

ANALYSIS OF CORRELATION BETWEEN EMPLOYMENT AND THE INCOME OF THE WORKING AGE POPULATION IN THE REPUBLIC OF MOLDOVA

ANALIZA CORELAȚIEI DINTRE OCUPAREA FORȚEI DE MUNCĂ ȘI VENITURILE POPULAȚIEI APTE DE MUNCĂ DIN REPUBLICA MOLDOVA

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Abstract

This article presents the results of an analysis of the influence of social factors on the employment level of working age population in the Republic of Moldova. Possible threats to the competitiveness of labour market depending on social factors are identified. One of the determining factors of a social nature is the cost of labour force (the price of labour force), which is expressed in the form of wages on labour market. At present, in the Republic of Moldova, wages have lost its economic, social, reproductive, stimulating and regulatory functions and, ultimately, do not reflect the real cost of labour force. The remuneration of labour and hiring workers in the budgetary and real sectors of economy is formed on the basis of two main legislative acts. In the budget sector, the value of minimum wage is the basis for the formation of wages established in the country and the increase in its amount is connected with additional financial resources in the budget, which is not always possible and practically the tariff scale remain unchanged during of several years, that is, the budget sector is characterized by inertia and stability of the formation process of remuneration of labour. In the real sector of economy, the amount of wages are more mobile, revised annually depending on growth of prices and the productivity of public labour. As a consequence, the difference between the remuneration of labour of the real and budget sectors constitute over 11%. As wages are one of the main sources of income compared with other possibilities of receiving it by various categories of population, the evaluation of its receipt is performed depending on professional status, as well as the analysis of the standard of living based on a comparison of incomes with some existing social standards. As a result of research of the income level of various categories of population, it was concluded that wages do not stimulate employment, especially for young specialists, but, on the contrary, contribute to polarization, stratification of society, social inequality, and low level of wages are one of the most acute problems in the Republic of Moldova, which is in the top of the countries with the lowest remuneration of labour in the region. Low amount of wages are one of the factors of the lack of qualified personnel in labour market, especially in sphere of the provision of services, in the production sector and construction, which affects the quality of the work done and services which determines the decrease in demand and public opinion on them, as well as one of the reasons for the outflow of labour force outside the country in search of a work place (labour migration). As a result of the implementation of ineffective social policies, in particular in the field of remuneration of labour, the phenomenon of poverty takes place in the Republic of Moldova as the consequence of the inequality in the remuneration of labour of working age population in accordance with the real cost of labour force, part of the employed labour force is included in the category of social risks of being poor in labour market.

The low level of remuneration of labour is also one of the motives for labour migration, the research of which was performed on the basis of the comparative analysis of statistical data on the number of the resident population and the population with usual residence, which made it possible to obtain a more real situation on labour market, taking into account the absence of more than a year of population. Summing up the research of labour market challenges to ongoing social policies, proposals to improve their effectiveness were elaborated, including in the field of improving forms and systems of remuneration of labour and further liberalization of labour relations, taking into account the experience of the EU countries, the necessity for a deeper research of the correlation between the two aspects of "employment - poverty", including evaluation the impact and remove of factors that are determine in the existence of the phenomenon of "poverty" of the working age population and the justification of social policies to overcome given situation.

Keywords: employment, social factors, wages, population incomes, labour migration, working age population.

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1. Setting the problem

In recent decades, the changes in the reproduction regime of the population take place in the Republic of Moldova, which pose a certain threat to ensure sustainable socio-economic development of the country. Moreover, due to the fact that the process of transition to the market economy the country is been long, the existence of internal both economic and social contradictions, the consequences of global economic and financial crises, including internal ones, all this led to the fact that at present the Republic of Moldova is characterized by the unfinished system of modernization of socio-economic development, including the inertial model of unstable economic development, the basis of which is consumption, and the ongoing social policies do not fulfill their main goal – increasing the standard of living and quality of life of the population and are elaborated on the basis of fragmented solutions both the problems protecting socially vulnerable categories of the population from social risks and employed in labour market. In this context, the task of highest priority is the formation and development of a competitive labour market, it is especially relevant taking into account the influence of demographic factors, including labour migration processes as an alternative to shortage of work places, discrimination of certain social groups in the labour market, low incomes level, informal employment and possibilities of unemployment.

Despite the ongoing socio-economic policies, indicators of population employment are low, and the situation on the labour market remains critical. The legislative and normative basis in the field of labour remuneration, in particular the Law on Remuneration of Labour³ in the Republic of Moldova is based on the approved guaranteed minimum amount of wage⁴, which is calculated on the basis of an average length of working time of 169 hours per month. In this case, part-time workers and members of their families may be in the category of socially vulnerable groups of the population, that is, those at risk of poverty. At the same time, the problem of modern labour market in the Republic of Moldova is the existence of vacant and unoccupied working places, so how it presents higher requirements on the quality of working age human capital, its competitiveness taking into account the professional education and the level of economic activity with a relatively low level of labour remuneration not corresponding to the real cost labour force and this situation contributes to widening the gap between demand and supply of labour force in the context of ensuring economic growth.

This article presents the results of the analysis of population incomes as a consequence of the ongoing policy in the field of remuneration of labour of various categories of employed people, including recommendations for improving the situation in given field.

2. Analysis of researches and publications

Taking into account the important role and function of wages as the main source of income for the working-age population, a change in the dependence between *individual wages* and incomes of different age groups of population is reflected in the scientific works of

³ Law of the Republic of Moldova on Remuneration of Labour nr. 847-XV of February 14, 2002. The Official Monitor of the Republic of Moldova, 2002, nr. 50-52, art. 336.

