



# Assessment of firm-level skills demand and engagement in skills development

Creating a demand-led skills ecosystem in Moldova

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## Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>7</b>
Objectives and Methodology.....	7
<b>INTRODUCTION .....</b>	<b>10</b>
Objective and scope of the work .....	10
<b>OVERVIEW: CREATING A DEMAND-LED SKILLS ECOSYSTEM IN MOLDOVA.....</b>	<b>11</b>
Skills Demand and Mismatches.....	11
Human Resources Management and Workforce Development.....	13
The Education System and Workforce Training .....	17
Private sector firms' engagement in education and training.....	20
The role of sector associations in skills development.....	21
Future Skills-Forecasting Exercise .....	23
Conclusion.....	24
<b>ANNEXES .....</b>	<b>26</b>
Annex 1: Methodology.....	26
Annex 2: Limitations and barriers of the research.....	28
Annex 3: Jobs and skills in high demand by industry. Based on the primary data collected for this research.....	29
Annex 4: Types of HR strategies in the assessed industries. Based on primary data .....	33
Annex 5: Regulatory Framework for Workforce Training.....	38
Annex 6: Educational system in the Republic of Moldova, ISCED levels.....	42
Annex 7: Main issues raised by young professionals .....	43
Annex 8: Collaboration and technical/ commercial assistance from a series of organizations.....	44

### Tables:

Table 1: Sector selection .....	10
Table 2: Skills that are in high demand across industries and firms.....	13
Table 3: Number of SME workshop participants per sector.....	26
Table 4: Private sector and institutional consultations .....	26

### Figures:

Figure 1: Number of students in different types of educational institutions.....	19
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### Boxes

Box 1: How do Moldovan companies deal with skills gaps of their business partners? .....	12
Box 2: Advanced Human Resource Development practices in Moldova – Case 1: Transportation sector .....	17
Box 3: Career Guidance .....	19
Box 4: Dual education: The Engineering College in Straseni .....	20
Box 5: Industry associations.....	22

**Acronyms and Abbreviations**

**ACAP** – Association of Accountants and Professional Auditors from Moldova (Asociația Contabililor și Auditorilor Profesioniști din Moldova)

**ACSA** – National Agency for Rural Development (Agentia Nationala de Dezvoltare Rurala)

**ADR** - Agreement concerning the International Carriage of Dangerous Goods by Road

**AIDS** - acquired immune deficiency syndrome

**AIIESEC** - Association Internationale des Étudiants En Sciences Économiques et Commerciales (French: International Association of Students in Economics and Management)

**AITA** – International Association of Auto Transportation from Moldova (Asociația Internațională a Transporturilor Auto din Moldova)

**ANARM** – National Association of Beekeepers from Moldova (Asociația Națională a Apicultorilor din Moldova)

**ANOFM** – National Agency of Workforce Occupation from Moldova (Agentia Nationala a Ocupării Forței de Muncă)

**ANTA** - National Agency for Auto Transport

**APIUS** – Employer’s Association in Light Industry (Asociația Patronală din Industria Ușoară)

**ASEM** – Academy of Economic Studies of Moldova

**ATA carnet**- carnet of Temporary admission

**ATACM** - Association of Autotransporters of Passengers (Asociația Transportatorilor Auto de Călători din Moldova)

**ATIC** - the Association of Private ICT Companies

**B2B** – business to business

**BAF** - Balkan Accession Fund

**CAEM** – Classificatory of Economic Activities from Moldova (Clasificatorul Activităților economice din Moldova)

**CE** – electronic communications

**CEDA** - Centre for Entrepreneurial Education and Business Assistance (“Centrul pentru Educație Antreprenorială și Asistență în Afaceri” AO)

**CEED** - Competitiveness Enhancement and Enterprise Development

**CEO** – Chief executive officer

**CIPTI** – Center for Personnel Training for International Transportation (Centrul de Instruire a Personalului pentru Transporturi Internaționale)

**CIS** – Commonwealth of Independent States

**CM/ CMT** – cut & make/ cut, make & trim contracts in light industry

**CNPM** – National Confederation of Employers in Republic of Moldova (Confederația Națională a Patronatului din Republica Moldova)

**CORM** – Classifier of the Occupations from Republic of Moldova (Clasificatorul Ocupațiilor din Republica Moldova)

**CRIA** - Republican Centre for Training in Autodriving

**CV** – curriculum vitae

**DCFTA** - Deep and Comprehensive Free Trade Area

**EBRD** –European Bank of Reconstruction and Development

**EU** – European Union

**FAO** - Food and Agriculture Organization of the United Nations

**FG** – focus group

**GDP** – gross domestic product

**GIZ** - German Association for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit),

**BMZ** - Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)

**GOPA** - Gesellschaft für Organisation, Planung und Ausbildung (Consulting Group)

**GP** – global practices

**GSP** - Generalized System of Preferences

**HIV** - Human immunodeficiency virus infection

**HR** – human resources

**HRM** – human resource management

**ICT** – Information Communications Technology

**IFAD** - the International Fund for Agricultural Development

**IFPS** – Main State Fiscal Inspectorate (Inspectoratul Fiscal Principal de Stat)

**IRU** – International Road Transport Union

**ISO** – International Organization for Standardization

**IT** – Information Technologies

**KPI** – key performance indicator

**LLC** – Limited Liability Company

**MIEPO** - Moldova Investment and Export Promotion Organization

**MMPSF** – Ministry of Labor, Social Protection and Family (Ministerul Muncii, Protecție Sociale și a Familiei)  
**MTIC** – Ministry of Informational Technology and Communications (Ministerul Tehnologiei Informației și Comunicațiilor)  
**NGO** – non-governmental organization  
**ODIMM** – Organization for the Development of the Sector of Small and Medium Enterprises (Organizația pentru Dezvoltarea Sectorului Întreprinderilor Mici și Mijlocii)  
**OECD** – Organization for Economic Co-operation and Development  
**ONVV** - National Office of Vineyards and Wine (Oficiul Național al Viei și Vinului)  
**OS** – operational system  
**PhD** – Doctor of Philosophy  
**REVOCC** - Re-Engineering Vocational Orientation and Career Counselling (Reconceptualizarea orientării profesionale și consilierii în carieră)  
**RTA** - Regional Trade Agreements  
**SME** – Small and Medium Enterprises  
**SPL** – Social Protection and Labor  
**T&C** – Trade and Competitiveness  
**TAFL** - Textiles, Apparel, Footwear and Leather  
**TCUM** - Trade and Co-operative University of Moldova  
**TIR** – International Road Transport (Transporturi Internaționale Rutiere)  
**UCCM** – Universitatea Cooperatist-Comercială din Moldova (Cooperativă-Comercială din Moldova)  
**ULIM** - Free International University of Moldova  
**UNDP** – United Nations Development Programme  
**UNFPA** – United Nations Population Fund  
**USA** – United States of America  
**USAID** – The United States Agency for International Development  
**USM** – State University of Moldova  
**UTD** - Union of Transporters and Road Workers (Uniunea Transportatorilor și Drumarilor)  
**UTM** – Technical University of Moldova  
**VET** – vocational education and training  
**WBG** – World Bank Group

## EXECUTIVE SUMMARY

### Objectives and Methodology

**Objective.** The objective of this research is to inform the World Bank Group’s (WBG) analysis of the current skills ecosystem in Moldova.<sup>1</sup> This report is based on interviews with private sector representatives, training providers and government representatives and desk research (see Annex 1 for more information on the methodology). The report presents the findings on skills demand and skills mismatches, the private sector’s human resource management practices and workforce development approaches, the education system and workforce training, and possibilities for strengthening future skills forecasting practices in Moldova. The report is intended to provide ideas for strengthening structured private sector engagement in skill development activities in the future to ensure the prevalence of demand-led and demand-responsive skills development initiatives. Additional information on the relevant legal framework governing labor and education, sectoral and education committees, and an overview of the education structure in Moldova, is provided in annexes to this report.

**Methodology.** Six sectors were selected for analysis based on their contribution to the Moldovan Gross Domestic Product (GDP) (at the stage of the inception report), their shares of employment and exports, the registered number of SMEs and their potential for growth (Table 1). This report provides the key findings from consultations across these six sectors. Detailed reports for each of the six sectors are available in a separate document. Secondary data and research included open online sources, including the National Bureau of Statistics website.

### Key Findings

Companies across the six analyzed sectors are dissatisfied with both the quantity and quality of skills available in the labor market, with employees in “blue-collar” jobs in particularly high demand. There are several reasons for this. Insufficient numbers of people apply for blue-collar jobs, both those who are qualified and unqualified, while the share of blue-collar jobs exceeds white-collar jobs in a number of sectors. In the case of the transportation sector, it is difficult to find drivers; in apparel, seamstresses are hard to find; in commerce loaders, packers, and cashiers or in short supply (but also salespeople, although this is not a blue-collar job); in agriculture, laborers are hard to come by; and in the food-processing industry there is a shortage of production line workers. The situation is also influenced by a significant salary offer-demand mismatch.

Employee turnover is high in Moldova, especially among large firms and for blue-collar jobs in all the analyzed sectors, except for the Information Communication Technology (ICT) sector. This is primarily due to low salaries, poor investment in blue-collar workforce development by employers, and a disconnect between personnel and management, affecting employee attachment to companies. Firms are often forced to hire less qualified or inexperienced candidates for blue-collar jobs and invest in their internal training.

This approach is not applicable for jobs that require a higher level of skills, such as managerial and engineering positions. Currently, a large number of seasoned professionals in engineering positions are approaching retirement age. While this does not seem to pose a major problem now, as they are still working and most likely will continue to work after they retire, at a later stage it will become an issue when no replacements can be found in the market.

The choice of strategies to deal with staffing shortages usually depends on a firm’s size. Small firms tend to distribute the responsibilities or work volume of a lacking personnel between company managers and other existing personnel. For medium-sized and larger companies and/or rapidly growing firms, staffing shortages can lead to a reduction in

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<sup>1</sup> This specific assignment will complement the ongoing WBG skills related work currently undertaken in the country. This includes the current ongoing cross-GP Skills Analysis which is led by the Education Global Practice in close collaboration with Social Protection and Jobs (SPJ), Trade & Competitiveness (T&C) and Poverty Global Practices, and the SPJ work on capacity building of National Employment Agency. This assignment is therefore seen as part of and complementing these ongoing activities and will focus on qualitative consultations with private sector representatives.

the volume of production. This is especially painful for companies that have the available physical capital but lack the necessary human resources. Some companies mentioned that the lack of workforce forced them to **scale down their growth plans**. Several companies said they could have doubled their production/ opened new production lines if they had had sufficient numbers of adequately qualified personnel.

In terms of the skills in high demand, the interviewed companies indicated high demand for both technical and socio-emotional skills and attitudes. New entrants into the labor market are naturally less experienced in applying technical skills acquired at school than more seasoned practitioners. Experience, however, is not a determining factor for having good socio-emotional skills and attitudes. Both new entrants and experienced personnel equally lack these types of skills. Young professionals from the ICT sector and the light industry sector mentioned that they lacked both technical and socio-emotional skills for the jobs. For instance, seamstresses said they lacked practical skills to execute all the processes required by the factories, together with the socio-emotional skills related to teamwork abilities, solution orientation, time management, and communication.

Weak human resource management (HRM) policies impact firm staffing and skills needs. The analysis revealed that many companies across the majority of the assessed sectors (with the exception of ICT) have poor HR policies and systems in place to attract, develop and retain employees, especially young employees. Most companies provided very limited career development opportunities and were not investing in improving worker conditions. Companies are unwilling to invest in employee attraction, development and retention efforts, by introducing relevant HRM policies and practices, among others. It was observed that companies that collaborate with international partners, or export their products are usually those that have more advanced HRM systems in place. The ICT sector is an exception and generally more advanced in terms of setting, formulating and communicating requirements for employees, having an overall understanding of the skills they need, setting appropriate company values and attitudes, and putting effort into employee recruitment, on-boarding, development and retention.

Employee development through training is not systematic or planned. Mentorship and job shadowing are widespread practices in on-boarding and educating newcomers. The newcomers in nearly all firms are attached to a more experienced employee, who explains the rules of work to them, helps them understand what they are expected to do, the work environment, specific company rules and values, and trains them in their basic tasks. An initial trial period is a widespread practice. External training is less often used. When external training is used, it generally applies only to senior managers or mandatory training for certain industries (e.g., transportation). Firms are often unaware of the available fiscal incentives, other than the tax deductibility of staff training.

The education system suffers from a number of trends that lead to a disconnect between skills requirements of firms and what is taught in schools. Teaching staff are often inadequately qualified, lack practical skills and experience, and are not motivated due to low salaries. An outdated technical base and teaching equipment of most educational institutions contribute to a greater emphasis on theory rather than practical application. The education curricula, manuals, and other teaching materials are outdated and not practice-oriented.

Companies do not see the value of their involvement in the education process. Companies' interest in participating in the education process is low due to low expectations in the results of such participation. Companies do not believe their involvement will result in tangible changes. They need to see evidence of what impacts private sector participation in the education process has had to date. Firms engage in the education process primarily by offering apprenticeship/ internship opportunities and by contacting education institutions about talented students that they can attract for employment. Participation in curriculum development is low and is practiced mainly by two industries, namely ICT and light industry.

Three of the analyzed industries have strong associations and collaboration with educational institutions, namely AITA (transportation), APIUS (light industry), and ATIC (ICT). AGROInform is also active in the agricultural sector, but it is more complicated for this association to cover the population of businesses outside the capital.

**The legal framework governing private sector engagement in the education process is well defined in theory.** The current regulatory framework is sufficiently explicit, specifying how the private sector can and should participate in formal education, and how it can engage in skills development. Because the involvement is voluntary, the actual participation of the private sector in the education process varies.

There is generally a lack of knowledge of skills forecasting exercises. Based on feedback from the discussion of skills forecasting, while some companies expressed interest in such exercises, their level of interest was generally weak. Most companies do not seem to understand the value of this exercise. Some mentioned **ANOFM, the National Agency of Workforce Occupation from Moldova**, as the body responsible for labor-market forecasting. ANOFM does perform forecasting exercises, but these have two weaknesses: they are short term and focus on jobs rather than skills demand. Opinions on who should manage skills forecasting, either the public or the private sector, are divided. Looking at future potential, firms mainly considered that it should be the responsibility of a government agency. Some pointed out that the forecast should be done via industry associations, but some participants feared that some businesses could be left out given that associations do not cover all businesses.

