

ASSESSING ORGANISATIONS' BEHAVIOUR IN THE TIGHT LABOUR MARKET IN THE REPUBLIC OF MOLDOVA

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Abstract

This paper examines the behaviour of organisations in a labour market with labour shortages. When there is a labour shortage, it is more difficult for organisations to attract and recruit the candidates they need. Under these circumstances, organisations need to adopt different recruitment strategies and actions to enable them to hire the right human resources to meet the requirements of their vacancies. The main objective of the paper is to identify the problems of providing organisations with the necessary human resources in a market with both quantitative and qualitative labour shortages. The paper highlights that organisations need to pay more attention to the process of attracting and recruiting candidates if they are to face increased competition in the labour market.

In order to achieve the research objectives, a questionnaire was administered to 350 enterprises in the Republic of Moldova, including 83 large enterprises, 105 medium-sized enterprises, 100 small enterprises and 62 micro-enterprises. The results obtained show that the majority of enterprises find a shortage of labour in the labour market of the Republic of Moldova.

Keywords: labour market, labour shortage, personnel recruitment, . attracting applicants.

Classification JEL: J21; J23; M51.

1. Introduction

In the labour market, organisations are the main actors that adopt different strategies and rules depending on the labour market situation. With a surplus of labour, organisations have no problems in providing the necessary human resources. In the case of a labour shortage, organisations need to take and implement concrete actions to address staffing needs. The labour market situation in the Republic of Moldova, characterised by an increased labour shortage, leads organisations to adopt concrete measures to make sure that they will not be faced with attracting and retaining manpower in the organisation. Under these circumstances, the human resources function plays a key role in providing the organisation with the necessary human resources both quantitatively and qualitatively.

In this context, many researchers believe that there is a significant and strong relationship between HR functions, especially recruitment, on the one hand, and the labour market situation on the other (Gajda, 2017). At the organisational level, some authors consider Corporate Social Responsibility as an internal tool to reduce labour shortages (Gorgenyi-Hegves & Fekete-Farkas, 2019).

Major workforce trends, such as changing demographics and increasing global mobility, have contributed to increasing awareness among both practitioners and researchers of the importance of organizational attractiveness to potential candidates. (Renaud, 2016).

Sabatier (2010) argues that the recruitment process is more complex when competition between companies is high. In the case of excess demand for labour, the ratio between the number of applications and available jobs is low, and companies have to compete with each other to attract human resources that are not enough on the labour market.

Labour shortages in the labour market create obstacles for organisations to carry out their recruitment process effectively. Labour shortages can be analysed in terms of quantity and quality. In qualitative terms, the recruitment difficulties affecting some sectors of the economy represent a

lack of commitment on the part of a segment of the workforce which is not responding to the needs arising from technical developments requiring new skills. (Bollerot, 2002). Horbach & Rammer (2022) argue that skilled labour is a key element in the innovation process, and a lack of it can hinder innovation activities. Horbach & Rammer (2022) also argue that skilled labour is a key element in the innovation process, and a lack of it can hinder innovation activities.

Real skill constraints can adversely affect labour productivity and hamper the ability to innovate and adopt new technologies. For employees, a lack of 'right skills' diminishes their employment prospects and access to quality jobs (Brunello & Wruuck, 2021). The same authors argue that for organisations skills shortages mean longer time with unfilled positions or recruiting workers with inadequate skills.

Recruitment difficulties in a tight labour market need to be linked to other organisational factors such as: long-term investment in human resources, careful selection to ensure a fit between employees and the organisation, flexibility in the use of labour and employee commitment to organisational goals (Guest, 1992; Storey, 1992). In this context, Causer & Jones (1993) examined recruitment in a skills shortage situation in a high-tech labour market.

In a labour shortage market, there are several factors that play a key role in organisations. Hensens et al (2005) find that the perceived difficulties of organisations in finding the right staff to fill their vacancies is an important factor for organisations. The authors argue that the greater the perceived difficulties, the greater the likelihood that organisations will take a series of coordinated steps to recruit more employees. Under these circumstances, organisations will move away from lengthy informal recruitment procedures and focus more on active and informal recruitment methods. In addition, organisations may be influenced by the general tightening of the labour market.

Recent studies in the field have shown that labour markets are dynamic, with a much higher turnover of workers than needed to drive net employment growth (Fabling & Maré, 2016). At the same time, Blank et al. (2008) analyzed the impact of the density of local labor markets on the employment difficulties faced by organizations.