⁴ Government Decision of the Republic of Moldova nr. 550 of July 9, 2014 “On establishing the amount of the minimum wage in the Country”. The Official Monitor of the Republic of Moldova. , 2014, nr. 185-199, art. 596.

researchers Myck M. “Wages and Ageing: Is There Evidence for the “ Inverse-U ” Profile ”[1], Sapozhnikov M., Triest RK “Population Aging, Labor Demand, and the Structure of Wages” [3], Schmitt J., Jones J. “Low-wage Workers Are Older and Better Educated than Ever” [4], which reflect the results of the analysis of wages in various age groups depending on work experience.

Labour migration is one of the most important factors in the economic development of many countries in consequence of the globalization of world economy at the present stage, which is characteristic for practically all countries in the world. Being an instrument of cooperation between developing countries and industrialized countries, some of which are recipient countries by offering work places, others are donor countries, as suppliers of labour force, it smoothes the imbalance in labour market between supply and demand for labour force, which necessitates regulation labour migration processes as a means of covering labour force deficit.

An analysis the tendencies of labour force migration and evaluation of its effects are reflected in the works of Reed H., Latorre M. “The economic impacts of migration on the UK labor market” [5] (the impact of labour migration on the UK labour market), Novotny V. [6] (recommendations on the development of EU migration policies), Ratha D., Shaw W. [7] (estimations the role of migrant’s transfers), Cheianu-Andrei D. [8] (migration problems of didactic staff), Ganta V. [9], Stratan A., Savelieva G., Kotelnik V., Zaharov S. [10, 11] (principal tendencies in labour migration in the Republic of Moldova, problems of integration and reintegration of Moldovan labour migrants).

3. Presentation of the main results of the research

The wage is the important factor determined the employment of hiring workers. The level of wages is the element that stimulates the worker to increase his professional skills, the possibility of career growth, reflects the degree of attractiveness of activity in one area or another, at the work place.

The role of the state in regulation of wage in the Republic of Moldova in the process of labour liberalization and the development of market relations (the prevalence of private and mixed forms of property, economic with foreign capital), is reduced. As a result, wages have at present lost its economic and social functions, including such as the *price of labour force*. Wages also do not realize reproductive, stimulating and regulating functions and, ultimately, do not correspond to the *cost of labour force*.

Given fact is confirmed, for example, by the fact that the established minimum wage is the basis for the formation of wages in the budget sector of economy, the increase in its size is connected with additional financial resources in the budget (the size of the minimum wage is established as the first category of official salaries of the tariff scale in October 2014, but in connection with its insignificant value, 1100 lei, already in 2018, wages based on given criterion were not a *guarantee of social protection* of workers from social risks in conditions of market economy, including from inflation processes.

As a result, there is the *phenomenon of poverty among the working population* and the necessity for social support to given category of workers from the state.

In the field of labour remuneration, it should be noted the positive tendency the growth of 1,53 times the average monthly wage gross in the country for 2014-2018, including the

increase of more than 10% was registered for the past 2 years as compared with the previous year: in 2017 compared to 2016 by 11,8% and in 2018 in comparison with 2017 - by 12,2%. However, taking into account the growth of the total average Price Index for food and industrial goods, services rendered, in reality this growth is approximately 2-4 p.p. lower, and in 2016 the change in wages in the budget sector was below 100% - 99,4%, while its absolute amount increased by 105,8%. At the same time, it is necessary to note that throughout the analyzed period the difference between the amount of the *average wage gross and net* is persisted on the level of almost 18%, that is, the real wage received by the worker is even lower, and take into account the growth in prices and tariffs, its purchasing power is getting even lower. Relative to the regions, it can be noted that this indicator is higher value of the national average wage only in mun. Chişinău and mun. Bălţi, in others regions, it ranges from 76 - 84% of the national average. In this context, it can be noted the *differentiation of wages by gender* (the difference between wages for women and men) constitutes the national average 85,6% or in 2018 the *gender gap* was 14,4%, that is, compared with 2014 this disparity is more pronounced (with the ratio of 87,6% in 2014, the *gender gap* constituted 12,4%) and it can be asserted with confidence that such situation is most pronounced in mun. Chişinău, in the Southern region of the country and ATU Găgăuzia, given difference is manifested less acute (at the level of no more than 5-7%).

Table 1. Some characteristics of the average monthly wage in the Republic of Moldova

	Average monthly wage, lei						Real average monthly wage, %					
	Total		Budget Sector		Real Sector		Total		Budget Sector		Real Sector	
	Average monthly wage gross	Average monthly wage net	Average monthly wage gross	Average monthly wage net	Average monthly wage gross	Average monthly wage net	Average monthly wage gross	Average monthly wage net	Average monthly wage Gross	Average monthly wage net	Average monthly wage gross	Average monthly wage net
2014	4 089,7	3 398,9	3 699,2	3 141,9	4 238,8	3 497,0	105,9	105,2	105,7	105,1	106,0	105,3
2015	4 538,4	3 751,6	4 143,4	3 492,2	4 692,3	3 852,7	101,2	100,6	102,1	101,3	100,9	100,5
2016	4 997,8	4 102,8	4 382,0	3 675,5	5 237,2	4 268,9	103,5	102,8	99,4	98,9	104,9	104,1
2017	5 587,4	4 563,9	4 975,9	4 123,4	5 815,5	4 728,2	104,9	104,3	106,6	105,3	104,1	103,9
2018	6 268,0	5 141,9	5 729,9	4 746,4	6 459,4	5 282,6	108,9	109,4	111,8	111,7	107,8	108,4
Dynamics of gross wage by regions for 2014-2018												
	The ratio of regional wage to the total monthly average wage, %					Discrepancy of wages by gender (women's wage as % of men's), %						
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018		
Total	100,0	100,0	100,0	100,0	100,0	87,6	86,8	85,5	86,5	85,6		
mun. Chişinău	118,0	118,4	119,1	120,2	119,5	88,6	86,5	84,2	85,3	84,6		
Nord	86,1	85,3	84,3	83,5	83,9	90,9	90,2	90,9	88,7	88,8		
mun. Bălţi	104,8	104,2	103,4	100,5	101,2	93,1	93,2	93,2	89,3	88,8		
Center	81,5	82,0	81,3	80,9	81,1	90,8	91,9	92,7	93,8	92,2		
South	77,1	77,7	77,7	76,2	76,8	89,6	92,0	92,2	93,9	92,7		
A.T.U. Găgăuzia	79,0	78,3	77,4	76,4	76,6	93,2	93,0	93,8	96,3	94,8		
The ratio between gross and net wages, the budget sector and the real												
The ratio between net and gross wages, %							83,1	82,7	82,1	81,7	82,0	
The ratio between wages in the budget and the real sector, %							87,3	88,3	83,7	85,6	88,7	
Annual dynamics of CPI*, %												
Total average CPI, %							105,10	109,70	106,40	106,60	103,05	