Looking at what could motivate firms to participate more in skills forecasting, respondents came up with the following ideas:

- Receive the results of the activity;
- The impact: the educational institutions will produce better-prepared professionals and the firms will get a better workforce; and
- Firms will be able to plan their activities more effectively.

## INTRODUCTION

### Objective and scope of the work

The objective of this research is to provide analysis on the current skills ecosystem in Moldova. This assessment is based on interviews with private sector representatives, training providers and government representatives, and desk research (see Annex 1 for more information on the methodology). The report presents its findings on skills demand and skills mismatches, the private sector's human resource management (HRM) practices and workforce development approaches, the education system and workforce training, and possibilities to strengthen future skills-forecasting practices in Moldova. The research is intended to provide ideas for strengthening structured private-sector engagement in skills development activities in the future to ensure the prevalence of demand-led and demand-responsive skills development initiatives. Additional information on the relevant legal framework governing labor and education, sectoral and education committees, and an overview of the education structure in Moldova, is provided in annexes to this report. Six sectors were selected for analysis based on their contribution to the Moldovan GDP (at the stage of the inception report), their shares of employment and exports, the registered number of SMEs, and their potential for growth (Table 1). This report provides key findings from consultations across these six sectors. Detailed reports for each of the six sectors are available as a separate document. Secondary data and research included open online sources, including the website of the National Bureau of Statistics.

**Table 1: Sector selection**

	Transportation	IT	Light Manufacturing	Commerce	Agriculture	Agri-business
<b>Share of GDP</b>		6.8% (total) 5.4% (ICT)	14.3%	13.7% (2014)	13% (2014)	
<b>Share of employment</b>	6%	3%	3.6%	7% (2015)	27% (2014)	
<b>Registered firms</b>	2,600 (2015)	2,000 (2015) (1,600 micro enterprises, 300 SMEs)	455	8,794 retailers (2015)	4,500 farmers registered with AgroInform Informality persists in this sector	1,041 (2015)
<b>Share of exports</b>	39% (Service exports)		15%	-	45% <sup>2</sup>	
<b>Main sub-sector focus</b>	Road transportation	Information and Communication Technology (ICT)	Apparel and leather, footwear	Retail and wholesale		Winemaking, canned vegetables, juices, sugar and oil
<b>Main Industry Association</b>	International Association of Auto transportation of Moldova (AITA)	Moldovan Association of Private ICT Companies (ATIC)	Employer's Association in Light Industry (APIUS)	-	AgroInform (NGO)	ONVV (National Office of Vineyards and Wine) MOLDULEI – Association of Vegetable Oils and Fats

Source: National Bureau of Statistics of Moldova, sector associations.

<sup>2</sup> For agriculture and agri-business combined.

## OVERVIEW: CREATING A DEMAND-LED SKILLS ECOSYSTEM IN MOLDOVA

### Skills Demand and Mismatches

Blue-collar<sup>3</sup> jobs are in highest demand across all assessed sectors, with the exception of ICT and commerce. According to the Ministry of Labor, Social Protection and Family (MMPSF), they constitute 70 percent of the total number of vacancies/jobs currently in demand in Moldova, which (according to the Ministry) could be due to a general unwillingness to work for US\$100-US\$160 a month—the average wages for blue-collar jobs.

By sector, seamstresses are in high demand in light industry (seamstresses are the highest demanded jobs in the market, according to ANOFM); drivers are in demand in transportation; agriculture is short of field workers; and the food-processing industry requires production line workers.

While the ICT sector is short of white-collar jobs, the majority of these jobs are of the lowest technical level, such as testers, programmers and web-designers.<sup>4</sup> The ICT sector also lacks managerial positions, including project managers, team leaders and software architects. This might be related to the “brain drain”, or labor migration<sup>5</sup> and/or the fast pace of growth of firms in this sector and their inability to keep up with, together with a failure to develop, senior staff rapidly enough. The brain drain was also mentioned as a reason for employee shortages in the light industry sector. The commerce sector is short of well-qualified sales managers and agents, and is often forced to hire people with general education and backgrounds. (See Annex 2 for a table with detailed listing of jobs and skills in demand by industry/sector.)

Employee turnover is high in Moldova, especially in large firms and for blue-collar jobs in all the analyzed sectors, with the exception of the ICT sector. This is primarily due to low salaries, poor investment in blue collar workforce development by employers, and a disconnect between personnel and management affecting employee attachment to companies. Agribusiness firms also mentioned regional differences affecting employee turnover, with lower employee turnover in rural areas.

Demographic trends point toward a rapidly aging of the workforce in Moldova. Currently, the issue of an aging workforce is being resolved by re-hiring retiring staff. However, this cannot be an effective and sustainable solution, as it is only a temporary cure for a symptom that fails to address the root cause of the problem. If succession planning is not managed properly by firms, this could develop into a serious skills shortage issue in the labor market. This refers to all types of jobs, from technologists to chief accountants. These jobs, while maybe not in high demand now, will be very difficult to fill with qualified and competent candidates once the positions can no longer be filled by retiring staff. Although the majority of respondents noted that there is no shortage of accountants in the labor market, those who are well qualified, with good experience, knowledge of the Labor and Fiscal Codes, and skills in specialized accounting software, are already hard to find.

The choice of strategies to deal with staffing shortages usually depends on a firm’s size. Small firms tend to distribute the responsibilities, or work volume, of a lack of personnel between company managers and other existing personnel. This often results in longer working hours for existing personnel, as well as salary increases for a person who takes

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<sup>3</sup> Blue-collar - requiring physical work: relating to, or having, jobs that require physical work (Merriam-Webster Dictionary).

<sup>4</sup> For web designers, the industry says this specialization has not been taught by educational institutions up to now.

<sup>5</sup> The Moldovan labor market is influenced by two worrying trends: labor migration and an aging of the population. In addition to the impact on skills, business owners choose to relocate their services in neighboring countries in response to the lack of incentives and high taxes in Moldova.

on additional responsibilities. Any technological or robotic solutions to substitute man labor are not feasible for small companies for financial reasons.

For medium-sized and larger companies and/or rapidly growing firms, it is difficult to apply the same approach of distributing responsibilities among existing personnel, simply because there are usually too many positions to be filled. In this case, companies are left with no choice other than to reduce their volume of production. This is especially painful for companies that have the physical capital available but lack the human resources to make use of the capital. For instance, transportation managers complained that they had idle trucks (or cabs in case of taxis) in the garage due to a shortage of drivers. Light industry companies talked of unoccupied workstations. Some companies mentioned that the lack of workforce forced them to scale down their expansion plans. Several companies said they could have doubled their production/opened new production lines if they had had sufficient numbers of adequately qualified personnel.

Several industries choose to outsource activities when faced with a shortage of personnel. For instance, light industry and ICT companies typically choose this option, while food processing companies outsource activities that are not core to their business, for example, transportation.

Firms would like to recruit additional personnel to address staff shortages. This process, however, is constrained by the shortage of skilled people in the labor market, forcing companies to hire personnel with lower-than-required skill levels, and then investing in their education and development. For instance, this could include hiring a person with no managerial background for a managerial position, or a seamstress without any practical experience. Skills mismatches are widespread and occur across all industries. Some companies resort to temporary solutions by hiring students for short-term work.

In the agriculture sector it is particularly challenging to find workers, partly due to rural locations and the disinclination of many young people to work in rural locations, preferring to live in cities. To attract personnel, agriculture companies usually offer accommodation, lunch and transportation from distant locations to their new employees.

#### **Box 1: How do Moldovan companies deal with skills gaps of their business partners?**

It is important to mention that most of the interviewed companies have never seriously considered the skills gaps of their business partners. When problems arise in dealing with business partners, companies invariably focus on resolving them out and avowing not to repeat them in the future, rather than trying to understand why they occur. Therefore, during the interviews companies listed many problems they had encountered with their business partners, leaving it for the moderator to determine the lack of skills that could have caused them.

Interviewed companies observed the following skills gaps when dealing with their business partners:

- Lack of attention;
- Lack of politeness;
- Lack of responsibility;
- Miscommunication; and
- Inconsistent quality of the products delivered; Improper handling of goods.

When the above issues start to strain business relations, companies respond in the following ways:

- Escalating the problem to management;
- Documenting complaints/ dissatisfaction/ misunderstanding issues to have them on file;
- Returning merchandise to the supplier requesting replacement;
- Placing orders well in advance in order to ensure that any delays will not affect business; and

- Checking quality more carefully; developing long-term relationships with one (most competent and reliable) company representative; and terminating partnerships.

In terms of skills that are in high demand, interviewed companies indicated high demand for both technical and socio-emotional skills and attitudes. (See Table 2 for skills in demand across industries and firms. For a full list of skills in high demand by industry/sector see the Annex 3.) New entrants into the labor market are naturally less experienced in applying technical skills that they have acquired at school than more seasoned practitioners. Experience, however, is not a determining factor for having good socio-emotional skills and attitudes. Generally, both new entrants and experienced personnel equally lack these types of skills. For example, young professionals from the ICT and the light industry sectors mentioned that they lacked both technical and socio-emotional skills for their jobs. Seamstresses said they lacked practical skills to execute all the processes required by factories and the socio-emotional skills related to teamwork abilities, solution orientation, time management and communication.

**Table 2: Skills that are in high demand across industries and firms**

Technical skills	Socio-emotional skills and attitudes
Foreign languages skills, particularly English for managerial and sales personnel. Knowledge of legal framework – for accountants. Technical skills related to knowledge of new technologies. Technical skills related to basic operations.	Dedication to the job/ persistence and perseverance (lack of intention to stay with the company, lack of long-term interest). Responsibility (absenteeism and alcohol abuse in the workplace, not taking care of equipment, cars). Being pro-active/ambition (desire to grow at the workplace; interest in learning, self-development). Honesty. Time-management skills. Organizational skills (mentioned in ICT and transportation sectors). Teamwork skills. Communication skills. Interpersonal skills: empathy, amiability (the case of public transportation drivers who have driving skills, but are often rude or impatient).

### Human Resources Management and Workforce Development

**Most interviewed companies have weak and haphazard human resource management (HRM).** (For a full list of HRM practices by sector see the Annex 3.) HRM practices are meant to help firms to manage their staffing needs and employees. These include recruitment and on-boarding, defining/designing work (job planning, job descriptions), staff development (training, career development, talent management and retention), and performance management (appraisal, reward and remuneration). While the interviewed companies apply some HRM principles and practices, they do so in a disorganized manner and often do not consider such practices to be important. For instance, some companies—particularly those that have poorly developed HRM practices, do not export, and are not forced by external conditions and partner requirements to ensure standardization—do not see the value of job descriptions, or of good job advertisements, regardless of the level of the job (high- or low-skilled). Most companies do not understand the role and value of HRM in an organization, particularly in attracting and retaining the right skills. Instead, they tend

to blame the external environment (labor migration), the education system, and the low level of skills of potential candidates in the labor market.

**At least one company with sound HRM practices was found in each of the six sectors.** These are companies with a strong workplace culture, and management capability and values. In these companies, individuals are encouraged to pursue continuous work-related learning. Whether a company invests in setting up proper HRM policies and systems is not determined by company size. It has been observed that companies that collaborate with international partners, or export their products, are usually those that have more advanced HRM systems in place. The ICT sector is the only sector in which most companies understand the value of HRM and invest in setting up proper HRM systems.

**The recruitment process is often hampered by a lack or absence of functional (or any) job descriptions and, therefore, clear job requirements.**<sup>6</sup> When posting a job advertisement, companies often avoid specifying job requirements, responsibilities and selection criteria, justifying this by stating that “if nobody applies when we don’t mention the requirements, imagine what would happen if we do...”. This applies particularly to blue-collar jobs, where the quantity mismatch is more prevalent. The reality is that companies, particularly those with weak HRM practices, do not advertise the requirements simply because they do not have them formulated. In other words, they do not know what they are looking for, pointing to weak staff planning and recruitment functions. This may lead to a lack of applications from suitable candidates, forcing companies to hire anybody who applies. The recruitment process often occurs initially through personal networks and not through the official publication of vacancies. Later, in the case where a vacancy is not filled, other recruitment channels are used. In the case of Moldova, when recruitment through personnel networks occurs, this is not necessarily a sign of a firm’s intention to reduce transparency in the recruitment process. More often it stems from a hope that this type of recruitment will prove more effective and will bring an appropriate candidate faster than advertising the vacancy in the public domain, either online or offline.

The selection process for most jobs (particularly low-skilled jobs) is often limited to one brief conversation with the candidate. Rather than relying on the interview process, companies often hire staff quickly because they know the employee will have a few months of probation in which to decide whether to keep the person or not.

Factors that contribute to the development of HRM practices and foster firm investment in workforce development are: proximity to the capital city (agricultural companies are the most disadvantaged from this perspective), exposure to foreign and more developed countries and firms, and the sector. For instance, the ICT sector is a rapidly developing and a highly competitive industry worldwide. This means that in order to compete the Moldovan ICT sector is under intense pressure to adapt quickly to the rapidly and continuously evolving needs of the sector. Sound HRM systems and practices are vital for these companies to attract, train and retain high-level employees if they hope to survive in the market.

Employee development through training is not systematic and planned. Most companies invest in in-house training and, while in all cases this effort is not budgeted, in most situations it is not planned either. Mentorship and job shadowing are the most commonly used approaches for on-boarding and training new inexperienced personnel. Companies in the transportation, ICT and commerce sectors mention this is common practice. A trial period is also common practice.

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<sup>6</sup> **Job descriptions are viewed as formalities demanded by the law** (although in fact there is no legal act requiring firms to have job descriptions). Many companies do not see any functional value in having job descriptions. A significant share of companies develops them only when they know they will be asked about them by the Labor Inspection Authorities (and the fact is that although there is no such law, the Labor Inspection does require job descriptions and there have even been precedents when fines were given to firms for not having job descriptions. However, these companies did not comply with the fine via the court decision). Despite demanding them, even the MMPSF considers job descriptions useless. Companies consider job descriptions limiting in that they prevent companies from ‘motivating’ employees to take on more or different responsibilities.

External training is less common. If external training is provided, it is normally used for senior managers or for mandatory training in certain industries (e.g., transportation). It is standard practice when industry associations collaborate with donor organizations to offer technical training. For instance, the association invites people in need of specific training and sometimes performs a training needs assessment, while trainers are provided and financially covered by the donor organization.

The need for training is not based on any development plan but happens in response to feedback or problems that occurred in the past. For instance, a transportation company learned of drivers being rude to passengers and, in response, organized educational talks for the drivers.

