0,0	-	-	-	-
Other activities - total	8,0	7,8	5,6	97,5	-0,2	71,8	-2,2
Employees for whom social contributions were not paid by the employer, thousands persons	49,0	51,2	49,2	104,5	2,2	96,1	-2,0
The amount of possible losses at SSIB from non-payment of social contributions of employees hiring "by oral agreement", thousands lei	1309208,87	1580748,462	1772199,312	120,7	+271539,59	112,1	+191450,85

<sup>\*</sup> For estimation the research results the number of resident population was used.

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authors' calculations,

<sup>\*\*</sup> For estimation the research results the number of usual resident population was used, the research methodology was modified. data

Taking into account that, annually, transfers from the State Budget are made to cover the deficit of the State Social Insurance Budget, supplementing SSIB revenues from employees hired "by oral agreement" will contribute improve financial discipline and financial opportunities to ensure requirements of social benefits, to increase the financial stability of this budget. The calculation took into account employees excluding other categories of those employed in informal sector due to lack of data (self-employed, unpaid family workers, etc.) due to the fact, that there is no evidence of them on the payment of social contributions. At the same time, having the mentioned data, it is possible to calculate the amount lost by the health insurance budget from the non-payment of medical contributions both by the person hired to work in informal sector and by the employer.

#### 6. Conclusions

The transition to market relations and the transformation of economy have contributed to some fundamental changes in socio-economic life, including the formation of new labour relations between employers and employees, dismissals, worsening the standards of living, increasing social tension, intensification labour migration processes, etc. All these processes have also led to labour market changes that are no exception. The study of world experience shows that the development of efficient and full employment system of work age population depends from the level of development of its forms in actual conditions, as well as from the possibility of adapting this population to labour market taking into account its structure. Previously, strict (rigid) regulation of employment or the standard form of employment (full employment regime, unlimited employment agreement, etc. established by law) and the constant attraction of labour force in the socioeconomic life have been used. In actual conditions of market development, the decline of the number and ageing of population, labour migration flows there has been a tendency of development in time and space of new or non-standard forms, in particular, the informal sector and informal work places. At present, the latter have become the feature of labour market in the Republic of Moldova.

In the Republic of Moldova, the emergence of non-standard employment was related to the development processes of various forms of property. Thus, the share of population occupied in the private sector increased by 66-69% in 2014-2018, and decreasing to 60,7% in 2019. The share of employed population with the labour regime of 40 hours and over increased by 11,3 p.p. (from 2015 to 2019) and constituted 68,9%, for men 76,4% and for women 61,0% or the difference was by 15 p.p. The labour regime differs in dependence by gender and age of employed persons, as well as the employment rate by gender differs by 6.7 p.p. or for women -41.4% and for men -48.1%.

In the conditions of informal employment, as a rule, employees do not have the guarantees for a complete and stable work programme and, finally, lthere are losses of state social and medical insurance budgets and their financial instability. The calculations regarding the losses of the State Social Insurance Budget (SSIB) due to the non-payment of the social contributions from the labour remuneration fund of workers hiring "by oral agreement" (Table nr. 19) show that the amount of losses tended to increase in 2018 by 20,7 % and in 2019 by 12,1% respectively, compared to the previous year.

In this sence for the purpose of stable and sustainable socio-economic development, the important task will be to efficiently combine different forms of employment for ensure the effective employment of existing potential of labour force. It should be mentioned that the different forms of employment are used quite widely in international practice which allows to ensure the highest possible level of employment of the existing potential of labour force (Conventia Organizatiei Internationale a Muncii, 1988).

Finally, can be mention that a characteristic for the Republic of Moldova is the underutilization of labour force potential, including its underemployment in visible or invisible forms, the spread of employment of labour force in informal places and in informal sector, a low level of economic activity of work age population. In this sence, new methods are need to quantify the effectiveness of the avaibility and use of the real potential of labour force.

With the purpose to improve the labour market situation, growth the level of formal employment and the financial stability of the social protection system of population is proposed:

- reactualization of strategies and programs for socio-economic development and employment of labour force with purpose to developing the healthy labour markets, equilibrium of labour, as well as with at least the decent income and state protection against social risk;
- development of remuneration system, including the participation of hired persons in the distribution of profits, promotion of the non-tariff wage system or other systems relevant to the conditions of socio-economic development of the country and various forms of employment;
- improving the legal framework of the social insurance system taking into account to contributing to modification in the pension and social benefits system in dependence on the individual contributions real paid (effectively) by employed person, as well as the social protection system for those who work seasonal, have a short period of time or fluctuations, etc.;
- promoting the system of state supervision (by intensification and empowering the activity of the Labour Inspectorate) on the obligatory conclusion of individual employment contracts, respect for the rights of hired persons on healthy working conditions, rest, norms established by the legal framework of social protection (including realization of social contributions and state medical services by the employer and employees), strengthening sanctions and penalties for noncompliance with the legal framework and the provisions of the Fiscal Code;
- simplification and reduction of costs and procedures of administrative structures, transparency and accessibility of tax systems, ensuring social protection, application of benefits or privileges for employees who have received earning lower of the subsistence level amount;
- research of labour supply and demand, taking into account demographic forecasts with puspose to elaboration scientifically argued policies for effective use of existing potential in labour market and to ensure the fullest possible level of employment the work age population for the stable and sustainable development of the country;
- elaboration of the Labour Code of the Republic of Moldova in new edition (Codul Muncii al Republicii Moldova, 2003), in order to comply with EU international standards;
- increasing the role of social dialogue in the process of transformation informal work into formal;
- elaboration of criteria and efficient methods of statistical evidence of the impact from non-standard forms of employment;
- promoting training programs for persons occupied in informal work places, access to credit for their own business (self-employment) through the creation of small and medium enterprises (SMEs), providing benefits that can be accessed by legally employed persons, including providing financial support, food, hire, protection and respect for rights or other privileges.

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