CPI for foodstuffs, %	106,50	109,80	107,40	107,90	105,39
CPI on non-food goods, %	105,50	111,80	106,30	104,50	102,67
CPI for services, %	102,50	106,20	104,90	107,10	99,78
* CPI – Consumer Price Index (Price Index)					

Source: elaborated by the authors on the basis of NBS RM data [and authors' calculations](#), www.statistica.gov.md

The characteristics of the labour remuneration level of hiring workers and the differentiation of the wages size by type of economic activity are presented in Table 2. So, in 2018 the amount of wage by 6,1% hiring workers had lower than the *subsistence minimum*, or, simpler words, *survival level*, it have lower by 0,9 p.p. than in 2015 (7,0%). In 2018 such situation is typical for the education sector (the share of workers, whose had the wages below the subsistence minimum, constituted 22,6%), the health system (3,6%), public administration, social workers (8,1%) and the small number of workers in the agricultural sector (0,7%), moreover, in the Republic of Moldova as a whole, the share of low-paid workers decreased for the period 2015-2018 (including the share workers received the salary of up to 1500 lei decreased by 6,2 p.p.). The presence of low wages for working population is the issue “number one” for the country, since these categories of workers are at the high degree of social risk of being poor.

Table 2. Distribution of hiring workers according to the amount of wages calculated for September, % of total (for which the wages was calculated and received)

Amount of wages	2015	2016	2017	2018	including some economic activities, 2018								
					Agriculture, forestry and fishing	Extractive industry	Manufacturing industry	Construction	Wholesale and retail trade; maintenance and repair of motor vehicles and motorcycles	Public administration and defense; obligatory social insurance	Education	Health and social assistance	Transport and storage
less than 1000,00 lei	0,2	0,1	0,0	1,7	0,0	-	0,0	-	0,0	2,7	6,3	0,5	0,0
from 1000,01 to 1500,00 lei	6,7	4,3	2,9		0,0	-	0,0	-	0,0	2,7	6,3	0,5	0,0
from 1500,01 to 2000,00 lei	13,4	6,0	4,8	4,4	0,7	-	0,1	0,0	0,0	5,4	16,3	3,1	0,0
from 2000,01 to 2500,00 lei	11,8	16,4	11,6	5,2	3,7	1,9	2,4	1,3	2,4	3,1	9,4	9,5	5,4
from 2500,01 to 3000,00 lei	10,8	10,7	10,7	11,9	9,8	15,1	12,1	12,2	18,0	4,1	6,6	11,0	17,1
from 3000,01 to 4000,00 lei	16,5	16,2	16,1	16,2	15,8	21,5	17,6	17,2	21,3	8,3	9,8	18,7	26,5
from 4000,01 to 5000,00 lei	13,4	13,8	13,9	13,1	13,0	16,1	15,3	14,3	14,2	10,1	10,6	16,0	15,1
from 5000,01 to 6000,00 lei	9,9	10,6	11,7	11,4	11,3	10,2	15,1	12,9	12,1	13,6	10,8	10,8	8,4
from 6000,01 to 7000,00 lei	6,0	7,2	8,3	9,9	10,5	7,3	12,3	11,4	8,5	16,3	10,4	8,0	5,6

from 7000,01 to 8000,00 lei	3,5	4,5	6,0	7,1	4,6	6,7	8,2	7,9	5,6	10,8	7,6	7,6	4,6
from 8000,01 to 10000,00 lei	3,4	4,4	5,8	8,0	4,1	10,6	8,7	11,3	6,8	9,7	8,3	7,1	6,1
over 10000,00 lei	4,4	5,8	8,1	10,9	3,9	10,6	8,2	11,5	11,1	16,1	3,9	7,6	11,3
The subsistence minimum of working-age population, lei	1 842,2	1 914,7	1 984,5	2 016,1	2 016,1								

Source: elaborated by the authors on the basis of NBS RM data,
<https://statistica.gov.md/category.php?l=ro&idc=445>

Consequently, there is the phenomenon of poverty as a consequence of economic inequality of the working age population on labour market in the Republic of Moldova, that is, there is a need for a more in-depth research of the correlation between the two aspects of “employment - poverty”, including the identification of factors that determine the existence of poverty of working age population and substantiation of social policies to improve the given situation. Analysis of the data in Table 2. had also showed that the main share of workers in 2018 received wages within the limits from 2500,01 lei to 5000,0 lei or 52,6% (or in limits of 148,8 – 297,6 US dollars⁵), but sectoral differentiation is evident (the largest relative share of hiring workers, who have wages more than 10000,0 lei, are employed in the field of “Public administration and defence; obligatory social insurance” or 16,1%, construction (11,5%), in wholesale and retail trade, in the field of maintenance and repair of cars and motorcycles (11,1%) and some others types of economic activity.