A common fear that companies shared was the negative consequences of high staff turnover on their businesses. Often a person leaving a company ‘takes’ clients that he/she was managing to his/her new company, leaving the previous employer with a very difficult task: besides finding a replacement for the outgoing employee the company must also find and build relationships with new clients. This points to companies’ systemic weaknesses, poor internal information management, and poor communication.

**Due to low trust in, and dissatisfaction with, the formal education system, companies investing in formal education is rare.** Companies do not see value in continuing an employee’s formal education once he/she is employed. Practical experience is more highly valued than formal degrees by many employers. Companies, however, do not prevent employees from continuing their formal studies by, for instance, allowing them to leave work early to take lessons.

**When companies do engage in external training, some of which is mandatory,** this training usually falls into the following categories:

- Training for accountants – for a fee. This training is crucial for accountants, as it presents important updates and explanations of legislation. Such training is usually well attended.
- Training for managers – mainly on socio-emotional skills and attitudes. This training is delivered by local private training companies that also invite international trainers. The paid courses on socio-emotional skills and attitudes are popular among companies that understand the importance of socio-emotional skills and attitudes, are ready to learn something new and can afford to pay for it. Thus, this type of training is more popular among two types of personnel – top management and sales agents. In some sectors, there is a legal requirement for managers to be certified. For instance, a standard requirement for managers in transportation is to be certified by CIPTI.
- Training on technical skills for mid-level managers and professionals. This training is usually organized by industry associations and/or by donor organizations involving international trainers. These events are attended by very few companies if not sponsored by donor organizations (for instance, USAID via Chemonics International). The light industry sector has benefitted significantly from the assistance of donors and their guidance in the design of the training programs for local companies. Similarly, winemaking had benefitted from training funded by donors.
- The ICT sector is more open to all types of training and is more ready to invest in workforce development. ATIC is active in organizing training sessions to develop technical and socio-emotional skills, such as project management, communications and planning, and robotics.
- Free-of-charge training that is delivered to the door of the company, or that is provided close to the company (such as to the Rayonal Department of Agriculture for the agri-business companies) is usually well attended by companies, even those with poor HRM practices. Training of this type is usually organized by donor organizations, the Chamber of Commerce and Industry, and sector associations. Often such training is subsidized by international NGOs and more rarely by the government.
- Training on specialized topics organized by suppliers. Such training is usually on technical aspects and the use of equipment or processes.

- Other mandatory training required by law, for example driving qualifications, accountancy qualification courses, etc.

**Performance appraisals are not systematically used in most companies.** Performance reviews and evaluations occur on an as needed basis, sometimes as an employee retention mechanism or for promotion purposes. If an employee is thinking of leaving the company, his/her performance is more closely analyzed by the management and he/she may be offered a promotion or a salary increase. Out of all interviewed sectors, the ICT sector has the most structured and systematic performance appraisal processes.

**The rewards and remuneration system is not linked to performance appraisal in most companies.** Salaries are primarily determined based on competition baselines. Promotions are not transparent, with few companies openly announcing the criteria for promotions. Promotions are viewed as a method of rewarding staff, for personnel development or as a substitute for the recruitment process. For instance, when a company needs a new technologist, managers may choose to promote an experienced foreman.

In order to retain their employees, companies offer better working conditions and raise salaries. A few companies also invest in employee development by sending employees on education/ training courses. ICT companies offer flexible schedules and a conducive working environment (tea, coffee, etc.). Employee retention is not a planned practice, but rather a sporadic activity undertaken once in a while when employers feel they need to motivate staff to stay.

There are several reasons why companies are wary of investing in development and training of their employees. The most common reasons are listed below.

- Firms fear that **employees will leave the company** and the company will not benefit from its investment, or that by training an employee will result in him/her going to a competitor;
- The employee **may demand a salary increase** after attending a training course;
- **Employers have a low level of awareness about the fiscal incentives related to education and training of staff.**
- Weak law enforcement, particularly of continuous education contracts. Firms do not believe they can ever win a lawsuit against an employee, if an employee benefits from an expensive training and leaves before their contract term.<sup>7</sup>
- Firms lack assurance that their openness to people from outside will not result in the theft of intellectual property, such as recipes, internal working procedures etc., and equipment being damaged. To a lesser degree, firms may lack finance, suffer from a decline within the industry, or feel disappointed with the quality of training in Moldova.
- Finding a balance between the need for training and the time an employee will have to spend away from work may deter some companies.

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<sup>7</sup> The MMPSF representative noted that many companies address the question of whether they can recover the money invested in employee training. However, the respondent stated that the legislation does not imply this. In fact it does: Labor Code, chapter III “Contract of apprenticeship and contract of continuous professional training”, articles 216-221, specifies that such a contract will indicate the obligation of the employee to follow a course of professional training and to activate according to the profession, specialty and qualification obtained, term, and the conditions of recovering the costs of both parties on apprenticeship and professional training in case that the employee chooses to leave the firm before this contract expires. The same situation is observed in case of the Governmental Decision that specifies the necessity to reimburse the tuition fee when the graduate who has benefitted from free-of-charge studies refuses to accept a job proposal from an educational institution. Most likely a respondent referring to Governmental Decision No. 923 from 04.09.2001 can be retrieved from [http://lex.justice.md/document\\_rom.php?id=7649BFEF:18AB97BA](http://lex.justice.md/document_rom.php?id=7649BFEF:18AB97BA). Although the law exists, it is not applied. There have been several legal cases in which the court has found in favour of the graduate. This may be explained by loopholes in the law and also by the Soviet cultural heritage, during which time all the population was supposed to work.

**Box 2: Advanced Human Resource Development practices in Moldova – Case 1: Transportation sector**

The transportation company showcased has been in operations since 1999, employs 43 people and has branches in Belorussia and Ukraine, and an office in Moscow. Compared with other road transportation companies in Moldova, the company showed a high level of development of HRM practices.

This company plans and structures training. Newcomers undergo a three-month trial period, in which a coach, usually the department chief, is assigned to them. The company establishes a list of requirements for newcomers—mandatory readings, basic knowledge and tasks—and organizes tests to measure employees' abilities during the trial period, with a preliminary test after a month of hiring and an intermediary test after two months.

For continuous education, the company has an annual budget planned for technical and socio-emotional skills training, based on company needs and employees' preferences. For mandatory training, the company covers the expenses for training and certification every three years at CIPTI. In the case of non-mandatory training, the company provides different options based on the company's needs and employees' preferences. Employees regularly attend training on sales from Evenda and Lorand Soares Szasz. The firm offers English courses for employees and sponsors managerial training. In 2015, the company supported non-mandatory training at Evenda at a cost of US\$1,072 and other non-mandatory training at SBC and ACAP, among others. Team-building training and activities are also organized regularly. This company believes that there are enough training providers for socio-emotional skills and attitudes in Moldova.

This firm has job descriptions for all jobs, including drivers, for which some requirements such as ADR license, International Driving License, Digital Card and work experience are essential. For managerial positions, this company is open to accepting fresh employees in cases where they speak English, Romanian and Russian; an ideal candidate for a top managerial position has to have B2B experience, experience working with clients, negotiation skills and a good network. The company is willing to offer extra benefits apart from the full social package and pays its employees on time. Among others, it offers a company telephone and a monthly plan, team-building, and corporate cars in the case of the general director and the commercial director.

The company collaborates with education institutions both formally and informally. For instance, the HR manager has visited the university she graduated from to ask teachers for student recommendations. The company established a contract of collaboration with the Technical University, although the contract later expired and was not extended.

On career development, the company conducts end-of-year evaluations as a regular practice to determine worker promotions. The HR department analyses performance and worker needs, and determines if promotion, a salary rise, or other incentives can be applied. Managers are usually nurtured internally and promoted from other jobs.

Finally, the company is certified by ISO 9001:2008, which is based on a number of quality management principles, including a strong customer focus, the motivation and implication of top management, relationship management and people engagement, among others.

## The Education System and Workforce Training

**The education system suffers from several trends that lead to a disconnect between skills requirements of firms and what is taught.** Teaching staff are often inadequately qualified, lack practical skills and experience, and are not motivated due to low salaries. The share of doctors increased slightly from 2000 to 2016 (by 6.9 p.p.), from 43.5 percent in 2000 to 50.4 percent in 2016. This was mainly registered in the past three years due to the provision of the Code of Education, which specified that university teachers need to have a PhD.<sup>8</sup> Many teachers across all educational levels are retirees, for whom it is challenging to adjust to the needs required by the Bologna system. Young people do not appear to be attracted into the teaching profession.

<sup>8</sup> Calculus for the argumentation of the idea was carried out by the authors of the analytical paper by Anatol Gremalschi mentioned above.

**An outdated technical base and the teaching equipment at educational institutions contribute to a greater emphasis on theory rather than practical application.** Public expenditure in education as a percentage of GDP and expenditure in tertiary education per tertiary student as a percentage of GDP in Moldova are among the highest in the region (7.5 percent of GDP and 39 percent of GDP per capita, respectively),<sup>9</sup> although there are doubts about the quality and effectiveness of education expenditure.<sup>10</sup> Equipment or other teaching materials do not receive adequate financing from the budget, as the bulk of the funds is spent on salaries for teachers and payments for utilities. Few improvements have been made, and spending is usually related to the repair of, or the construction of, buildings and less for laboratories and scientific activities.<sup>11</sup>

**Education curricula, manuals, and other teaching materials are outdated and not practice-oriented.** For instance, young ICT professionals complained that teaching materials were too theoretical during the first two years of university. They criticized the curriculum and courses as not being related to the ICT profession, that there was a lack of optional courses, that the laboratories were usually outdated, poorly equipped and with bad internet connections, and that teachers lacked practical experience and were usually not well trained. The Ministry of Education representative noted that since the Ministry does not have resources, the curriculum is designed by teachers according to the rules published on the ministerial webpage.<sup>12</sup> The Occupational Standards, National Qualification Framework and the curricula should be revised every five years. The Ministry of Education does not have the necessary resources to design all the various curricula. Lack of occupational standards are viewed as a serious bottleneck.

**The more students there are, the larger the budget of the institution, which may serve to undermine the quality of education.** In tertiary education, tuition fees collected from students constitute a large share of an education institution's budget.<sup>13</sup> Teachers follow the principle of "dragging" all their students through to graduation regardless of their academic performance. The share of students paying for their education in state-owned higher education institutions increased from 26 percent in 1996, to 31 percent in 2000, and to 76 percent in 2009, but later decreased to 58 percent in 2016. Of the 30 higher education institutions (information for 2015 from the website of the National Bureau of Statistics), 11 were private, and of the total number of students 17 percent were studying in private institutions.

**The low popularity of Vocational Education and Training (VET) among young people may be the result of a weak career guidance system.** Since 1999, the structure of education in Moldova has shifted from "predominantly VET" to "predominantly higher education". From 1996 to 2007, the number of students in higher educational institutions doubled (from 58,300 in 1996 to 128,000 in 2007). Although this later decreased (in 2016 there were 66,900 students), it is still significantly higher than enrolment in VET (VET enrolment in secondary vocational education decreased from 39,000 in 2010 to 30,000 in 2015). The government has allocated a larger budget to cover tuition fees for students applying to VET institutions. But even this incentive has failed to lure potential students to VET institutions (in 2016-17 a slight increase can be seen, which may be a sign of a change, but there is a need for further observation). The problem may lie in the absence, or in the inefficiency, of the existing career guidance system in Moldova. In addition, broader issues, such as low wages and an unattractive VET system with a lack of equipment and study materials, may make vocational professions unattractive to young people. Working conditions may also play a role, especially short-term contracts implying that, for instance, in the case of seamstresses they will not be able

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<sup>9</sup> <http://world.bymap.org/EducationExpenditures.html>

<sup>10</sup> Bartlett, W. (2013). Skill mismatch, education systems, and labor markets in EU Neighborhood Policy countries. WP5/20, Search Working Papers.

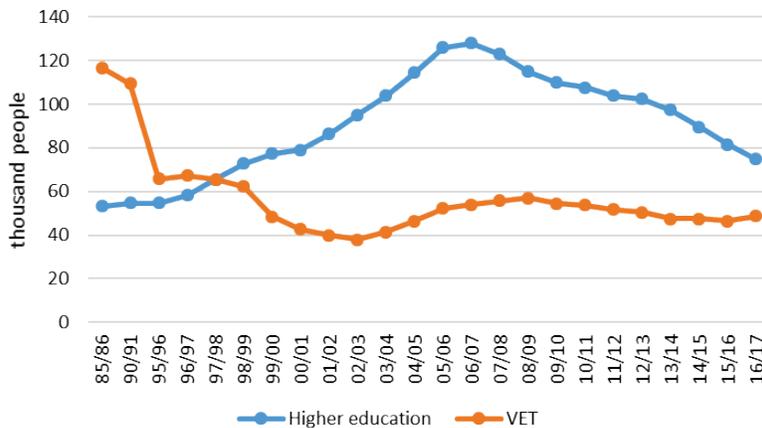
<sup>11</sup> The argumentation for the idea was presented in the source cited above.

<sup>12</sup> Unfortunately, at the time when this report was written the document could only be found on the web-page of particip.gov.md: [http://particip.gov.md/public/documente/137/ro\\_3032\\_Ghid-Practic-de-Elaborare-a-Curriculumului-in-IPT.pdf](http://particip.gov.md/public/documente/137/ro_3032_Ghid-Practic-de-Elaborare-a-Curriculumului-in-IPT.pdf)

<sup>13</sup> The argumentation for the idea was presented in the source cited above.

to have paid leave, and will likely experience long working hours, short lunch breaks, and/ or unreachable working norms.<sup>14</sup>

Figure 1: Number of students in different types of educational institutions



\*source – www.statistica.md

**Box 3: Career Guidance**

Significant research has been undertaken by the World Bank to support career guidance in Moldova (the report *From Aspirations to Occupations*) and by the Centre for Entrepreneurial Education and Business Support (CEDA) financed by Austrian Development Agency in the project REVOCC. Its report was titled *Assessment of the Current Situation regarding the Services of Career Guidance and Career Counselling for Pupils from the Secondary Educational Institutions*. The World Bank report notes that, “...it seems that employers are not systematically involved in career guidance and provision of information, though there is sometimes interaction on an ad hoc basis. According to teachers surveyed, a minority of schools receives visits from firms in grades 5–9, and even in professional schools, visits by firms are rare and career fairs are neither regularly organized nor systematically advertised (CEDA, 2015)”.

In August 2016, the platform Carieramea.com was launched. This platform is meant to guide young people in their career choice. The Ministry of Education created a webpage for professional education, ipt.md, which was launched in December 2016. This platform was designed for the Ministry, educational institutions, service providers, and employers for them to be able to introduce information on apprenticeship offers and to see what skills are being taught by different institutions. The sector committees have secured access to this webpage and are able to feed in information related to their sector.

