From Aspirations to Occupations

The Role of Information in Educational and Labor Market Decisions in Moldova

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Outline

- Motivation
- Methodology and data
- Findings
- Policy implications
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Increased productivity is needed to respond to the demographic challenge

*Source: UN World Population Prospects: 2015 Revision (left) and World Development Indicators (right).*
Employment rates are very low, with many youth detached from the labor market

**Employment-to-population ratios, adult population (15+), 2014**

- **Source**: WDI, modeled ILO estimates, (top graph) and School-to-work transition survey 2012-2013 (bottom graph)
Poor labor outcomes may come from skills mismatches

Countries where between 30% and 40% of firms report that “skills” has become a severe constraint to growth

Source: BEEPS 2013
Large shares in upcoming cohorts seem to lack basic cognitive skills

Proficiency in Reading, Moldova and Regional Comparators, 2010

- Level 5&6
- Level 4
- Level 3
- Level 2
- Functionally illiterate
- Overall reading score (right axis)

Source: PISA 2010 results.
Bridging information gaps is critical to reduce skills mismatches

Skills mismatches can arise from:
- Education system
- On-the-job training
- Information gaps

Particular relevance of information gaps in Moldova:
- Midst of economic transition
- Low urbanization
- High migration
- Lack of systematic career guidance

Information constraints can be reduced through low-cost policy interventions
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Moldova Jobs and Schooling Decisions Survey

- Implemented during the **2014/2015 school year**
- **Main objective**: understand how individuals make their schooling and jobs decisions

<table>
<thead>
<tr>
<th>Group type</th>
<th>Number of communities</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individual interviews</td>
<td>FGDs</td>
</tr>
<tr>
<td>9(^{th}) graders</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>12(^{th}) graders</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Professional school students</td>
<td>4</td>
<td>3(^1)</td>
</tr>
<tr>
<td>Collegium students</td>
<td>3</td>
<td></td>
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<tr>
<td>University students</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Out-of-school youth who are jobless or in occasional jobs</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>Out-of-school youth with complete transition to the labor market</td>
<td>No</td>
<td>2(^2)</td>
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<tr>
<td>Parents of 9(^{th}) and 12(^{th}) graders</td>
<td>No</td>
<td>2</td>
</tr>
<tr>
<td>Parents of professional school students</td>
<td>No</td>
<td>1</td>
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<tr>
<td>Teachers of 9(^{th}) and 12(^{th}) grade</td>
<td>No</td>
<td>2</td>
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</table>

\(^1\) 2 FGDs mixing professional school and collegium students and 1 FGD with only professional school students

\(^2\) 1 FGD with professional school and collegium graduates and 1 FGD with university graduates
Individual interviews: content

- Background information
- Household composition
- Education history and transitions
- Aspirations

- Knowledge on earnings
- Expectations on entry after education
- Job search methods

- Sources of information
- Type of information taken into account

- Extent to which influencers are involved in the decision
- Final decision maker

Individuals’ information

Education and LM information

Labor market

Decision influencers
Focus Group Discussions: content

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<tr>
<th>Module</th>
<th>Students</th>
<th>Parents</th>
<th>Teachers</th>
<th>Young adults</th>
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<tbody>
<tr>
<td>Module I</td>
<td>Students’ aspirations and education</td>
<td>How choices are made</td>
<td>How choices were made</td>
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<tr>
<td></td>
<td>- Assessment of the community, school and students</td>
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<td></td>
<td>- Assessment of students’ future choices</td>
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<tr>
<td></td>
<td>- Factors that enable or constrain transitions</td>
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<tr>
<td>Module II</td>
<td>Information sources, use and access</td>
<td>Their role as information channels</td>
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<tr>
<td></td>
<td></td>
<td>- Transition into the first job</td>
<td>- Labor market experience and values</td>
<td>- Job search methods</td>
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<tr>
<td>Module III</td>
<td>Perceptions of career guidance activities</td>
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Educational and occupational decisions
Vocational education is as popular as general education among 9th graders
Educational aspirations are driven by perceived job opportunities

- **Moderator**: To what extent does your wish to find a job influence your decisions regarding studies?
- **S**: 98 percent.
- **Moderator**: It matters that much?
- **All**: YES!

Focus group discussion with urban 12th graders
In choosing field of study, students opt for fields where vocation and job opportunities intersect.

Why would you choose/are you studying this field of study?

- Vocation
- Good job opportunities
- First option that came to mind
- Good reputation
- Immediate acquisition of a profession
- To please parents
- Other
- Easy to study

12th graders (prospective)  Professional school (retrospective)  Collegium (retrospective)  University (retrospective)
However, many students lack occupational aspirations

Ideally, what would you like to be doing when you are 30 years old?