When evaluation the level of labour remuneration, it should be noted such a factor as the formation of wages in the budget and real sectors. As noted earlier, in the budget sector the formation of official salaries of workers⁶ is based on the minimum wage amount which is established in the country by the Government of the Republic of Moldova. Beginning from October 1, 2014 the minimum monthly average wage of 1,000 lei was established in the country⁷ (in 2008 given indicator was 400 lei, in 2009 – 600 lei). Beginning from January 1, 2018, the first category of budget sector salary (in the field of education from September 1, 2017) is increased by 10% (1100 lei)⁸, the following fragmentary change in its amount was made in 2019. In practice, the Republic of Moldova has the lowest minimum wage in the region (about 50 euros), in Romania its equivalent is more than 280 euros.

In the real sector of economy, a *guaranteed minimum amount of wage*⁹ is established, according to which it is reconsidered annually “depending on the total annual growth of the

⁵ Calculated at the exchange rate of the NBS, https://statbank.statistica.md/pxweb/pxweb/ro/40%20Statistica%20economica/40%20Statistica%20economica__13%20CNT__SCN2008__CNT008/CNT008100.px/table/tableViewLayout1/?rxid=9a62a0d7-86c4-45da-b7e4-fecc26003802.

⁶ Law on the system of remuneration of labour in the budgetary sphere, nr. 355-XVI of December 23, 2005. The Official Monitor of the Republic of Moldova, 2006, nr. 35-38, art. 144.

⁷ Government Decision of the Republic of Moldova nr. 550 of July 9, 2014 “On establishing the amount of the minimum wage in the country”. The Official Monitor of the Republic of Moldova, , 2014, nr. 185-199, art. 596.

⁸ Government Decision of the Republic of Moldova nr. 1011 of November 21, 2017 “On approval of amendments and additions, which are included in some decisions of the Government”. The Official Monitor of the Republic of Moldova, 2017, nr. 411-420, art. 1119.

⁹ Law of the Republic of Moldova on Remuneration of Labour nr. 847-XV of February 14, 2002. The Official Monitor of the Republic of Moldova, 2002, nr. 50-52, art. 336.

consumer price index and the increase in labour productivity at the national level”. Given size is the basis for the establishment of “official salaries/tariff rates depending on the qualification, level of professional training and competence of worker, and also on the level of responsibility that the duties/work performed, and the complexities of the latter”. So, for 2016-2018, the *guaranteed minimum amount of wage* increased by 124,3% (2100 lei as of May 1, 2016, 2380 lei as of May 01, 2017, 2610 lei as of May 01, 2018)¹⁰. Thus, in the legislative procedure, the system for the formation of labour remuneration includes the difference in the formation of the basic salary of workers in budget and real economy, which in 2018 constitutes 2,37 times (in 2017 it was 2,38 times).

Table 3. Structure of disposable income for 2014-2018*

	2014	2015	2016	2017	2018
Total (RM), lei	1735,2	1951,8	2051,8	2208,5	2357,1
% as compared to the previous year	-	112,5	105,1	107,6	106,7
Real disposable income **, %	-	102,55	98,78	100,94	103,54
The ratio to the subsistence minimum, % ***	108,6	112,8	114,5	122,3	126,0
Total (RM), %	100.0	100.0	100.0	100.0	100.0
Wages activity, %	43,7	43,3	44,9	46,2	47,5
Individual agricultural activity, %	9,5	9,2	8,4	8,2	7,7
Income from individual non-agricultural activity, %	7,3	7,5	7,1	5,8	6,0
Property income, %	0,1	0,2	0,1	0,1	0,1
Social benefits, %	16,4	17,1	17,5	18,5	18,8
- <i>pensions</i> , %	13,7	13,6	14,2	15,0	15,2
- <i>child benefits</i> , %	1,0	1,1	0,9	1,0	0,9
- <i>social aid</i> , %	0,3	0,4	0,7	0,9	0,8
Other incomes, %	23,0	22,7	21,9	21,1	19,9
- <i>remittances</i> , %	18,9	18,6	18,4	17,6	16,3
The amount of the income obtained by zones, % as compared to the total (RM)					
mun. Chişinău	130,4	132,3	138,5	138,1	138,5
North	95,4	93,4	89,2	90,5	90,4
Center	88,2	88,8	87,0	86,1	88,4
South	87,2	86,7	87,8	88,0	84,2

* The number of the population with the usual residence was used for the estimation basis of the indicators.

** Calculated taking into account changes in the Price Index.

*** In connection with the fact that the subsistence minimum is calculated taking into account the resident population, the income indicator is also calculated based on the resident population.