Several interviewed government representatives referred positively to dual education. International companies are increasingly offering initiatives in this area and suggesting dual education on a basis of their production. As per the

<sup>14</sup> The report can be retrieved from <http://egalitatedegen.md/mdocs-posts/sectorul-de-imbracaminte-din-europa-de-est-si-turcia-salarii-la-limite-saraciei/>

Code of Education, with the Budget Support Program financed by EU, several Centers of Excellence have opened,<sup>15</sup> such as the **Center of Excellence in Transportation** and the Center of Excellence in Energy and Electronics.<sup>16</sup>

One of the impediments is a reluctance by students to participate in dual education. However, an important advantage of the dual education model is that students sign a contract at the time he/she applies to study and knows that a clear job opportunity awaits him/her.

Companies fear that college alumni may choose not to work for the company that invested in their education. This problem is particularly acute for agriculture sector companies. For such companies, it is often difficult to attract young people/graduates from secondary vocational education institutions into rural life.

#### **Box 4: Dual education: The Engineering College in Straseni**

This institution will specialize in teaching electricians to work with cables. The college was launched at the end of 2016, with US\$526,000 earmarked in 2017 for the purchase of training equipment. The college will open for new students in September 2017. The education comprises one month of theory and three months of practical education. The advantage of this college is that both school alumni without work experience and people who are already working in companies can study here. Companies will pay the tuition fees for employees. The state contribution in 2017 is estimated to be over US\$1.1 million.

During the concept development process, a survey among firms was conducted to see if they would support the project, with the result that 15-20 companies agreed. The college budget also provides about US\$526,000 for personnel development and the companies will recover 50 percent of their costs due to this provision in the budget—a fact that highly motivates companies. The college has been designed based on the needs of companies. The college will be very well equipped, with teachers from Germany teaching some courses.

### **Private sector firms' engagement in education and training**

The private sector rarely participates in curriculum development. One of the reasons for this is the rather passive position of the private sector and its view that any collaboration should be initiated by the education institutions. Education institutions take a similar position, waiting for firms to approach them. In addition, many companies do not have the time, resources or interest to contribute to curriculum development.

Some companies, particularly from the light industry and ICT sectors, mentioned that they had participated in curriculum development, mostly through industry associations (it can be assumed they were referring to participation initiated and motivated by a USAID project). However, most companies were unaware that they could participate in such an activity. Some were eager to become involved should they be invited, but most companies did not prioritize this task. Some respondents stated that they would be more motivated if they knew that their proposals would be considered and the curriculum changed.

<sup>15</sup> **Code of Education**<sup>15</sup> no. 152 from 17.07.2014, effective from 23.11.2014. Among other provisions, the Code of Education specifies the creation of Centers of Excellence as vocational education institutions with high potential in their areas of competence, having responsibilities both in the organization of combined training programs and in the development of capacities in the VET sector, an aspect that was lacking in the educational system prior to the approval of the Code. This legal document also specifies the level of involvement of the private sector in ensuring the adequacy of initial training of the workforce (e.g., Article 67, 'Internships and relations with the labor market'); Order No. 1158, from 04.12.2015 for approval of the Framework regulation of organization and functioning of a **Center of Excellence**.

<sup>16</sup> <http://ipt.md/ro/institutii>

Most companies engage in collaboration with educational institutions by offering students apprenticeships and internships.<sup>17</sup> However, internships are not always well organized and young participants claimed that the internship program they took was purely formal and they were not adequately involved in the work process of the company. Another, albeit rarely used, means of collaboration is where companies approach education institutions to ask about good students who they can potentially employ. Even here, however, these activities are not systematic and of an ad hoc nature. Some companies have/had collaboration agreements with education institutions. Two respondents stated that they had refused to sign such contracts when they discovered that half of each student's salary would have to be transferred to the education institution.

**Generally, companies are reluctant to participate in collaborative activities or share information motivated by a lack of trust.** A high level of secrecy is characteristic for much of the data related to companies: their revenues, their partners, their best practices. Another barrier is the lack of positive examples of such collaboration. Firms do not see significant value in such collaboration and do not expect any tangible results will come of it. Firms often do not believe that their involvement is really needed and is more of a "tick-the-box" exercise for education institutions. The ICT sector is strikingly different compared with other sectors. Self-development and constant learning are highly encouraged and yield positive results. As such, ICT companies do far more to collaborate with educational institutions.

**The legal framework governing private sector engagement in the education process is well defined in theory.** The current regulatory framework is sufficiently explicit, specifying how the private sector can, and needs to, participate in formal education and how it can engage in skills development. Because the involvement is voluntary, the actual participation of the private sector in the education process varies.

**Moldovan employers can take advantage of pay-back clauses or continuous training contracts.** These mechanisms serve as an insurance system for employers' investment in training their employees. According to such contracts, an employee who benefits from training paid for by a company has to pay back the cost of that training in the event that he/she leaves the company before the period specified by the contract. Few of the interviewed firms had heard of these contracts and even fewer used them. The main reason for not using them was a lack of trust in the legal enforcement of these contracts. Firms believe that Moldovan courts will side with the employees, regardless of the requirements of the legal contract.

### **The role of sector associations in skills development**

There are several strong industry associations in Moldova: APIUS (Employer's Association in Light Industry), ATIC (Association of Private ICT Companies), and AITA (International Association of Auto Transportation). These associations actively collaborate with their members and engage them in activities. AGROinform is also active, but the agriculture sector is unlike those mentioned above and has a high degree of geographical spread, thus the type of collaboration with its members is different. These associations can be strong partners of promotion for any new initiatives. The local Chamber of Commerce and Industry is not very popular among interviewed businesses. Few see it as an active body that can bring them added-value knowledge. Its training is not evaluated as highly as the training activities organized by other associations. It is worth mentioning that overall associations of businesses, as well as associations of employees in Moldova, are not as strong as in North America. In a number of cases firms tend to form, and be active in, associations when the entire industry is at risk from new laws and regulations. In this case, associations lobby the firms' interests. However, in other spheres their collaboration weak.

Associations are, to a large extent, assisted by USAID's Moldova Competitiveness Project (MCP), which has financed and organized industry skills gap research for the light industry and ICT sectors, and also in the wine-making industry.

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<sup>17</sup> The exceptions were the agri-business firms interviewed. None had internship/apprenticeships with educational institutions. This may be related to the distance between the school and businesses, or possibly to the selection of the firms interviewed.

This project has also financed a survey to estimate and forecast the skills needed both from the point of view of the number of jobs, and from the point of view of qualifications. MCP also organizes training, collaborating with industry associations in order to empower them and to ensure the sustainability of any changes. The impact of MCP can be seen in the intensity of sectoral involvement in the organization of skills development events (skills needs assessments, training) and active collaboration with educational institutions.

**Box 5 provides examples of associations and how they engage in workforce development with firms.**

**Box 5: Industry associations**

**AITA - The International Association of Auto Transportation of Moldova**



Founded in 1992, the International Association of Auto Transportation of Moldova (AITA) is the most active association representing the needs of the international freight and passenger transportation industry. It is a non-governmental and non-commercial organization and has about 500 members.

The association is active providing training and assists its members in issuing certifications. AITA leads skills forecasting exercises in the transportation industry (collects information on job expectations from company members and transfers it to the Ministry of Transportation), mediates in the collaboration between private and public institutions, and participates in curricula design and lobbies against the government if changes proposed by the Ministry of Education do not match industry needs (i.e., reducing the number of hours of specialized courses by increasing the number of hours of general courses, such as history or philosophy).

The association has also made efforts with the Moldavian Customs Authority for reduction of waiting times and facilitation of border crossing, and helps companies establish contacts with other transport organizations in other countries.

**APIUS – The Light Industry Association**

The businesses in textiles, knitwear, leather, apparel, and footwear and fashion accessories are represented by the Employer’s Association from Light Industry, APIUS (Asociația Patronală din Industria Ușoară). Launched in 2006, APIUS is a platform that enables the dialogue between the private sector, the industry’s representatives, educational and financial institutions. APIUS has 95 members.

APIUS provides training for light industry employees. Depending on the complexity of the topic, some training and seminars are delivered by association employees, others by invited facilitators that usually involve trainers from Moldova and other countries. According to an APIUS representative, Moldovan specialists have expertise to deliver trainings on socio-emotional skills and attitudes. However, Moldova lacks specialists to deliver trainings on technical skills.

APIUS collaborates with Chemonics, its main development partner under the USAID Project, which usually funds and helps with training design. The training agenda is designed in advance, and most training topics are defined by APIUS and Chemonics under the USAID Project. The training consists of 80 percent socio-emotional skills and attitudes trainings, such as persuasive communication, sales, marketing, negotiation, leadership, and 20 percent technical skills training, such as basic technical training. Training distribution and topics are motivated by limited resources and availability of trainers. APIUS organizes training and meetings for managers, and training on sales, recruitment, merchandizing and management. According to the participants, the quality of the training provided by the association is generally very good.

Apart from training, research participants said that APIUS also informs them about international training and development opportunities, and runs needs assessments. Based on the requirements communicated by the association members, APIUS tries to find needed trainers and is very actively engaging association members.



**ATIC - Moldovan Association of ICT Companies**
**MOLDOVAN ASSOCIATION  
OF PRIVATE ICT COMPANIES**

The Business Association of Private ICT Companies (ATIC) was founded in 2008, and had 42 members in 2016. Its mission is to promote the development of the ICT sector in the Republic of Moldova through viable partnerships between the private companies, similar organizations, state institutions and international organizations in order to enhance the competitiveness and development of the sector and company capacities, enlarge the market, attract investments into the country, and participate in the decision-making and regulatory process at the national and international level. The ICT sector and association are supported by USAID's Moldova Competitiveness Project.

ATIC offers assistance to its members in organizing training that cannot be provided in-house. In 2016, ATIC organized training sessions on technical and socio-emotional skills and attitudes. Examples of topics addressed were project management, communication, planning and robotics. Trainers are professionals from member companies or foreign experts, when the local market cannot meet training demands.

ATIC is also active in engaging companies and educational institutions by organizing classes, master class hours, carrier days, and other types of events in institutions of education. It is also active in engaging private sector members in the curriculum design. Since 2012, education institutions have sent a request of assistance for curriculum design. ATIC members are notified and those interested contribute with advice regarding the content of the curriculum.

Finally, ATIC interested in increasing the number of ICT specialists. To achieve this objective, ATIC is engaged in two activities: one aimed at increasing the quality of vocational education by training teachers and students; the other one aimed at supervising the activity of the ICT Center of Excellence. The main goal of the ICT Center of Excellence is to enhance the educational capacity and research potential of institutions of higher education. ATIC also collaborates with selected institutions of secondary or higher education on the grounds of signed agreements and work plans.

## Future Skills-Forecasting Exercise

There was generally a lack of knowledge of skills-forecasting exercises among companies. Based on the observation of discussions on skills forecasting, while some companies expressed an interest in such exercises, their interest was generally weak and companies do not seem to understand the value of this exercise.

Some mentioned **ANOFM, the National Agency of Workforce Occupation from Moldova**, as the body responsible for labor-market forecasting. ANOFM does perform forecasting exercises, but its forecasts have two weaknesses: they are short term and focus on jobs rather than on skills demand.

Some industries perform skills forecasting themselves. For instance, AITA collects information on the number of jobs required. The association uses these data for its own planning and passes the information on to CIPTI to match it with existing courses. The association also periodically collects data on skills needs.

ATIC carried out forecasting with help from Chemonics International under USAID's project by surveying **ICT companies** in 2016. But ATIC did not consider the results to be relevant, since many companies export ICT services and therefore they cannot forecast which skills will be needed in the future, since this depends on the type of clients that ICT companies work with.

Some employers remembered participating in research conducted by the **National Bureau of Statistics** to collect information from a sample of firms on existing vacancies. From the point of view of institutional capacity, the National Bureau of Statistics, which reaches all economic agents in the country, may be a most cost-efficient solution for this type of activity. Some data collection and analysis in terms of jobs and skills are also carried out by the sector committees.

Among other ways in which this activity could take place, respondents mentioned **surveys conducted by the associations, research companies, online surveys, and personnel meetings organized by the associations with**

**the participation of governmental representatives.** The limiting factor of associations performing the forecasting exercise is in their reach. Since Moldova is a country with very weak employers' organizations and weak syndicates, the coverage of the events organized by the associations is far from exhaustive. In particular, SMEs are dropping out of such events, since they are often not members of the associations because they do not see the benefits of joining.

On the government side, the MMPSF representative regretted that there was insufficient research into skills needs and vacancies that would be useful for the Ministry of Education. This is one of the objectives that was included in the strategy of MMPSF development. Meanwhile, with help from the WBG, the MMPSF has started to improve its forecasting methodology in order to be able to make mid-term forecasting: since the future employee obtains his/her initial education over two to three years, the plan is to design three-year forecasts. The plan is to do this through the Observatory of the Labor Market, which continuously assess the labor market. This entity will collect and analyze administrative statistics from the economical agents, and will inform the MMPSF and the Ministry of Education. So far, only information on quantity mismatches has been collected, while the methodology for data collection referring to the lack of skills or quality mismatches is currently being developed and will be applied through the same questionnaire that collects information on quantitative mismatches from the economic agents. This survey is carried out by the MMPSF. One of the current difficulties is the low level of understanding of the questionnaires by the companies participating in the survey (about 2,000 companies).

The opinion of the government as to which agency should perform the skills-forecasting exercise is divided between ANOFM and the sector committees, although ANOFM remains the main implementer due to its experience. Some felt that the forecasting exercise was impossible given the unpredictability of the Moldovan economy and inability to plan properly. The most reasonable forecasting term named by respondents was one year and it was felt that forecasting for a longer period would tend to yield low quality results.

Overall, the **topic of skills mismatches** is a new one for the ministerial level of discussions. The MMPSF representative noted that ministries had recently organized a conference where the discrepancies among job offers and demand were discussed. The initiative for this event came from the International Labor Organization (ILO).

**The lack of skills planning** that affects most Moldovan businesses is another important impediment to this activity. Most firms do not develop yearly business plans, and also do not have plans for the number and type of personnel they will need to recruit. As the research shows, very few companies planned their budgets for the following year, or included training in these budgets. The research conducted by Chemonics International revealed that only a few Moldovan firms plan their budgets.

Considering what might motivate firms to participate in forecasting activities, respondents came up with the following ideas:

- Receive the results of the activity;
- The impact – the educational institutions will produce better-prepared professionals and the firms will build a better workforce; and
- The firms will be able to plan their activities more effectively.