Taking into account the above, the major objective of the research is to evaluate the behaviour and reactions of local organizations on the tight labor market in the Republic of Moldova.

2. Literature review

From an economic point of view, recruitment can be seen as the purchase of one of the factors of production. Standard economic theory usually considers a world in which all workers are equally productive, thus simplifying the recruitment activity by excluding worker heterogeneity (Russo et al., 1995). Recruitment is a process that starts by identifying the segments of the labour market where the desired candidates can be found. In this case, we are talking about recruitment zones.

The recruitment process is not just a procedural activity aimed at obtaining potential job seekers, but is an important effort for the organization to help find a number of potential employees who meet certain requirements (Jackson et al., 2009).

Highlighting the role of recruitment choice as an information-generating device, Rees și Schultz distinguishes between extensive and intensive information. Extensive information refers to the number of job applicants and vacancies covered by the information, while intensive information provides detailed information about specific job applicants or vacancies (De Varo, 2005). There are many factors that influence companies in implementing recruitment strategies: company size, hiring characteristics, social environment, market strategies, labour policies and technologies (Callager, 2007).

In the recruitment process, employers take into account individual values and personalities, which are formed in the environment in which a person is brought up, as well as knowledge and skills acquired during studies. Cheong et al (2015), found that for large companies employing more than 1,000 employees, knowledge and skills are more important, while in small companies more attention is paid to personal traits and values. The authors argue that at the recruitment stage, so-called generic skills tend to be more important than specific skills.

In the human resource management literature, the concept of attractiveness has been defined in two distinct ways: from the organization's perspective and from the applicant's perspective (Renaud et al., 2016). From an organisational perspective, Rynes (1991) defined attractiveness as an organisation's ability to encourage applicants to perceive it positively, while Berthon, Ewing and Hah (2005) defined it as the expected benefits a potential employee sees in working for a particular organisation. From the applicants' perspective, the concept of attraction is perceived as a positive attitude towards the organisation (Aiman-Smith et al., 2001).

Several empirical studies have explored the relationship between an organization's CSR practices and candidate attraction (Backhaus et al. 2002; Kim & Park 2011), highlighting that a company's socially responsible practices send a positive signal to potential employees.

According to Cappelli (2000), the labour market has become wide open, uncontrolled by individual companies and geographically unconstrained. In these circumstances, the author argues that recruitment can no longer be seen as a reactive, largely office-based function, but needs to be reshaped to be much more like a marketing function. Today's candidates need to be approached in the same way as potential customers: carefully identified and targeted, attracted to the company and its brand.

3. Research methodology

A tight labour market creates major obstacles for organisations to provide themselves with the necessary human resources. In order to achieve the objective of the paper, a questionnaire was developed. Respondents had to choose which of the items formulated in the questionnaire have an impact on attracting the workforce that organisations need. To this end, 9 items were formulated, each item representing an issue for attracting human resources to the organisation. In addition to this, the questionnaire included 4 other items (problems) that could have a negative impact in the future on providing organisations with the necessary human resources both quantitatively and qualitatively.

The survey included 350 enterprises from the Republic of Moldova, of which: 83 large enterprises, 105 medium-sized enterprises, 100 small enterprises and 62 micro-enterprises. The respondents were human resource managers from large and medium enterprises, and in the case of micro and small enterprises, the respondents were their managers.

4. Results and discussion

In a tight labour market such as the one in the Republic of Moldova, organisations have to adopt different behaviours to cope with the situation created. The existence of labour shortages in the Republic of Moldova was also confirmed by the enterprises participating in the survey. Out of a total of 350 enterprises participating in the survey, 88.0% of them consider that there is a labour shortage in the Republic of Moldova and only 5.4% are of the opinion that there is no labour shortage. Similarly, 6.6% do not know whether or not there is a labour shortage in the Republic of Moldova.

Most organisations have some concerns about attracting the workforce they need. The results show that there are two major problems on the labour market in the Republic of Moldova that prevent organisations from attracting the required workforce (Table 1).