Source: elaborated by the authors on the basis of NBS RM data [and authors' calculations](#), www.statistica.gov.md

To summarize the above, can be concluded that the existing policy in the field of labour remuneration of workers the two sectors of national economy does not stimulate employment and, particularly, young specialists, but, on the contrary, promotes to polarization, stratification of society, social disparity. The low wages are one of the most

¹⁰ Government Decision of the Republic of Moldova nr. 396 dated April 25, 2018 “On revision of paragraph 1 of the Government Decision nr. 165 dated March 9, 2010.” The Official Monitor of the Republic of Moldova, 2018, nr. 133-141, art. 438.

acute problems in the Republic of Moldova, which is at the top of the countries with the lowest remuneration of labour in the region. Among the countries with the lowest minimum wage in the EU, 261 euros per month, is Bulgaria, in Romania - 408 euros. In the eastern EU member states, it is less than 500 euros per month, and the difference between the lowest and highest minimum wages in the EU is 8 times¹¹ [Savelieva G., 12]. Low amount of wages are one of the factors of the lack of qualified personnel in labour market, particularly, in the sphere of services provision, in the production sector and construction, which affects the quality of work and services performed that determines the decrease in demand and public opinion on them, and are also one of the reasons for the outflow of labour force outside the country in job search (working migration). Wages are the main source of earnings for hiring workers and, as follows from the above, at present, being the estimation of *labour force cost*, it has lost its main functions - **stimulating, reproducing, measuring** as an estimation of labour contribution of worker, a social function that should ensure interest in improving professional excellence and in connection with this, provide a differentiating remuneration depending on the complexity of labour, and also regulating, status.

As a result, state policy in given area is based on the legislative and normative base of the two main wage systems - these are the budget and real sectors of economy. Depending upon the availability of financial budgetary resources in the budget sector, the increase in wages is fragmentary and comes down to the possibility of increasing wages for certain categories of employed in the budgetary sphere.

In conditions of market relations, including the presence of various forms of property and the types of possible employment of working age population, the socio-economic and professional status of households, the analysis of *labour force costs* is based on the indicator of disposable income, including the main sources of their receipt. Taking into account that the relative share of hiring workers has a clear tendency to decrease in the total number of employed population, for example, in 2018 in comparison with 2017 the share of hiring workers decreased by 3,3 p.p. (from 62,9% to 59,6%) and for the evaluation the possibilities of reproduction one's physical and developing professional potential, the analysis of the level of disposable income is the important element for realization of socio-economic policies.

The nominal amount of the average disposable income for the analyzed five-year period increased by 35,8%. However, taking into account the increase in prices for goods, food and provided services (*Price Index*), for example, the decrease in income really was in 2016 (to 98,78% compared with the previous year). The *income from wages* increased in the structure of income, (by 3,8 p.p. in 2018 compared with 2014), the share of income received as *social benefits*, including as pensions (by 1,5 p.p.) increased, which is the consequence of the process of demographic ageing of the country's population. Moreover, it is necessary to note the decrease in the structure of income of the share of *child benefits* by 0,1 p.p., and also *other income* by 3,1 p.p. in 2018. Moreover, in this context, there is a tendency to decrease in the total income of a share from a source such as transfers from workers outside the Republic of Moldova (from 18,9% to 16,3% or 2,6 p.p.) or transfers from labour migrants to maintaining the normal vital activity of household members.

¹¹ <https://point.md/ru/novosti/obschestvo/opublikovana-karta-zarplat-v-evrope-moldova-v-chisle-otstaiushchikh>; <https://www.pravda.ru/news/economics/27-02-2018/1372962-money-0/>.

The comparative analysis of the data on the nominal amount of the annual average disposable income received on average in the Republic of Moldova (the national average) and by zones shows that there is the higher income level only in mun. Chişinău (or 38,5% higher than the total the national average of disposable income), in other zones income is from 10% to 16% lower, the lowest incomes are in the Southern zone of the country (from 12 to 16 p.p. in the period length 2014-2018).

Table 4. Characteristic of disposable income by socio-economic status*

	Farmers	Employed in the agricultural sector	Employed in the non-agricultural sector	Entrepreneurs	Pensioners	Others	Total (average in the Republic of Moldova)
Total, lei							
2014	1 069,0	1 313,3	2 061,7	2 753,1	1 454,1	1 894,8	1 735,2
2015	1 160,3	1 483,7	2 344,5	2 401,7	1 697,1	2 084,6	1 951,8
2016	1 173,3	1 521,1	2 546,5	3 032,1	1 781,3	2 121,6	2 051,8
2017	1 265,6	1 689,5	2 722,6	3 635,4	1 918,0	2 245,4	2 208,5
2018 on average in the Republic of Moldova, including:	1 400,5	1 897,7	2 962,3	3 121,4	2 065,5	2 182,4	2 357,1
Rural	1 403,5	1 863,7	2 393,1	3 077,7	1 865,6	2 107,2	1 995,9
Urban	1 345,0	2 325,5	3 288,0	3 211,8	2 424,8	2 326,3	2 875,9
2018 as compared to 2014, %	131,0	144,5	143,7	113,4	142,0	115,2	135,8
% as compared to total (RM)							
2014	61,6	75,7	118,8	158,7	83,8	109,2	100,0
2015	59,4	76,0	120,1	123,1	86,9	106,8	100,0
2016	57,2	74,1	124,1	147,8	86,8	103,4	100,0
2017	57,3	76,5	123,3	164,6	86,8	101,7	100,0
2018 , on average in the Republic of Moldova, including:	59,4	80,5	125,7	132,4	87,6	92,6	100,0
the ratio between rural-urban, %	104,3	80,1	72,8	95,8	76,9	90,6	69,4
% as compared to the subsistence minimum **							
2014	63,3	79,4	123,2	157,4	110,2	121,4	108,6
2015	63,2	82,4	129,3	133,3	117,1	122,5	112,8
2016	62,5	82,5	135,3	163,8	118,6	121,0	114,5
2017	66,3	87,7	140,9	160,5	125,4	125,6	122,3
2018	71,1	97,1	148,5	160,2	133,7	119,6	126,0

* The number of the population with the usual residence was used for the estimation basis of the indicators.

** In connection with the fact that the subsistence minimum is calculated taking into account the resident population, the income indicator is also calculated based on the resident population.