## Conclusion

This research shows that overall, employers in all six analyzed sectors are **dissatisfied with the available workforce**, although the extent of their dissatisfaction varies from sector to sector. For instance, the ICT sector is in a somewhat better situation than other sectors. Firms voiced their concerns both at the insufficient number of candidates and the inadequate skills at both the “blue-collar” level and at higher skills levels. Lower skilled jobs/lower wage jobs are in high demand across sectors. Some sectors (commerce, ICT) also lack middle-management skills. Staffing shortages are impacting firms' production and growth, especially medium and larger firms.

All respondents, irrespective of the sector or company size, expressed their dissatisfaction with the quality of education—either an irrelevant curriculum, or obsolete technology and teaching methods—pointing to a major disconnect between the education sector and the market (private sector) needs.

In terms of skills, employers talked about both **socio-emotional skills and attitudes, and technical skills**. All sector representatives, irrespective of the sector or company size, pay attention to employee attitudes and values, e.g., responsibility, ambition, self-development, honesty, etc. So, in addition to skills shortages and skills mismatches another problem identified by many respondents was employees' attitude-related problems.

The research shows that most firms have poor or non-existent HRM systems and practices in most of the six sectors researched. As a result, no staff planning is in place at the company level, companies use unsophisticated recruitment processes, offer inadequate rewards and motivation/incentives systems, poor or no staff development, and no staff retention policies and procedures are in place. The ICT sector is the sole exception to this general situation.

A lack of skills is often resolved through in-house **training and the use of a trial period**, with newcomers into the firm (particularly for blue-collar posts) being attached to a more experienced employee who takes care of the newcomer and mentors him/her for a certain period. External training is conducted only on a limited basis, for example, when it is mandatory or for managerial staff. Most sectors accept students for apprenticeships, the only exception to this rule being agriculture (interviewees noted that they are away from the educational institutions and therefore the students are not interested). Other types of collaboration with education institutions are limited. The ICT sector is once again the exception, as it is the most active in exploring innovative ways of collaborating with educational institutions. Firms are unaware of the types of **incentives for engagement in collaboration with educational institutions**. Industry associations can play a stronger role in collaboration for training. They can play a role in promoting positive practices and examples for skills development and greater collaboration on training and skills development. As the case of APIUS shows, with the guidance of USAID's MCP, associations can also influence the curriculum development process through dual education programs, and companies can help to resolve the equipment difficulties of the teaching process as well.

Discussions on the **forecasting of future skills needs** show that companies are unaware of similar exercises being carried out. However, they consider that in the case where such activity is undertaken, it should be the responsibility of a governmental body, proposing the Ministry of Economy and the Ministry of Education as implementers. Firms overall considered that in the case where such a forecasting activity is carried out, they would agree to participate and considered online data-collection to be the most appropriate way of participating, not requiring any presence of the firms on a particular date. However, an impediment to this activity lies in the lack of planning by Moldovan businesses.

## ANNEXES

### Annex 1: Methodology

#### Private sector workshops

The goals of the workshops were:

1. To identify specific skills demand issues, including human resource management (HRM) practices, hiring processes, collaboration between firms and third parties;
2. To identify sectoral or regional differences as determined in practices on skills provision, with a special focus on SMEs;
3. To map the skills value chains; and
4. To draft hypotheses for each of the three sub-scopes of work.

**Table 3: Number of SME workshop participants per sector**

	I workshop	II workshop	Total
Agriculture	2	2	4
Trade	2	2	4
Food-processing	2	3	5
Light industry	3	2	5
ICT	2	4	6
Transportation	1	3	4
<b>Total</b>	<b>12</b>	<b>16</b>	<b>28</b>

Two workshops were organized, each supposed to hold up to 25 participants from firms (SMEs) from the above-mentioned industries (12 employees responsible for HR and 13 senior management team representatives). However, given the logistical difficulties of gathering this number of business representatives together, both workshops were attended by not more than 15 people each.

#### Private sector and institutional consultations

The goal of the interviews with the private sector and stakeholder institutions was to assess the hypothesis, build upon the information from the findings revealed in the workshops, and define the problems and bottlenecks more precisely.

**Table 4: Private sector and institutional consultations**

Participants	No. of int.	
<b>Business associations (selection approved by the client)</b>	6	
APIUS	1	
ATIC	1	
EBA	1	
CCI	1	
AITA	1	
AGROinform	1	
<b>SMEs</b>	36	Size <sup>18</sup> of SME
Agriculture	6	8-150
Trade	6	10-90

<sup>18</sup> Officially reported size does not always correspond to the real number and can be smaller than the real figure.

Food-processing	6	10-280
Light industry	6	9-125
ICT	6	4-37
Transportation	6	10-140
<b>Government officials (selection approved by the client)</b>	<b>5</b>	
MMPSF	1	
Ministry of Education, Direction for secondary prof. and secondary special education	1	
Ministry of Education, Direction for higher education and science development	1	
Ministry of Economy, Department for SMEs and commerce	1	
Ministry of Economy, Department for investment policies and competitiveness	1	
<b>Training providers (selection approved by the client, based on interviewed company ref.)</b>	<b>4</b>	
UTM (IT)	1	
Professional School No. 8 for apparel manufacturing industry	1	
College for Transportation	1	
Agrarian University	1	

### **Facilitated focus group discussions**

The goal of the focus groups was to identify problems, including the needs and constraints of the private sector in hiring and retaining skilled workforce. The distribution of focus groups was as follows:

- Six focus groups with businessmen, representing the SME type of enterprises, one group for each of the assessed industries; and
- Three focus groups with young professionals (those who have finalized their education in the necessary sphere about 4-5 years ago and are now working in the industries in focus and have from 1 to 5 years of working experience in the industry for which they have studied).

### **Desk research and expert interviews**

Regulatory constraints for private sector engagement in skills development were assessed with the help of desk research and expert interviews.

## **Annex 2: Limitations and barriers of the research**

- 1) It was planned to select participants for the interviews with SMEs randomly from the available databases. However, because of the low quality of the databases from the National Bureau of Statistics (incorrect contact data, incorrect economic activity specified), other sources were also used. Because of the high refusal rate, about six employees of Magenta Consulting were constantly calling to arrange interviews and organize focus groups. Thus, the approach that was initially proposed was not implemented.
- 2) Because of the high refusal rate, the data collection procedure was extended until January 2017. Data collection among SMEs was completed by December 2016, while interviews with government and business association representatives were carried out between December and January 2017.
- 3) Both focus groups and especially workshops were complicated to organize. Many participants agreed to attend but then never came. Since the target was senior management, there was a risk of inviting too many participants, while the invitation of 15 people who agreed to attend often led to a focus group of only six people, as the others did not come. Some senior managers also decided not to attend but to send representatives instead, without announcing this beforehand to Magenta Consulting. However, in most cases these “delegates” often turned out to be people who were knowledgeable of the business and of the problems it had to deal with.
- 4) Lack of statistical data and lack of statistical monitoring led to some of the questions being too difficult for the respondents to answer. The associations lacked the needed figures in their reports, while companies often could not provide the figures, since the respondents did not know them. A solution for the future might be to send a letter specifying the type of figures needed to the organizations (government, associations). However, in the case of companies, this may not improve the situation, since they were generally reluctant to participate in the assessment.
- 5) The first stage of the project called for the organization of two workshops, each holding representatives of all industries in focus. In the case where similar activities are organized in the future, it will be important to consider that, while the industries are not inter-connected, the participants can communicate mainly with colleagues from the same industry, but the specificity of the other industries is not related to them. Thus, it is more appropriate to organize different activities for different industries, or at least have shorter moderation guides. Otherwise it is complicated to cover an extensive moderation guide in the workshop – in two hours even with a coffee-break the participants become tired and bored, with some deciding to leave.
- 6) Although it was planned to track the geographical criterion in the data analysis, it was logistically complicated to ensure the presence of all geographical zones. Therefore, since these data are not representative, this criterion was not used.

### Annex 3: Jobs and skills in high demand by industry. Based on the primary data collected for this research

Industries	Jobs in high demand	Skills and attitudes in high demand		
		<u>Technical + Cognitive:</u>	<u>Socio-emotional skills and attitudes</u>	
Transportation	<b>Drivers</b>	<ul style="list-style-type: none"> <li>Driving overall and particularly long-haul truck driving (in case of newcomers).</li> <li>Skills of working with the documentation.</li> <li>Doing the basic repairs.</li> <li>Serving clients (in the case of public transportation).</li> </ul>	<ul style="list-style-type: none"> <li>Responsibility (taking care of the car, of the freight).</li> <li>Taking care of the car as if it belongs to the driver.</li> <li>Honesty.</li> <li>Communication skills.</li> <li>Organization of own workload.</li> </ul>	
	<b>Technicians, electrical mechanics</b>	<ul style="list-style-type: none"> <li>Doing repairs of electronics in the car</li> <li>Repairs in modern vehicles</li> </ul>		
	<b>Doctor</b>		<ul style="list-style-type: none"> <li>Being part of the team.</li> <li>Devotion to the job.</li> </ul>	
		<b>Managers</b>	<ul style="list-style-type: none"> <li>Foreign languages skills.</li> <li>Managerial abilities.</li> </ul>	
		<b>Chief accountant</b>	<ul style="list-style-type: none"> <li>Budget planning skills.</li> <li>Managerial accounting.</li> </ul>	
IT	<b>Programmers, software developers</b>	Job-specific skills overall <ul style="list-style-type: none"> <li>Oracle</li> <li>Java</li> <li>Financial programming</li> </ul>		
	<b>Website designer</b>	Job-specific skills		
	<b>Business intelligence, analysts who know the banking industry</b>	Job-specific skills		
	<b>Senior positions, project managers, team leaders<sup>19</sup></b>			
	<b>Software architects</b>			
	<b>Testers</b>			
	<b>Sales managers</b>	<ul style="list-style-type: none"> <li>Good negotiation skills.</li> <li>Finding clients.</li> <li>Sustaining foreign sales</li> <li>Equally knowledgeable about the peculiarities of hardware and know how to develop software.</li> </ul>		
		<b>Front end and back end developer</b>	Job-specific skills	
		<b>Accountants</b>	<ul style="list-style-type: none"> <li>Specificity of accounting in ICT.</li> <li>Designing financial reports that meet international standards (case of exporting companies).</li> </ul>	
				<b>ICT staff overall</b> <ul style="list-style-type: none"> <li>Time-management</li> <li>Organizational skills</li> <li>Poor discipline</li> </ul>

<sup>19</sup> There are several jobs in this table that are only specified in the column referring to the vacancies and have no comments in the neighboring columns, because these jobs were not mentioned by the respondents when they discussed lacking skills.

			<ul style="list-style-type: none"> <li>• Timely reporting deviation from the time-planning.</li> <li>• Integrity (trying to hide one's mistakes).</li> <li>• Professional business communication.</li> </ul>
<b>Apparel &amp; leather</b>	<b>Seamstress</b>	Job-specific skills <ul style="list-style-type: none"> <li>• Working effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to learn</li> </ul>
	<b>Tailor-cutters</b>	Job-specific skills	
	<b>Technologists, managers</b>	<ul style="list-style-type: none"> <li>• Job-specific skills</li> <li>• Managerial skills</li> <li>• Ability to use certain industry-specific software</li> <li>• Knowledge of foreign languages</li> </ul>	
	<b>Designers</b>	Job-specific skills	
	<b>Mechanics</b>	<ul style="list-style-type: none"> <li>• Ability to repair modern equipment</li> <li>• Ability to deal with electronic equipment</li> </ul>	
	<b>Sales manager, logistician</b>	<ul style="list-style-type: none"> <li>• Knowledge of English language</li> <li>• Understanding international commercial rules</li> <li>• Negotiation skills</li> <li>• Being able to sell, to persuade</li> <li>• Knowledge of the specificity of the industry</li> </ul>	
	<b>Accountant</b>	<ul style="list-style-type: none"> <li>• Knowledge of the specificity of the industry</li> </ul>	
	<b>HR specialist</b>	<ul style="list-style-type: none"> <li>• Knowledge of the specificity of the industry</li> </ul>	
	<b>Marketing</b>	<ul style="list-style-type: none"> <li>• Promotion of the products</li> <li>• Knowledge of the specificity of the industry</li> </ul>	
			<b>All types of employees:</b> <ul style="list-style-type: none"> <li>• Ambition</li> <li>• Working culture</li> <li>• Team work</li> <li>• Time-management</li> <li>• Attention to detail</li> <li>• Communication skills</li> </ul>
<b>Commerce</b>	<b>Cashiers, sales operators or assistants, sales managers</b>	<ul style="list-style-type: none"> <li>• Skills of working with software tracking products, issuing invoices, reporting</li> <li>• Excel skills</li> <li>• Working with documentation</li> <li>• Knowledge of merchandising</li> <li>• Negotiation skills</li> <li>• Ability to listen to the client, understand his need</li> <li>• Ability to respond to client objections</li> <li>• Ability to make counter offers</li> <li>• Orienting the talk from price to quality</li> <li>• Ability to persuade</li> <li>• Ability to be persistent, but to keep in mind professional ethics</li> <li>• "Feeling free" while interacting with the client</li> <li>• Merchandise-specific skills (for apparel – ability to fold the clothes, knowledge of the size varieties)</li> <li>• Knowledge of the company and its products</li> </ul>	<ul style="list-style-type: none"> <li>• Attention to detail (particularly working with the invoices)</li> <li>• Discipline</li> <li>• Communication skills</li> </ul>