- University students
- Collegium students
- Professional school students
- 12th graders
- 9th graders

Working as…
- Armed Forces
- Professionals
- Clerical support workers
- Craft and related trades workers
- Don't know
- Legislators, senior officials and managers
- Technicians and Associate Professionals
- Service and sales workers
- Plant and machine operators, and assemblers
Gender differences in occupational aspirations are likely to translate to occupational disparities in the labor market

*Note: the exact question is “what are the two fields of study you will most likely choose if you continue studying? Indicate the top 2 options”, but the graph only shows the first option.*

Field of study is approximated by type of occupation for the LFS. Additionally, only individuals with collegium education or more aged 25-34 are considered.

*Source: Moldova Job and Schooling Decisions Survey and National LFS 2014*
The role of information constraints
There is an information deficit on the labor market

Do you think you have enough information about the labor market? Yes

- About half of collegium students participating in MJSDS underestimate the education required to work in their ideal job.
Students perceive increasing returns to education, but certain important misperceptions exist.

The wage index is calculated by setting the perceived monthly wages at age 30 after completing 9th grade as equal to 100.

The actual returns to education are based on the results of a Mincer regression controlling for gender, age, marital status, education, and location.

Notes: Significant differences in the wage index compared to the base category of the 3-year professional school program: * 10%, ** 5%, ***1%.

The wage index is calculated by setting the perceived monthly wages at age 30 after completing 9th grade as equal to 100.

The actual returns to education are based on the results of a Mincer regression controlling for gender, age, marital status, education, and location.
Information gaps are more severe for disadvantaged students

Do you think you have enough information...? Yes

- ...to decide what to do after 9th grade?
- ...about the labor market?

- Less educated parents
- More educated parents

*** Indicates statistical significance at a 1% level.
Types and sources of information
Students need general information on industries and professions particularly in the earlier stages, when they are making their educational decisions about what type of career path to take.

Information on the availability and requirements of schooling that match their career aspirations also play an important in their schooling decisions.
On the career path, this type of information is the most needed following the general professional decisions, to decide on areas of specialization and to build the required skills and experiences to ensure successful entry into the labor market when the time comes.
Parents and master teachers are perceived as the most useful source of information but they feel unprepared.

"How useful is the information on choices and opportunities after [current educational level] that you obtain from the following sources?"

Note: Sample includes 9th graders, 12th graders, and older (professional school, collegium, and university) students.
Assessment of career guidance activities
Very low students’ attendance and awareness of career guidance activities

Percentage of individuals who haven't attended the following activities

- Career orientation at school
- Alumni talking about their experience
- Open doors day at a Professional School
- Open doors day at a Collegium
- Open doors day at a University
- Job fair
- ANOFM seminars
- Visit to parent’s workplace
- Visit to a firm

9th graders
Professional school students
Collegium students
University students
Out-of-school youth jobless or in occasional jobs
Internships are perceived as useful and can provide entry point into the labor market.

After graduation, how likely are you to start working in the firm where you did your internship/apprenticeship?

- Professional school
- Collegium
- University
Summary of main findings from MJSDS

• Information is valued by students

• Significant information gaps, particularly for disadvantaged

• Guidance and opinions of parents and master teachers is most useful

• Internships as most effective career guidance activity
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Career guidance policies in other countries

- **Improving available labor market information**
  - Labor market observatories (POL)

- **Improving existing career guidance activities**
  - Providing information and career guidance to young students (CHE, AUS, FIN)
  - Job fairs (AUS)
  - Alumni visits (FIN)

- **Assisting disadvantaged students**
  - Early identification and targeted support (UK)
  - Career counseling by employment services (GER)
  - School social responsibility (UK, AUS)
  - Pop-up services for remote areas (GER, ZAF, RUS, ARG, TUR)

- **Reaching out to potential advisers**
  - Engaging parents (AUS, UK, AZE)
  - Partnerships between schools, employers, and PES (GER, UK, AUS)

- **Developing innovative career guidance tools**
  - Online information on educational pathways and institutions (MEX, BGR, USA)
  - Online resources to guide occupational choices (USA, UK)
What can Moldova learn from other countries?

• Improving information can improve efficiency in education and labor market outcomes at a relatively low cost

• An effective career guidance system
  • Focuses on exposure to the world of work
  • Is anchored in strong networks

• Early, frequent and ample exposure to the world of work provides specific labor market information sought by students
Thank you

For questions and comments please contact

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