Source: elaborated by the authors on the basis of NBS RM data [and authors' calculations](http://www.statistica.gov.md), www.statistica.gov.md

Analysis of households by socio-economic status is an important factor in the process of development social effective policies, giving information on social differentiation both in form, type of employment in a specific sector of economy or in the state of inactivity (for example, pensioners), and by place of residence - in urban or rural. The differentiation of household incomes for the period 2014-2018 by socio-economic status in the Republic of Moldova is presented in Table 4.

As follows from the analysis, in principle, the disposable incomes practically all categories of households increased by about 1,4 times for the five-year considering period 2014-2018. However, comparing, for example, the disposable income of farmers employed in the agricultural sector, pensioners, and in 2018 other households, what the average income of these categories is lower than the average for the Republic of Moldova and the highest differentiation is observed in the first two categories mentioned above. Analogically, in comparison of the incomes received by households in rural and urban, what the difference in incomes for different periods amounted to 30%. The comparison of the amount of the received disposable income with such a social standard as the *subsistence minimum* (for working age population and pensioner) shows, that in given case the households of farmers and employed in the agricultural sector are down into the category of working age employed population exposed to social risks, i.e. with a lower *standard of living* and as a rule, in need of social protection from the state. A greater understanding about the possible sources of receipt of income is presented in the data on their structure by the above-mentioned categories of households for 2018, which is presented in Table 5. So, evident is the fact, that in pensioner's total income besides pension, which constitutes 55,3%, the second most important source of income is the activity of hiring workers, from which they receive 15,2% in the form of remuneration, and also other income among which there are revenues from outside the country (7,2% from relatives, relatives of labour migrants).

Table 5. Structure of disposable income by socio-economic status, 2018, %

	Farmers	Employed in the agricultural sector	Employed in the non-agricultural sector	Entrepreneurs	Pensioners	Others
Disposable income - total (RM)	100,0	100,0	100,0	100,0	100,0	100,0
Wages activity	31,3	68,1	79,6	1,4	15,2	12,6
Individual agricultural activity	35,7	16,6	3,1	28,1	9,2	7,5
Income from individual non-agricultural activity	1,7	0,6	2,0	58,0	1,8	19,4
Income from property	-	-	0,1	-	0,1	-
Social benefits	11,2	6,6	6,7	4,5	60,7	7,9
- pensions, %	5,1	3,5	4,7	1,0	55,3	3,3
- child benefits, %	0,6	0,6	1,0	1,7	0,3	1,4
- social aid, %	2,4	1,5	0,1	-	0,9	1,4
Other incomes, %	20,0	8,0	8,5	8,0	13,0	52,6
- remittances, %	18,0	6,1	5,4	-	7,2	49,4

* The number of the population with the usual residence was used for the estimation basis of the indicators.

Source: elaborated by the authors on the basis of NBS RM data, www.statistica.gov.md

The main source of income in the form of remuneration is the activity of hiring workers in the non-agricultural sector (79,6%), and also in the agricultural sector of the economy (68,1%), at the same time the latter receive the lower income of 16,6% and from individual activities in the agricultural sector. As for farmers, in given case it can be noted approximately the equivalent disposable income received from individual labour activity in agriculture (35,7%) and from hiring activity in the form of remuneration (31,3%), and also

their *standard of living* is maintained the expense of other incomes (20,0%), the predominant share of which or 18,0% falls on income from labour migrants from outside the country. The main source of income for other categories of population, or almost 50%, was the income from migrant workers from outside the country.

The formation of household income structure can be considered in a regional aspect, by the composition of household members, by the number of children, family status and other characteristics, it is very important for evaluation the level and quality of life both at working age and the country's population. It makes the possibility to determine the scale and cost of economic and social policies, including for individual regions of the country. However, given aspect of research is not fundamental for present article, so how the attention focuses on increasing the employment of working age population and possible factors that may have a negative impact in this area. The analysis of the disposable incomes structure makes it possible to identify the role of the main types of economic activity as the source of income, and also the share of *social benefits* (whether *social aid* and *child benefits* have essential significance as a source of income to increase income) and revenue from workers outside the country.

Due to the fact that the revenue of labour migrants is one of the important sources of their income and ensure the certain standard of living for households, especially for categories of farmers, other households and pensioners, should also be examined given form of the economically inactive category of working population - *labour migrants*, including by age structure and some other aspects of the possible impact of labour migration on the socio-economic situation in the country.

Table 6. Characteristics of dynamics in labour migration of working-age population

	2014*	2015*	2016*	2017*	2018*	2017**	2018**
Population 15 years and over, left for work or in search of work, abroad, thousands pers. including:	341,9	325,4	319,0	318,4	352,7	162,2	144,3
from urban, % of total	28,3	31,2	29,5	30,3	30,7	38,7	48,2
from rural, % of total	71,7	68,8	70,5	69,7	69,3	61,3	51,8
Male, % of total	64,1	64,8	66,6	66,4	67,5	66,6	62,3
Female, % of total	35,9	35,2	33,4	33,6	32,5	33,4	37,7
The share of labour migrants by zones, % of total (RM) including:	100,0	100,0	100,0	100,0	100,0	100,0	100,0
mun. Chişinău	9,5	10,3	9,8	11,5	12,7	9,6	9,7
North	29,6	30	27,2	26	27,6	20,7	22,1
Center	33,3	30,9	32,3	35,2	33,5	41,4	40,3
South	27,6	28,8	30,7	27,3	26,2	28,3	27,9

* The number of the population with the usual residence was used for the estimation basis of the indicators.