		<ul style="list-style-type: none"> <li>• Being pro-active: ability to research, express, convince</li> <li>• Ability to efficiently plan sales</li> </ul>	
	<b>Managers</b>	<ul style="list-style-type: none"> <li>• Decision-making</li> <li>• Ability to work with decision matrixes, conduct complex analysis</li> <li>• Ability to supervise subordinates, to manage them</li> </ul>	<ul style="list-style-type: none"> <li>• Patience</li> </ul>
	<b>Expeditors</b>	<ul style="list-style-type: none"> <li>• Capable of following through the orders</li> <li>• Merchandise-specific knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility</li> <li>• Attention to detail</li> <li>• Honesty</li> <li>• Will to learn and to adapt</li> </ul>
	<b>Accountants</b>	<ul style="list-style-type: none"> <li>• Job-specific skills overall</li> <li>• Knowledge of legal regulations related to accounting</li> </ul>	
	<b>HR managers</b>	<ul style="list-style-type: none"> <li>• Job-specific skills overall</li> <li>• Knowledge of legal regulations related to HR</li> </ul>	
	<b>Carriers</b>		
	<b>Drivers</b>		
			<b>All staff</b> Motivation to learn, lack of adequate attitude towards training
<b>Agriculture</b>	<b>Daily laborers</b>	<ul style="list-style-type: none"> <li>• Paying attention to instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility</li> <li>• Discipline</li> <li>• Sober lifestyle</li> </ul>
	<b>Foreman-brigadier</b>	<ul style="list-style-type: none"> <li>• Professional vocabulary</li> <li>• Ability to manage the team</li> <li>• Ability to motivate the team to do the work</li> </ul>	
	<b>Tractor drivers</b>	<ul style="list-style-type: none"> <li>• Ability to drive modern tractors</li> <li>• Taking care of the expensive machinery</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible attitude towards the machinery</li> </ul>
	<b>Operators for cattle breeding</b>	<ul style="list-style-type: none"> <li>• Veterinary and zoo technology.</li> <li>• Knowledge of English (to handle the equipment – case of an advanced farm)</li> </ul>	
	<b>Veterinarian (cattle breeding farm)</b>	<ul style="list-style-type: none"> <li>• Knowledge of English (to handle the equipment– case of an advanced farm)</li> </ul>	
	<b>Accountant</b>	<ul style="list-style-type: none"> <li>• Knowledge of legal regulations related to accounting</li> </ul>	
	<b>Specialists offering trainings in labor safety</b>		
	<b>Engineer technologist</b>		
			<b>All staff</b> Responsibility (inclusive following the work schedule)
<b>Food-processing industry</b>	<b>Workers on the production line</b>	<ul style="list-style-type: none"> <li>• Job-specific skills</li> <li>• Working on the modern equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility</li> <li>• Devotion to the work</li> <li>• Team work (not blaming other teammates for own mistakes)</li> <li>• Abiding by the rules</li> <li>• Following the indications of the manager</li> </ul>
	<b>Technologist, production manager</b>	<ul style="list-style-type: none"> <li>• Managing the production process (case of new entrants to the industry)</li> </ul>	<ul style="list-style-type: none"> <li>• Being able to adapt, to accept modern technologies, to upgrade working process</li> </ul>
	<b>Sales agent, seller</b>	<ul style="list-style-type: none"> <li>• Job-specific skills</li> </ul>	
	<b>Mechanics</b>	<ul style="list-style-type: none"> <li>• Repairing the machinery</li> </ul>	
	<b>Packer</b>		

	<b>Loader</b>		<ul style="list-style-type: none"> <li>• Honesty, not stealing from the company</li> <li>• Sober lifestyle</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Discipline</li> </ul>
	<b>Driver</b>			
	<b>Accountant, invoicing operator</b>	<ul style="list-style-type: none"> <li>• Abilities of working with modern accounting technologies (electronic invoices, for instance)</li> </ul>	<ul style="list-style-type: none"> <li>• Time-management</li> <li>• Openness to implementation of modern technologies</li> </ul>	
	<b>Managers, commercial director</b>	<ul style="list-style-type: none"> <li>• Knowledge of English language</li> </ul>		
	<b>Marketing specialist</b>			
	<b>Baker, pastry chef</b>			

## Annex 4: Types of HR strategies in the assessed industries. Based on primary data

Sector	Recruitment	Selection	Training & development	Appraisal	Rewarding	Promotion	Retention
<b>Transportation</b>	<ul style="list-style-type: none"> <li>Placing ads on the internet (999.md, rabota.md),</li> <li>References from other employees,</li> <li>Newspaper: Makler, Logos Press</li> <li>Territorial Agencies for Workforce Employment</li> <li>Former employees</li> <li>Via teachers from education institutions.</li> <li>Job Fairs</li> <li>Facebook</li> </ul>	<p><b>Public transportation:</b> basic requirements – any candidates are accepted</p> <p><b>International transportation, logistics:</b></p> <p>Manager – qualified person, higher education, CIPTI course certificate, with experience - for a higher salary. If the search lasts longer than 2 months – the best candidate is picked, condition – to be able to learn</p> <p>There are companies that have specific requirements for the jobs, but it seems that the most often met are those that consider that publication of requirements might scare away the potential employees.</p>	<ul style="list-style-type: none"> <li>Managers and drivers attend mandatory courses once in 3 years (some companies pay for their staff, some – pay only for the staff that has been with the company for a long time, other companies do not pay for any)</li> <li>Trainings on labor security are mandatory and are usually done internally</li> <li>Trainings on the internal working rules are usually done by the mentors of the newcomers</li> <li>Soft skills trainings from SBC, Evenda, ACAP (1 comp)</li> <li>Training of English language (1 comp)</li> <li>Newcomers: mentoring done by a colleague that has a longer working history with the firm.</li> <li>1 of the interviewed companies has a yearly budget plan for the trainings and makes a final assessment of the training needs of the staff, asking them to announce the types of trainings they expect. This company also signs continuous training contracts with the employees.</li> <li>Companies do not hinder their employees from pursuing further education, offer them a flexible schedule.</li> </ul>		<p>In case of <b>public transportation</b> companies, the salary is very low.</p> <p>More responsible, diligent drivers get a higher wage.</p> <p>In case of the <b>international routes</b> the wages are attractive</p>	<p><b>Drivers:</b> no promotion opportunities, only the possibility to get a better route</p>	<p>Conditions:</p> <ul style="list-style-type: none"> <li>Car</li> <li>Cooker, a place to sleep, kitchenette, telephone costs (long-haul)</li> <li>Full social package</li> <li>Stable date of pay-day</li> <li>Sending employees to trainings (1 company)</li> <li>Organizing team-buildings (1 company)</li> <li>Corporate cars for office staff (1 company)</li> <li>Suggesting the employees for yearly awards by AITA</li> </ul>
<b>IT</b>	<ul style="list-style-type: none"> <li>Job websites (rabota.md, job.md)</li> <li>Social networks (Facebook, LinkedIn)</li> <li>Posting the job openings on the companies' website (1 company)</li> </ul>	<p>There are significant differences in the wage and hiring policies of companies that export and companies that cater to the local market. Companies that export, can offer large salaries and hire experienced staff right away,</p>	<ul style="list-style-type: none"> <li>Internal training may take different forms. Most of the times, new employees are assigned to a mentor who guides, or supervises their work.</li> <li>As well, juniors are given self-development tasks they need to complete (readings, tutorials). Overall, all staff is motivated to invest in professional self-development.</li> </ul>	<ul style="list-style-type: none"> <li>In some companies the employee should score well during the <b>annual review</b>, to be granted promotion or</li> </ul>	<ul style="list-style-type: none"> <li>One manager acknowledged that the minimum wage for the ICT labor market in Moldova is 500\$. Inexperienced juniors may often be offered such a starting wage.</li> </ul>	<p>Promotion is done transparently.</p>	<ul style="list-style-type: none"> <li>Flexible work schedules</li> <li>Full social package</li> <li>Up to date equipment</li> <li>Training options</li> </ul>

Sector	Recruitment	Selection	Training & development	Appraisal	Rewarding	Promotion	Retention
	<ul style="list-style-type: none"> <li>• Via references (connections in the academia world, professional connections)</li> <li>• Being a teacher and recruiting students</li> <li>• Logos Press</li> <li>• Head-hunting (1 company)</li> <li>• Internship programs</li> </ul>	<p>while smaller companies and those that operate nationally hire less experienced staff.</p> <ul style="list-style-type: none"> <li>• It is necessary to prove knowledge of the field and practical skills, it is not necessary to have a degree. Most ICT companies hold a practical test, to evaluate candidates' skills. Some companies add challenges to the task so that they can evaluate candidates' analytical skills.</li> <li>• In most companies, juniors are employed for a trial period before full employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Professionals that passed a course, or obtained certification conduct trainings for other staff members.</li> <li>• International certifications are important in the ICT sector. For this reason, many companies register their personnel to attend (usually online) courses, and further certification.</li> <li>• Managers do not actively motivate employees to pursue additional formal degrees, but is ready to offer the employee a flexible schedule.</li> <li>• Few companies plan training budget in advance, but they tend to track it.</li> </ul>	<p>an increased salary.</p> <ul style="list-style-type: none"> <li>• Some implement shorter review periods. A small web-dev company makes transparent reviews every <b>6 months</b>.</li> <li>• The salary and position in the company are reconsidered based on the appraisal.</li> <li>• To implement the appraisals and subsequent promotion/ salary increase, the management ensures that every employee has a plan of development for the year.</li> </ul>	<ul style="list-style-type: none"> <li>• There are managers who believe that wages are not a motivation for work, anymore. Employees are looking forward to other benefits than financial.</li> <li>• Some candidates are very much interested in available training, because their motivation for work is career growth, not wage.</li> </ul>	<p>Some companies have check-lists to assure promotion.</p> <p>Others - have a personal approach and consider promotion not only based on the appraisal, but based on the daily activity and the ability of the employee to deal with more complicated tasks.</p>	<ul style="list-style-type: none"> <li>• Nice environment (nice office, coffee, etc.)</li> <li>• Business trips to foreign partners (for exporters)</li> </ul>
<b>Apparel and leather goods production</b>	<ul style="list-style-type: none"> <li>• Job websites</li> <li>• Newspapers</li> <li>• Social media</li> <li>• Outdoor advertising</li> <li>• ANOFM</li> <li>• TV promotion</li> <li>• Personal recruitment</li> </ul>	<ul style="list-style-type: none"> <li>• Candidates eager to learn and work are selected. For the post of seamstress, no training is required.</li> <li>• When recruiting a technologist, a mechanic, a designer, a manager, an accountant, a marketing manager, employees always</li> </ul>	<ul style="list-style-type: none"> <li>• When a new person joins their factory, even if they have professional training, they are supervised and taught by someone during their first weeks in the company.</li> <li>• Besides the technical training, newly recruited staff learns internal rules and practices, and workplace safety rules.</li> </ul>		<p>In case of seamstresses, piecework is most common. However, the norms fixed for the base salary are so high that quite often the seamstresses do not manage to do the norm</p>	<p>It is rare for seamstresses to get promoted. They sometimes can advance to foremen, tailors, technologists, still it usually happens not earlier</p>	<ul style="list-style-type: none"> <li>• Social package,</li> <li>• Career growth</li> <li>• Free transportation</li> <li>• Piecework payment regime</li> </ul>

Sector	Recruitment	Selection	Training & development	Appraisal	Rewarding	Promotion	Retention
	<ul style="list-style-type: none"> <li>• Via the locality opinion leaders (in case of villages)</li> <li>• Head-hunting</li> <li>• Addressing to the HR-recruitment companies</li> <li>• Ask university teachers to recommend students</li> <li>• Selection of the best interns</li> </ul>	require them to have a university or college degree besides other technical and professional skills.	<ul style="list-style-type: none"> <li>• The training program for unskilled seamstresses lasts from 2 weeks to a month. Usually, it is the technician, or the foreman who oversees internal training. For this job technicians/foremen get additional pay to their salaries. During the training time, the trainee has an apprenticeship contract with the company and only after being approved by his supervisor he becomes an employee.</li> <li>• No interviewed companies plan training budget and neither track it to be able to report it.</li> <li>• External trainings are attended, when the companies are announced about such trainings by APIUS or by Chamber of Commerce. Mainly it is technologists who attend such trainings. Company owners and general directors attend trainings on marketing, merchandising and sales.</li> <li>• There are apparel companies that practice dual education system and therefore prepare future graduates to be able to work in their companies.</li> </ul>		during the working hours.	<p>than in 5-7 years from the employment.</p> <p>Overall, in light industry promotions do take place, but they are less transparent than in case of IT. The employee is announced that he can be promoted, but no exact criteria for promotion are set.</p> <p>As for back-office workers, such as marketers or accountants, promotion is more likely to happen.</p>	
<b>Commerce</b>	<ul style="list-style-type: none"> <li>• Job websites</li> <li>• The announcement web-site 999</li> <li>• Newspaper: Makler</li> <li>• HR recruiting companies</li> <li>• Job boards in the company network for multinational companies</li> <li>• ANOFM</li> </ul>	<ul style="list-style-type: none"> <li>• Common requirements are at least a bachelor's degree (for example economic studies), and working experience of at least 1 year</li> <li>• The employee is tested during the trial period.</li> </ul>	<ul style="list-style-type: none"> <li>• All companies comply with mandatory trainings in health and safety in the workplace.</li> <li>• The general practice in trade companies is to consider mentorship and trainings organized by seniors as part of the job attributes of the position. A mentor or internal trainer does not receive separate payment for work as a mentor or trainer.</li> </ul>		In some companies a system of bonuses is in place. Overall, some percentage of sales motivation system is implemented in many companies.	Managers of trade businesses assert that career growth is transparent in their companies. Usually, all personnel are notified about existent vacancies. Most managers agreed that, if	<ul style="list-style-type: none"> <li>• Office equipment</li> <li>• uniform</li> <li>• Except monetary rewards for work, there are top-managers who enforce the practice of halls of fame.</li> </ul>