Table No. 1. Problems of providing organisations with the necessary human resources

Problems	250 and more employees	50-249 employees	10-49 employees	Up to 9 employees
Labour shortage in the Republic of Moldova	53	58.1	48	46.8
Lack of manpower with the necessary qualifications for the organization	56.6	57.1	43	54.8
Location of the organization	8.4	11.4	8	12.9
Lack of an adequate staff recruitment policy in the organization	6	2.9	12	11.3
Low wage level	39.7	30.5	30	29
Lack of a system of financial and non-financial motivation (awards, incentive bonuses, etc.)	19.3	10.5	18	21
Limited opportunities for professional growth	10.8	11.4	16	14.5
Difficulty in identifying suitably qualified people	18.1	19	26	16.1
Working conditions related to jobs within the organization	6	6.7	2	1.6

Source: Developed by author.

As shown in Table 1, *The labour shortage in the Republic of Moldova* and *Lack of manpower with the necessary qualification for the organization* were highlighted by the majority of organizations participating in the survey, regardless of their size. However, medium-sized enterprises considered the above-mentioned issues the most important in attracting human resources to the organisation. Thus, 58.1% of medium-sized enterprises believe that attracting human resources to the organization is influenced by the shortage of labor force on the labor market in the Republic of Moldova, and 57.1% of these enterprises consider the lack of labor force with the necessary qualification for the organization as the main impediment. They are followed by large enterprises that highlighted these two problems as essential in providing the organization with the necessary human resources.

Two other issues that have an impact on the attraction of the workforce in the organization is related to the motivational nature which, in our research, is reflected by two other issues - *Low wage level* and *Lack of a system of financial and non-financial motivation (awards, incentive bonuses, etc.)*. *Low wage level* was highlighted most by large enterprises (39.7%) as an important factor in attracting human resources in the organization. For the other categories of enterprises, *low wage level* as an issue in attracting staff was highlighted by about 30% of respondents. *The lack of a financial and non-financial motivation system* was highlighted most by large, small and micro enterprises. In the case of medium-sized enterprises, only 10.5% consider the lack of financial and non-financial motivation system as a problem in attracting workforce in the organisation.

The difficulty of identifying people with the necessary skills is another problem that hinders the organisation from providing the necessary human resources. This problem was highlighted most by small enterprises (26%), followed by medium-sized enterprises (19%) and large enterprises (18.1%). Another problem highlighted by respondents was *Limited opportunities for professional growth*. This problem is most noticeable among small and micro-enterprises, which is natural because there are fewer opportunities for professional growth in these categories.

Even if it does not depend on the labour market, *the location of the company* is another factor that hinders the attraction of human resources to the organisation. The results show that this problem is characteristic for all categories of enterprises, in a proportion of around 10%. This

shows that these enterprises may face problems in attracting labour even when there is sufficient workforce available on the labour market.

Lack of an adequate staff recruitment policy in the organisation is another problem and was highlighted most by small and micro enterprises. Around 12% of the above mentioned enterprises consider the lack of an adequate recruitment policy as an impediment to attracting human resources to the organisation. Another problem highlighted more by large and medium-sized enterprises concerns *working conditions in the organisation*.

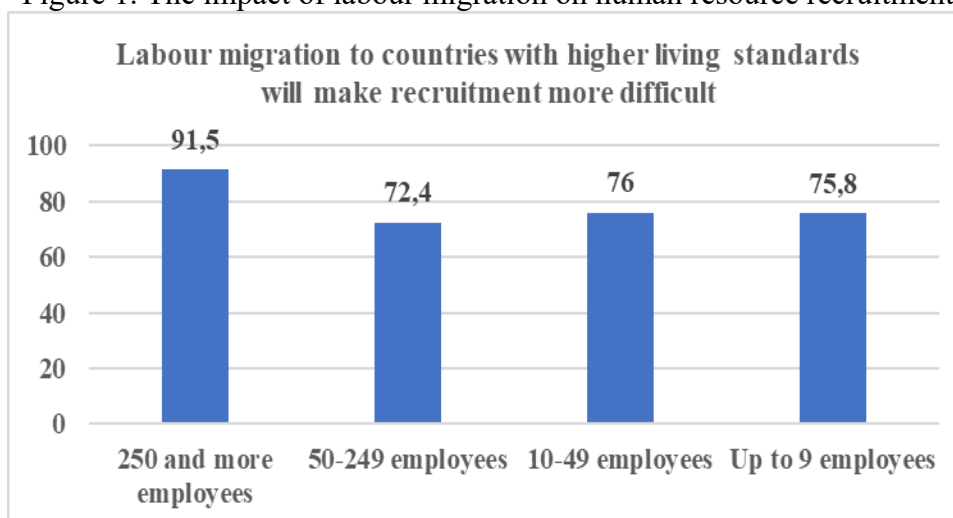
Of the items/problems formulated in the questionnaire, some are related to the organisational context that have a certain impact on the provision of the necessary human resources and were highlighted by several respondents from all categories of enterprises. In the context of a tight labour market, the reshaping of HR policies becomes imminent for the top management of organisations if they do not want to face a shortage of personnel, both quantitatively and qualitatively, within the organization.