** The number of the population with the resident population was used for the estimation basis of the indicators.

Source: elaborated by the authors on the basis of NBS RM data, www.statistica.gov.md

Due to the fact that the processes of labour migration are being considered in dynamics, which can be connected with the economic situation (crisis, depression, stagnation, etc.) or the social factor (the amount wages, attractiveness of a possible sphere of employment, career etc.), Data analysis will be performed on the basis of data calculated on the basis of the *resident population* and the *population with usual residence* for 2017-2018.

An analysis of the flow of labour migrants shows the tendency to decline since 2014 until 2017 or 6,9%, however in 2018 their number increased sharply in just one year by 10,8%. However, taking into account the fact that the NBS determined given indicator based on the *resident population* living in the territory of the Republic of Moldova, in this case it can take into account the error in the population who had already left, was absent in the country, and possibly does not plan to return soon or not at all to the country in the future. Given indicator can be considered if there is a necessity for a more detailed analysis of the losses of *resident* working population in time. Thus, evaluating the current situation of possible losses in the labour potential of labour market, it can be noted that indicators are calculated on the basis of the population with usual residence (2017-2018) are the most reliable. So, in 2018 migration flows of working-age population increased from urban areas (as compared to 2017, the growth constituted 9,5 p.p.), among migrants by gender can be noted the growth by 4,3 p.p. of women's relative share. Despite the slight decrease, the main share of labour migrants in 2018 was from the *Central* zone (40,3%) and the *Northern* zone (22,1% or 1,4 p.p. more than in 2017), and also about 10% of migrants came from the mun. Chişinău, despite the fact that exactly there are the greatest opportunities for employment. The analysis of labour migrants will not reflect the real picture of losses for national labour market of working-age population without analysis of the age structure of labour migrants, which is presented in Table 7 for the Republic of Moldova as a whole and by the zones for 2017-2018.

Table 7. Age structure of labour migrants, 2017-2018*, %

	Total	Age groups					
		15-24	25-34	35-44	45-54	55-64	65 and over
2017							
Total (RM)	100,0	18,5	37,9	23,4	14,6	5,4	0,2
mun. Chişinău	100,0	5,2	44,4	23,7	22,2	4,5	-
North	100,0	19,7	32,3	22,0	19,7	6,3	0,0
Center	100,0	20,4	36,9	24,4	11,9	6,0	0,4
South	100,0	19,3	41,1	22,6	12,5	4,5	0,0
2018							
Total (RM)	100,0	18,9	38,3	23,5	14,5	4,7	0,1
mun. Chişinău	100,0	12,0	44,4	24,6	13,4	5,6	0,0
North	100,0	19,9	30,7	22,1	19,3	4,9	0,3
Center	100,0	19,2	37,7	24,2	14,1	4,8	0,0
South	100,0	19,9	41,0	23,1	11,2	4,8	-

* The number of the population with the usual residence was used for the estimation basis of the indicators.

Source: elaborated by the authors on the basis of NBS RM data, www.statistica.gov.md

As seen from the data in Table 7, the main share of migrants is young people under 35 years old (57,2% in 2018), at the age of the most productive return on their fertile and labour potential, or 25-44 years old (61,8%), including this is observed both in the mun. Chişinău (in 2018 the share of the age group 25-44 years old constituted 69% of total number of persons who left to work outside the country) and by zones.

The comparative analysis of indicators of the education level among labour migrants, calculated on the basis of the different number of population, characterizes various aspects connected to temporary aspects (time frame)- the working age population, part of which may already represent losses for labour market and working age population currently in the process

of migration and which may at any moment in time can replenish the labour market once again by coming back to the country.

Table 8. Structure of labor migrants by education level, 2017-2018

Education level	2017*		2018*		2018 compared to 2017, % *	2017**		2018**		2018 compared to 2017, % **
	thousand persons	%	thousand persons	%		thousand persons	%	thousand persons	%	
Total	162,2	100,0	144,3	100,0	88,96	318,4	100,0	352,7	100,0	110,77
Higher	20,4	12,6	20,0	13,9	98,04	46,6	14,6	47,5	13,5	101,93
Secondary special	20,4	12,6	21,3	14,8	104,41	34,9	11,0	37,1	10,5	106,30
Primary vocational education	46,0	28,4	38,3	26,5	83,26	79,5	25,0	90,9	25,8	114,34
Lyceum, general secondary	36,9	22,7	35,5	24,6	96,21	75,1	23,6	83,1	23,6	110,65
Gymnasium	37,0	22,8	28,4	19,7	76,76	81,5	25,6	92,4	26,2	113,37
Primary school or without	1,6	0,9	0,7	0,5	43,75	0,8	0,2	1,8	0,4	225,0

* The number of the population with the usual residence was used for the estimation basis of the indicators.

** The number of the population with the resident population was used for the estimation basis of the indicators.

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

At the same time, working-age population with primary vocational education (26,5%) and secondary special education (14,8%) have constituted the largest relative share, that is, the national market is losing *qualified labour force of middle-level*, and the outflow of working age population with higher education has increased (by 1,3 p.p. in 2018 compared with 2017). Naturally, the appearance of such tendencies negatively impacts the stability and competitiveness of national labour market.