Sector	Recruitment	Selection	Training & development	Appraisal	Rewarding	Promotion	Retention
			<ul style="list-style-type: none"> <li>The newcomers get a training on the company description and the product/services description.</li> <li>Companies that belong to multinational chains benefit from abroad trainings. Many such trainings for managers are trainings of trainers, because of which managers from Moldova are instructed how to train local staff.</li> <li>Companies usually do not have a training budget.</li> </ul>			possible, they rather promote an existent employee than hire a new one.	
<b>Agriculture</b>	<ul style="list-style-type: none"> <li>Ads online (rabota.md) for qualified staff (accountants, marketer etc.)</li> <li>Recommendations</li> <li>Via the informal opinion leaders from the village</li> </ul>	<ul style="list-style-type: none"> <li>Availability to work for daily laborers is practically the only criterion</li> <li>Hardly any selection takes place, the piecework also is a way to ensure that the work is done and the workers are paid, but not excessively.</li> <li>Much rarer are encountered companies which have a human resources manager and have certain pre-established practices related to personnel development or implementing certain strategies for ensuring the company with qualified personnel.</li> <li>1 company told that the selection process is two-staged: collection of CVs and then interviews with the candidates – for the office posts (project manager, accountant etc.)</li> </ul>	<ul style="list-style-type: none"> <li>In the case of unqualified workers, they are usually trained in a very brief time (several minutes, mentioned a respondent), time in which they are shown how to handle the necessary instruments and the way to perform the work.</li> <li>The respondents tell that in the case of qualified workers, the new employees begin their work day alongside a specialist from the company, following his activities. This lasts a month.</li> <li>In case of agriculture trainings are often provided by the suppliers of fertilizers, equipment etc.</li> </ul>		Unqualified laborers are paid per day. Qualified laborers have a salary. In some cases, to be able to retain some seasonal workers (particularly the tractor drivers), the companies pay them a salary the entire year, so that they do not migrate or start looking for a different job. Overall, the salaries in agriculture are not very competitive and do not attract the young people.	Speaking about the possibilities of promotion of employees within companies, in most situations there is no pre-established system, and the employees work to accumulate experience and obtain a higher salary, not necessarily to be promoted. However, an experienced unqualified worker can be promoted to the post of the brigade leader.	<ul style="list-style-type: none"> <li>Offering transportation for laborers from neighborhood villages</li> <li>Potential of being promoted to the post of brigade leader for the unqualified laborers.</li> <li>Salary paid the entire year for some seasonal jobs in some companies.</li> </ul>
<b>Food-processing industry</b>	<ul style="list-style-type: none"> <li>ANOFM web-sites (lucru.md, moldovajob.com)</li> <li>Online (makler.md, 999.md)</li> </ul>	Trial period is a common procedure to assure that the potential employee is appropriate for the firm.	<ul style="list-style-type: none"> <li>Internal trainings for the newcomer employees are common and are offered in the format of mentorship.</li> <li>While acknowledging that they don't provide budget for ongoing trainings and carry these out only under necessity, the</li> </ul>		The salaries for the workers in production are in the range of 100-250 USD per month.	Usually, employers make an internal announcement about the existent vacancies. Thus, the	A full social package 7-8 h working day and free weekends

Sector	Recruitment	Selection	Training & development	Appraisal	Rewarding	Promotion	Retention
	<ul style="list-style-type: none"> <li>• Newspaper: Makler</li> <li>• Employee referrals</li> <li>• Contacting managers from other similar companies and asking them to recommend employees</li> <li>• Headhunting</li> </ul>	<p>Working experience is an advantage, but it is more important for the candidate to demonstrate the will to work and learn.</p> <p>Higher education degree for the managers is an advantage, but is not mandatory.</p>	<p>managers of food industry companies (technologists, production managers) sometimes participate in external trainings.</p> <ul style="list-style-type: none"> <li>• The external trainings are mainly carried out for top and medium-level managers. However, there also two companies that invited trainers to train ordinary workers to work with new equipment and to implement new procedures.</li> <li>• There also are trainings provided by the suppliers.</li> </ul>			<p>employees of the company can be the first to apply for a certain higher position within the company. At the same time a lot depends on the internal corporate culture. There are companies where promotion is not common, particularly for ordinary workers.</p>	<p>Car, laptop, mobile phone (for sales managers)</p> <p>free of charge food and lodging (for the laborers in production – 1 comp.)</p>

## Annex 5: Regulatory Framework for Workforce Training

The most important legal acts that regulate aspects of training and education, as well as firms' level of involvement in the formal education process, are: the Labor Code, Governmental Decision No. 144<sup>20</sup> from 26.02.2014, Governmental Decision No. 923 from 04.09.2001, Framework Regulation regarding activity of the Sectorial Committee, the Code of Education and a series of Governmental Decisions and Orders.

The following legal acts promoting positive changes in the professional education and improving collaboration with the private sector need to be mentioned separately:

- 1) Law No. 166 from 11.07.2012<sup>21</sup> for approval of the National Development Strategy Moldova 2020;
- 2) Governmental Decision No. 93 from 01.02.2013 for the approval of the Strategy of Development of the Vocational/ technical education for the years 2013-2020;
- 3) Code of Education, 23.11.2014, Articles 67 and 110.

The current regulatory framework is sufficiently explicit, specifying how the private sector can and needs to participate in formal education and how it can engage in skills development. Because the involvement is voluntary, the actual participation of the private sector in the education process varies.

Several legal document govern **private sector investment in personnel training**:

- 1) **Tax-deductibility of the trainings** (Governmental Decision No. 144 from 26.02.2014);
- 2) The requirement of **investment of 2 percent of the company salary fund** in training (Labor Code, chapter "Professional training", articles 212-221);
- 3) Fiscal incentives for **employment of the alumni of the educational institutions during the first year** after their graduation (Code of Education, Article 111 (2), entered into force on 01.07.16). Nevertheless, the Fiscal Code does not contain any details regarding this clause, therefore, its applicability is uncertain;
- 4) Fiscal incentives for the legal entities that **invest their own resources** in the development of the educational system (Code of Education, Article 145 (8), entered into force on 01.07.16). Nevertheless, the Fiscal Code does not contain any details regarding this clause, therefore, its applicability is uncertain;
- 5) Fiscal benefits for the structures that offer places for **apprenticeships** of the students (Code of Education, Article 100 (5), entered into force on 01.07.16). Nevertheless, the Fiscal Code does not contain any details regarding this clause, therefore, its applicability is uncertain; and
- 6) The Code of Education (Article 67, 100, 110) stipulates that enterprises that offer internship opportunities for students obtain the priority in selection of the graduates for employment, partnership in organization of the business hubs, scientific labs, common projects, technology transfer and experience exchange, continuous education of the personnel in the educational institution. Continuous education – Life-long learning.

The problem with the above documents is implementation. Companies (and sometimes even government agencies) are unaware of them. Some documents are unclear and can be interpreted differently, such as the Governmental Decision referring to the tax-deductibility of training. Determining the category of training is unclear. It is also not clear if this incentive applies to all educational institutions. However, based on the necessity test and based on the explanations in a communication of the Fiscal Inspectorate,<sup>22</sup> the deduction is possible only in cases where the following conditions are respected:

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<sup>20</sup> <http://lex.justice.md/md/351882/>

<sup>21</sup> <http://lex.justice.md/index.php?action=view&view=doc&id=345635>

<sup>22</sup> According to a letter of the Fiscal Inspectorate (IFPS), communicated via the letter no. 17-2-09/1-961-80/3 from 06.01.2006, in the case where an entity has a reasonable assurance that the necessity incurred solely for the purpose of doing business, the cost of training personnel in educational institutions, such expenses may be deductible for tax purposes in the determination of tax

- the training takes place in the educational institution;
- training is done for the benefit of the company, the interest (the necessity) can be demonstrated in case of a lawsuit with the Fiscal Service; for example – there was created a new sector of activity for which the employee can be directed to study at an educational institution that prepares specialists in a particular domain; and
- the employee starts working according to obtained specialties.

#### List of other legal acts

- Labor Code<sup>23</sup> No. 154 from 28.03.2003, chapter III “Guarantees and compensations for employees who combine work with studies”, articles 178 – 182. This part of the Labor Code provides that employees who **combine work with studies** have the right to benefit from a workday that is shorter than the usual workday, they have the right to receive additional leaves with maintenance of the entire or partial average salary. Additional facilities might also be specified by the collective work contract. Those employees who work with no absence from the job the entity is supposed to offer additional paid leave;
- Labor Code, title VIII “Professional training”, chapters I, II and III, articles 212-221. This part of the Labor Code provides that the employer is supposed to **create necessary conditions and to foster professional and technical training** of the employees who follow in-house training, follow continuous education or study at the educational institutions without being absent from the job. The employer is supposed to **design together with employees plans of professional training. Two percent of the salary fund of the enterprise should be allotted for training**, requalification and continuous education of own human resources. If the initiative of professional training of the employee comes from the **employer, then he/she is supposed to cover the costs**. If the training term exceeds 60 days and implies absence from the job, then the individual contract is suspended with the condition that the employee receives an allowance. If the employee comes with the initiative to undergo a training, then in 15 days the employer is supposed to inform him in which conditions the employee might do it and if the employer will pay the entire cost of the training or will pay for it partially; Labor Code, chapter II “**Contract of Professional Qualification**”, article 215 specifies that the employee takes up the responsibility to undergo a course of professional training, organized by the employer in order to obtain professional qualification. The training is taught by the instructor or foreman – a person who was appointed by the employer according to this person’s professional experience and who is authorized according to the law; Labor Code, chapter III “**Contract of apprenticeship and contract of continuous professional training**”, articles 216-221, specifies that such contract will indicate the obligation of the employee to follow a course of professional training and to activate according to the profession, specialty and qualification obtained, term, and the conditions of recovering the costs of both parties on apprenticeship and professional training in case that the employee chooses to leave the firm before this contract expires.

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liabilities on income tax. Also, it should be noted that these costs will be reflected in the financial account as deferred expenses. Net of the related costs will be carried out as to ensure the economic benefits.

<sup>23</sup> <http://lex.justice.md/md/326757/> <http://lex.justice.md/md/326757/> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---ilo\\_aids/documents/legaldocument/wcms\\_127944.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---ilo_aids/documents/legaldocument/wcms_127944.pdf) (English version) <http://lex.justice.md/md/326757/>

## Annex 5: Creation of sectoral and education bodies to support institutionalization for collaboration<sup>24</sup>

The Committee for Negotiation and Collective Consultations was designed as a platform for discussion (including discussion of professional and workforce training, ensuring correspondence of the initial training with the labor market needs) among academia, syndicates, employers' unions, and the educational system. The committee decided to create a separate industrial committee for commerce and services and another one for light industry. These committees decided to create sector committees for professional training.

Sector committees are a platform for social dialogue among labor market representatives and educational institutions for the assessment of the needs of economic agents and for their inclusion in the process of professional training. There are currently six committees and a seventh is about to be formed. In the case where a sector has no committee, the Ministry of Education requires somebody to be delegated by the central authorities to participate in the design of the National Qualifications Framework. The Ministry of Economy or the Ministry of Finance pick large state-owned enterprises and delegate some representatives to discuss with the Ministry of Education.

These six committees are: the Committee for Construction (2008), the Committee for Agriculture and Food-processing Industry (created in 2009), the Committee for Transportation/ Infrastructure, the Committee for Information and Communication Technology, the Committee for Non-food Industry, and the Committee for Light Industry). The role of MMPSF is to foster the creation of committees and to ensure a legal framework for them. A law has been designed for the committees to have a legal status, which will allow them to attract financing from foreign donors and to carry on with their activities.

The first **achievement of the sector committees** was the design of Occupational Standards.<sup>25</sup> Occupational Standards describe professional competencies – general and specific for the future employee. The curriculum is designed based on the Qualifications (National Framework of Qualifications) that are elaborated based on Occupational Standards.

In 2011, the Moldovan government adopted Decision No. 952 regarding the development of occupational standards for work trades. The Decision empowers the National Commission for Collective Negotiations and Consultations (composed of representatives of the government, trade unions, and employers) to create sector level committees to develop and re-examine existing occupational standards. According to the government's approved methodology, the development of occupational standards should begin with an occupational analysis undertaken jointly by 11 to 15 sector economic agents (representatives of firms, business associations, and so on). Another working group composed of three to five members is then set up to draft the occupational standard according to an approved template. Then a Control and Validation Commission verifies the results of the analysis undertaken and validates the proposed occupational standard. The Decision states that occupational standards are valid for a period of two to four years. According to the strategy for development of professional education, one of the key problems in this process is the lack of capacity at the sector level and unwillingness of industries to invest time, human, and financial resources in development of standards. The VET Strategy envisages creation of a total number of 12 sector level committees.<sup>26</sup>

The Ministry of Education's preferred approach is for the private sector to participate in the design of occupational standards through sector committees rather than directly with the education institution. It eliminates opportunities for companies to lobby for their interests. The current **impediment for the sector committees efficient work** is their members' (the respondent did not mention if both type of members – private companies and institutions or only one type of participants) expectation of remuneration from the Ministry of Labor and Government. Adapted from the SABER report, 2013: 'Aligning of the curriculum to the occupational standards and transition to competence based vocational education and training has just started (the curriculum should be adjusted to the National Qualifications Framework by 2020). (...) Employers have been engaged in limited initiatives, such as the development of national occupational standards. Not only the progress of this initiative has been slow, (only some standards have been

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<sup>24</sup> **Framework Regulation regarding activity of the Sectorial Committee** in professional training, approved by the National Committee for Collective consultations and negotiation, Decision no. 4, from 28.03.2012. However, the first Committee for Construction and then for Agriculture and Food-Processing Industry were created in 2008-2009

<sup>25</sup> This activity is regulated by the Governmental Decision No. 863, from 08.10.2014 that can be retrieved from <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=355240>

<sup>26</sup> SABER Country Report (2013), the European Union's ENPI Programme for the Republic of Moldova (2016)

approved so far), but the institutional framework of this process is still unstable. Standards must be developed by sector level committees, but only six committees have been created so far’.

**National Coordinating Council in the domain of Technical Professional Education** (Governmental Decision<sup>27</sup> for its formation was taken in 2014) is a consulting body formed to establish a dialogue between the system of professional training and national economy. The Coordination Council consists of 15 members with didactic positions in teaching and scientific research in higher education and research – innovation – development institutions, of which there is a student representative and a spokesperson of the organizations representative of the business community.<sup>28</sup> “The Council’s mission is to ensure synergy between technical vocational education, labor market and the national economy, which will help ensure the quality of vocational education, and a better quality of workers / technicians and qualified specialists in compliance with occupational and education standards, with the National Qualifications framework in Moldova and the European Qualifications framework”.

The Minister of Economy is the President of this Council. The Council is made up of members from the Ministries of Economy, Education, Labor, Social Protection and Family, the Council of the directors of professional schools, the Council of the directors of colleges, the Council of rectors, the National Confederation of the Employers’ Union, the Chamber of Commerce and Industry, the ODIMM, and representatives of the civil society selected by the Ministry of Education. Additional members who participate in this National Coordinating Council are the Ministry of Finance/ Ministry of Youth and Sports, the Ministry of Agriculture and Food-Processing Industry/ Ministry of Culture/ Ministry of Health, the Sectorial Committee for Professional Education in a particular industry, the Employers’ Association from Processing Industry, delegates from economic agents, non-governmental organizations, and investors relevant for technical professional education. Being asked to evaluate how effective this Council is, the respondent noted that it is relatively effective (in 2015 the Council approved the list of the institutions that are supposed to be reorganized into Excellence Centers, later it examined the list and visited the institutions<sup>29</sup>). Although the president is the Minister of Economy, the meetings are most often initiated by the Ministry of Education, when the industry policies need to be discussed the members meet to discuss them.