Table 9. Characteristics of distribution of population by the level of monetary disposable income, 2017-2018

	2017			2018		
	Total	Urban	Rural	Total	Urban	Rural
Total, %	100,0	100,0	100,0	100,0	100,0	100,0
Including average monthly disposable income per capita, % of total:						
up to 500 lei	5,3	1,5	8,1	4,0	1,2	6,1
500,1 – 1000,0 lei	14,7	5,5	21,7	11,6	4,2	17,3
1000,1 – 1500,0 lei	22,5	14,4	28,8	20,7	13,5	26,4
1500,1 – 2000,0 lei	19,0	21,4	17,2	19,8	20,2	19,5
2000,1 – 2500,0 lei	12,7	17,9	8,7	13,0	14,4	11,9
2500,1 – 3000,0 lei	7,6	10,4	5,5	9,8	13,2	7,1
3000,1 – 3500,0 lei	5,6	8,3	3,6	6,7	9,5	4,6
3500,1 lei and over	12,6	20,6	6,4	14,4	23,8	7,1
Subsistence minimum, lei	1862,4	-	1770,5	1891,0	-	1795,8

Source: Elaborated by the authors on the basis of NBS RM data,

<https://statistica.gov.md/pageview.php?l=ro&idc=263&id=2193>

However, the basis of labour migration is the socio-economic factor - a *low standard of living* and a desire to improve the material well-being of the family, which follows from the data below in Table 9.

The analysis of the average disposable income per capita of population allows to conclude that in 2017 42,5% of population had a lower than the subsistence minimum or up to 1500,0 lei per month per family member, in 2018 – 36,3% or 6,2 p.p. less, including in rural these values constitute, respectively, 58,6% (2017) and 49,8% (2018), that is, this part of the population is being on the verge of survival and given situation is especially manifested in rural, that is confirmed by the outflow of working age population in the form of labour migration, as mentioned earlier. At the same time, 19,0% (2017) and 19,8% (2018) of population also had average incomes per capita approximately within the limits of the subsistence minimum or in the interval of 1500,1-2000,0 lei, that is, in principle, for the majority of the country's population the average monthly disposable income is up to 2000,0 lei (56,1% of the population in 2018) or on the verge of survival, that clearly does not promotes the solving the problem of ensuring the reproduction of work force and the stability of national labour market. The existent current situation evidences the necessity to improve both social policies to support socially vulnerable groups of the population against the risk of poverty, and economic policies to stabilize the economy, create new and maintain existing work place with decent remuneration of labour for employed workers, including the promotion of new forms and systems of labour remuneration.

4. Conclusions

In the context of the above, it is impossible not to note such the important factor, which is connected with employment - the labour remuneration of worker. In this case, it is question about wages, as the assessment of the *cost of labour force*.

At present, wages have practically lost their main functions, including reproducing, stimulating, measuring for assessing the labour contribution, social which should ensure interest in improving professional skills and differentiated remuneration depending on the complexity of labour, and also regulating, status, etc. In given area, public policy is based on two main legislative acts: for the public sector and for the real sector. If in the real sector the change in the guaranteed minimum is made annually taking into account the growth of labour productivity and the growth of the consumer price index, what in the budget sector its changes are fragmentary and depend from the existence of financial opportunities in the state budget, and at the same time it is question about raising wages only to certain categories workers (Table 1, the correlation of the average monthly wage per worker in the budget and real sectors in 2017 constituted 85,6%, in 2018 slightly decreased and constituted 88,7%), and also there is the difference in remuneration of labour by gender: differentiation in wages of women and men in 2018 increased to 85,6% as compared to 86,5% in 2017. Low wages are one of the factors of the existence of the phenomenon of poverty of the working-age population employed in labour market.

The labour migration is the consequence of the conducted ineffective socio-economic policies in the Republic of Moldova. In 2018 the migration flows of working-age population from urban increased (compared to 2017, the growth constituted 9,5 p.p.), among migrants it can be mentioned the increase by 4,3 p.p. relative share of women. Despite a slight decrease,

the main share of labour migrants in 2018 was from the *Central* zone (40,3%) and the *Northern* zone (22,1%, or 1,4 p.p. more than in 2017), and also about 10% of migrants came from the mun. Chişinău, despite the fact that the greatest employment opportunities are concentrated in it. Moreover, it should be noted that the majority of migrants are youth under 35 years old (57,2% in 2018), at the age of the most productive return on their fertile and labour potential, or 25-44 years old (61,8%). An analogous situation is observed both in mun. Chişinău (in 2018, the share of the age group of 25-44 constituted 69% of the total number of population who left to work outside the country), so and by zones of country.

Consequently, based on the above, and also the possibility of improving the situation in the field of employment of working age population, the following is proposed:

- *improvement of the remuneration system* taking into account the experience of the EU, CIS countries, ILO international standards, including taking into account changes in the principles of its formation, taking into account increase of professional skills, new principles for wage calculation (for example, a multi-factor grade system of remuneration of labour, which is based on dependency of increase in remuneration from the knowledge, complexity, scale and responsibility of worker for the work being done [Makasheva N.P., Shilnikov A.S., 13]. Wages should reflect the *real cost of labour force*, in this case should be elaborated and relevant criteria, which will be accepted as the basis for calculating its amount;
- *to increase the role of social dialogue* and the level of participation of social partners in the practical realization of employment policies;
- *to ensure the elaboration and promotion* of policies on employment of labour force, taking into account the increase the quality of labour force, stimulating and attractiveness the national labour market for youth, increasing the duration of healthy economic activity and integration in labour market old population;
- *ensuring the real growth in labour incomes* in conformity with growth prices and tariffs for goods and services, including the creation of the legislative base for indexing labour incomes;
- *improvement the system of taxation of population's labour incomes*, and also social standards used for the evaluation of ensure the vital activity potential of labour force (including the minimum and the amount of subsistence level for different categories of population, the minimum amount wage in the country, the cost of labour force, etc.);
- *conducting the economic and sociological research of the poverty of economically active population*, including the nature of the correlation between the position of the worker in labour market, his income and place (including his family) in the system of poverty relations, as well as amounted the quantitative assessment of the impact of various forms (types) of employment on poverty rate of employed population in labour market.

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