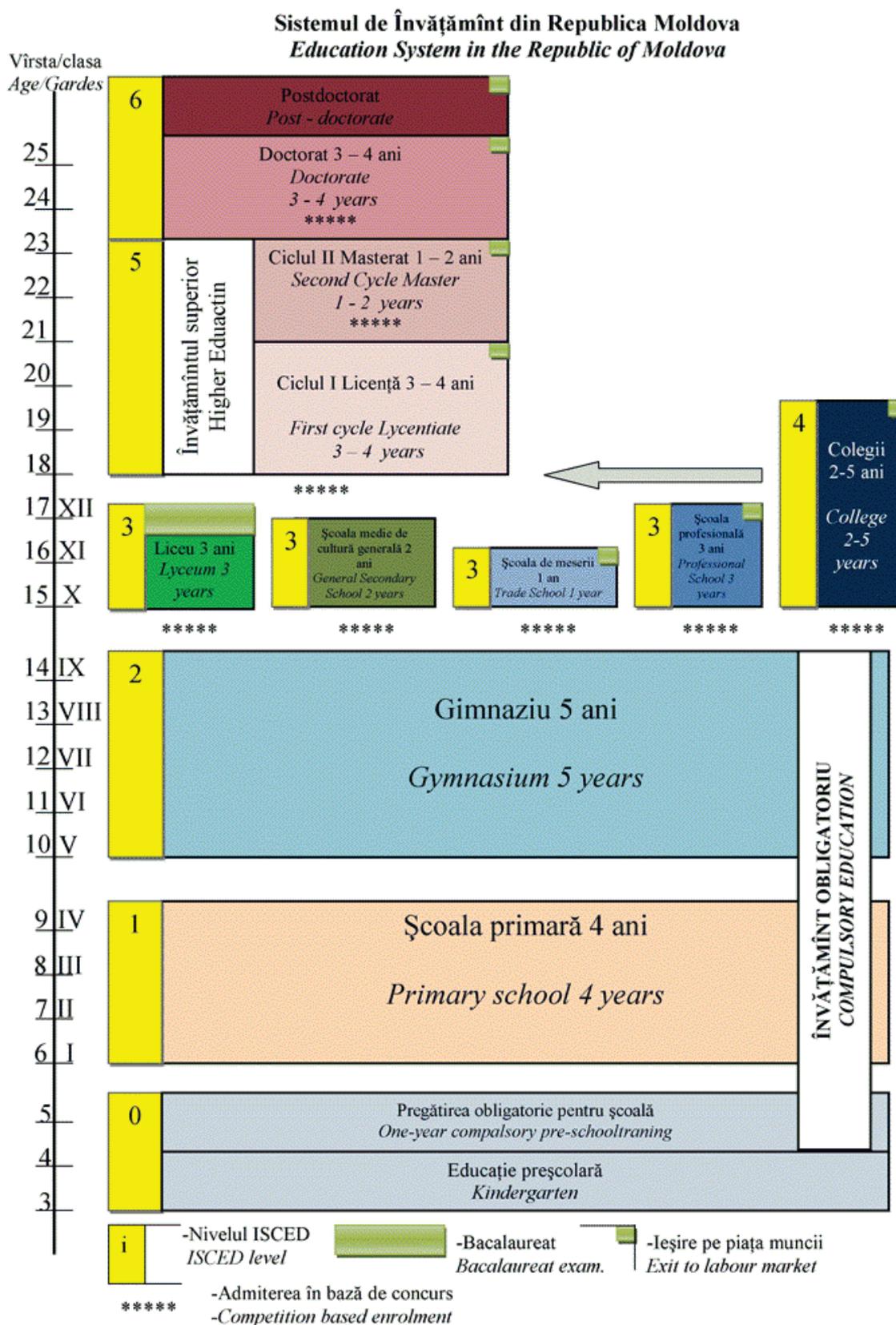
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<sup>27</sup> Governmental Decision Nr. 1019 from 10.12.2014, can be retrieved from <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=356046>

<sup>28</sup> Presentation, Ministry of Education, Rep of Moldova, Head of higher education department, MoE.

<sup>29</sup> [http://gov.md/sites/default/files/ministerul\\_educatiei.pdf](http://gov.md/sites/default/files/ministerul_educatiei.pdf)

Annex 6: Educational system in the Republic of Moldova, ISCED levels



## Annex 7: Main issues raised by young professionals

### ICT

**Lack of skills:** Young professionals disclosed that when they started working they felt a lack of both technical skills and socio-emotional skills and attitudes, especially communication skills. Moreover, proof of lack of managerial skills in the sector can be seen in the experience of some young employees in the ICT sector, who complained that they were not challenged enough by management.

**Education institutions:** Young professionals said that the teaching material was too theoretical during the first two years of university, criticized the curriculum—with too many courses not related to the ICT profession, lack of optional courses, laboratories that were usually outdated, poorly equipped and with bad internet connections, and teachers that lack practical experience and are usually not well trained. Some ICT professionals think that it is extremely important for institutions of higher education to continuously update their material and teach about up-to-date programming languages. Where universities are well equipped this is usually because of donor and private contributions (usually large companies operating in the ICT sector).

**Internships:** Participants claimed that the internship program they took part in was purely formal, that they were not adequately involved in the work process of the company, and that internships were usually strategies carried by some companies to recruit talented staff; convenient for the companies and a very limited number of students. Internships at education institutions are not seen as a good option; respondents complained that tasks for the internship program with the department do not change year on year, and that internships should be better organized. Institutions of higher education have to seek more opportunities for their students to intern, so that students with different specializations find internships.

**Employment channels:** Online job portals.

**On the job training and external training:** Respondents said that small companies with up to 25 employees do not usually offer formal training to employees. Meanwhile, there are no differences between companies that cater to the local market or to the international market in the likelihood to offer formal training. Respondents had received foreign language courses and internal training, and some of them had participated in conferences or visited company offices abroad. No young professionals who participated in the study benefitted from external professional training.

**Public-private collaboration:** Young professionals mentioned that collaboration is usually limited to donations from large companies and joint events organized at institutions of higher education. For instance, medium and large companies sponsored contests for ICT students. Some participants also mentioned private sector companies teaching some courses at universities. Teachers coming from the private sector were using up-to-date material, enriched their classes with practical examples, and were paying more attention to application of technologies.

### Light industry

**Lack of skills:** Participants complained about the lack of practical and socio-emotional skills, admitting that neither their professional, nor personal skills qualify them for a job. For instance, seamstresses said they did not have enough practice to execute all processes required by factories they got a job at. As for personal skills, they mentioned team work abilities, solution orientation, time management, and communication skills.

**Work conditions:** Research participants complained that the payment system in their companies was not fair to newly recruited staff, working hours are often prolonged, the lunch break is too short.

**Internships:** Young specialists complained that internships were tiring and that it took too long for them to learn how to execute a task. Respondents added that they would like internships to be more student-oriented, namely for the company to pay closer attention to them and to their learning process.

### Food processing

**Education institutions:** Lack of materials in the education institutions. Several young people stated that the teachers from educational institutions were elderly and did not have the ability to teach modern production technology. Although students believed that the machinery used for training in universities was outdated, they were proud of the practical courses they attended, because it set the foundation for them. Too few laboratory courses within universities, the lack of equipment for practical courses, e.g., the institutions that train waiters and bartenders should have a small bar equipped with all the devices relevant for such a job, and the same for the dairy and meat specializations.

**Internships.** Young professionals wished that employees of the companies where they did their internships had explained in more detail the work process recipes. They wished that interns had been allowed to perform some more complex work, i.e., not only peeling vegetables but, for example, fulfilling all the activities included in the internship agenda.

**Employment channels:** Some young specialists reportedly found jobs with the help of relatives, acquaintances or friends. Others reached out to their teachers to find a job, or searched for vacancies on various job search websites. Only one respondent was registered with the Job Center.

**On the job training and external training:** Employees were not offered any continuous training opportunities, but they had benefitted from internal training. Young people stated that continuous training opportunities were offered only to the persons in positions of executive chef, head of production, technologist, and most of the times the cost of these training courses was covered by the company. Participants indicated that they needed more training to know certain safety rules and did not need the initial training, because they had received this already during the studying process. Even if there was no responsible person to instruct the new employees, young people asked for at least written instructions on how to use machinery.

All young people who participated in the focus group stated that they had been employed while students. However, not all of them were employed according to their qualifications. Young people stated that it was very hard for a recent training center graduate of 17 - 18 years of age to find a job. The trial period in companies can last from one month up to four months.

**Collaboration:** The National College of Commerce has an agreement with a company by means of which it buys raw materials from a particular company and, in its turn, the company offers internship places for students. Young specialists admitted they had heard that some companies sponsored certain educational institutions, but they could not provide any details in this regard.

### **Annex 8: Collaboration and technical/ commercial assistance from a series of organizations**

The following tables present information on collaboration and technical / commercial assistance obtained by private sector from a series of organizations. The column entitled FG presents the cumulative result from the focus group discussion, while following columns present the results from the individual interviews with the companies. The respondents were firstly asked if they collaborate or receive any assistance from the organizations mentioned in the list and then they were asked to choose top five, where 5 means most important.

In case of transportation sector, there are two main partners for the companies – AITA and UTM.

Transportation	FG		Company 1		Company 2		Company 3		Company 4		Company 5		Company 6	
	FG	Top 5	DK	Top 5	Top 5	Refused								
MIEPO	No				No				No		No		No	
ODIMM	No		No		No				No		No		No	
Moldovan Chamber of Trade and Industry	No		Yes	4	No			No		No		No		
French Chamber of Trade and Industry	No		No		No			No		No		No		
American Chamber of Trade and Industry	No		No		No			No		No		No		
APIUS	No		No		No			No		No		No		
ATIC	No		No		No			No		No		No		
AITA	Yes (all)	5	Yes	3	Yes	4	Yes			No		No		
AGROinform	No		No		No			No		No		No		
Other associations. Romanian specialized as	No		No		Yes	3	No			No		No		
WBG	No		Yes	1	No			No		No		No		
Chemonics/ USAID/ CEED I și CEED II	No		No		No			No		No		No		
UNDP	No		No		No			No		No		No		
Other international organization	No		BERD	5	No			No		No		No		
	No		APIP	2	No			No		No		No		
UTM	No		Yes	1	Yes	5	Yes			No		No		
USM	No		No		No			No		No		No		
ASEM	No		No		No			No		No		No		
Agrarian University	No		No		No			No		No		No		
College	No		No		Transport		Transport			No		No		
Professional school	No		No		No			No		No		No		

In case of light industry, the main partners of the interviewees are APIUS, Moldovan Chamber of Trade and Industry, and Chemonics implementing USAID projects for light industry.

Light industry	FG		FG		FG		FG		FG		Comp1		Comp2		Comp3		Comp4		Comp5		Comp6	
	FG	Top 5	FG	Top 5	FG	Top 5	FG	Top 5	FG	Top 5	I1	Top 5	I2	Top 5	I3	Top 5	I4	Top 5	I5	Top 5	I6	Top 5
MIEPO	No		No		No				Yes	1	No		No		No		No		Yes	1	No	
ODIMM	No		No		Yes	2	No		Yes	3	No		No		No		No		Yes		No	
Moldovan Chamber of Trade and Industry	No		Yes	2	Yes	3	Yes	5			No		No		No		No		Yes		No	
French Chamber of Trade and Industry	No		No		No				No		No		No		No		No		No		No	
American Chamber of Trade and Industry	Yes	5	No		Yes	4	No		No		No		No		No		No		No		No	
APIUS	No		No		Yes	5	Yes	1	Yes	4	Yes	5	Yes	5	No		No		Yes	4	No	
ATIC	No		No		No				No		No		No		No		No		No		No	
AITA	No		No		No				No		No		No		No		No		No		No	
AGROinform	No		No		No				No		No		No		No		No		No		No	
Other associations	No		No		No				No		No		No		No		No		No		No	
WBG	No		No		No				No		No		No		No		No		Yes	2	No	
Chemonics/ USAID/ CEED I și CEED II	No		Yes	4	Yes	1	Yes	1	Yes	5	No		No		No		No		Yes	5	No	
UNDP	No		No		No				No		No		No		No		No		Yes		No	
Other international organization	No		Swiss Create	5	No				No		No		No		CSR Foundations	5	No		No		No	
UTM	No		Yes	3	No				No		No		Yes	5	No		Yes	3	No		No	
USM	No		No		No				No		No		No		No		No		No		No	
ASEM	No		No		No				No		No		No		No		No		No		No	
Agrarian University	No		No		No				No		No		No		No		No		No		No	
College	No		No		No				No		No		No		No		No		No		No	
Professional school	No		No		No		Yes	3	No		No		No		No		No		No		No	5
Other organization	No		No		No				SES expert		No		No		No		No		No		No	

In case of food processing industry, majority of interviewees do not collaborate with the institutions from the list.

Food-processing industry	FG		FG		FG		FG		FG		Comp.1		Comp.2		Comp.3		Comp.4		Comp.5		Comp.6	
	FG	Top 5	FG	Top 5	FG	Top 5	FG	Top 5	FG	Top 5	Top 5											
MIEPO	No		No		No		No		No		No		No		Yes	3	No		No		No	
ODIMM	No		Yes	1	No		No		No		No		No		No		No		No		No	
Moldovan Chamber of Trade and Industry	Yes	3	No		No		No		No		No		No		Yes	2	No		No		No	
French Chamber of Trade and Industry	No		No		No		No		No		No		No		No		No		No		No	
American Chamber of Trade and Industry	No		No		No		No		No		No		No		No		No		No		No	
APIUS	No		No		No		No		No		No		No		No		No		No		No	
ATIC	No		No		No		No		No		No		No		No		No		No		No	
AITA	No		No		No		No		No		No		No		No		No		No		No	
AGROinform	No		No		No		No		No		No		No		No		No		No		No	
Other associations. Association of Brandy Producers from Moldova	No		No		No		No		No		No		No		Yes	4	No		No		No	
WBG	No		Yes	5	No		No		No		No		No		No		No		No		No	
Chemonics/ USAID/ CEED I și CEED II	No		No		No		No		No		No		No		No		No		No		No	
UNDP	No		No		No		No		No		No		No		No		No		No		No	
Other international organization	No		EBRD	3	No		No		No		No		No		USAID	1	No		No		No	
UTM	No		No		No		No		No		No		No		No		No		No		No	
USM	No		No		No		No		No		No		No		No		No		No		No	
ASEM	No		No		No		No		No		No		No		No		No		No		No	
Agrarian University	No		No		No		No		No		No		No		No		No		No		No	
College	No		No		No		No		No		No		No		No		No		No		No	
Professional school	No		No		No		No		No		No		No		No		No		No		No	

In case of agriculture, there are companies that collaborate with several partners and there are those that do not collaborate with any.