In order to address the labour shortage in the Republic of Moldova, survey participants also put forward some proposals for government institutions, namely:

- Developing government policies to keep the labour force in the country and stop its emigration;
- Reducing the flow of young labour abroad;
- Ensuring political and economic stability in the country in order to stop the emigration of labour abroad;
- Create conditions for attracting Moldovan migrants;
- Up-to date and targeted studies on the needs of companies;
- Changing the curriculum in universities by involving top employers;
- Granting state subsidies for under-qualified employees during their adaptation to the workplace.

Based on the actual situation in the Republic of Moldova regarding the workforce, many organisations have certain fears about providing them with the necessary human resources in the future. In this respect, the questionnaire formulated a number of issues that could influence the provision of human resources to organisations. Labour migration abroad is the biggest issue of concern for organisations in providing the necessary human resources in the future (Figure 1).

Figure 1. The impact of labour migration on human resource recruitment



Sursa: Developed by author.

Din Figura 1 constatăm că din întreprinderile participante la sondaj, migrația forței de muncă peste hotare reprezintă cea mai mare problemă, pe viitor, pentru întreprinderile mari. Mai

bine de 90% din întreprinderile mari consider că migrația forței de muncă va influența activitatea de atragere a resurselor umane în organizație. Și pentru celealte categorii de întreprinderi, migrația forței de muncă peste hotare este problema cea mai mare în asigurarea cu resurse umane. Aproximativ 75% din întreprinderile mici și microîntreprinderi au evidențiat această problemă.

O altă problemă ce caracterizează aspectul calitativ al forței de muncă și cu care cred că se vor confrunta întreprinderile pe viitor se referă la *Difficulty in attracting candidates with the necessary professional skills to fill vacancies* (Figure 2).

Figure 2. Difficulty in attracting workforce with the necessary professional skills to fill vacancies

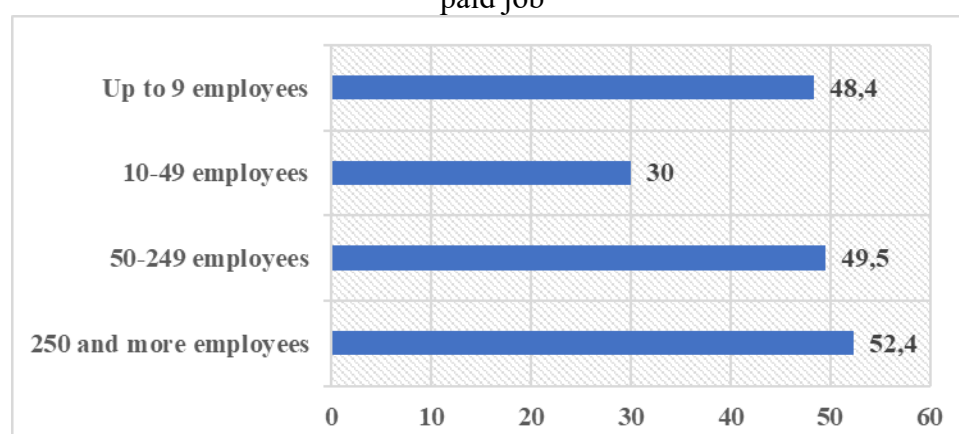


Sursa: Developed by author.

The issue of attracting the right skilled human resources in the future is of concern to almost all categories of enterprises, in equal measure. Around 40% of large, small and micro enterprises consider that the lack of suitably qualified human resources will be a problem on the labour market, making it difficult for enterprises to provide the necessary human resources. The problem highlighted by employers is due to the fact that there is an unskilled workforce on the labour market that does not meet the requirements of organisations. In this case it is necessary to initiate vocational training programmes for this category of workforce in order to increase their employability.

The third issue raised that could influence the ensuring of organisations with the necessary human resources concerns the voluntary departure of employees from the organisation (Figure 3).

Figure 3. Voluntary departure of employees from the organization in the event of finding a better paid job



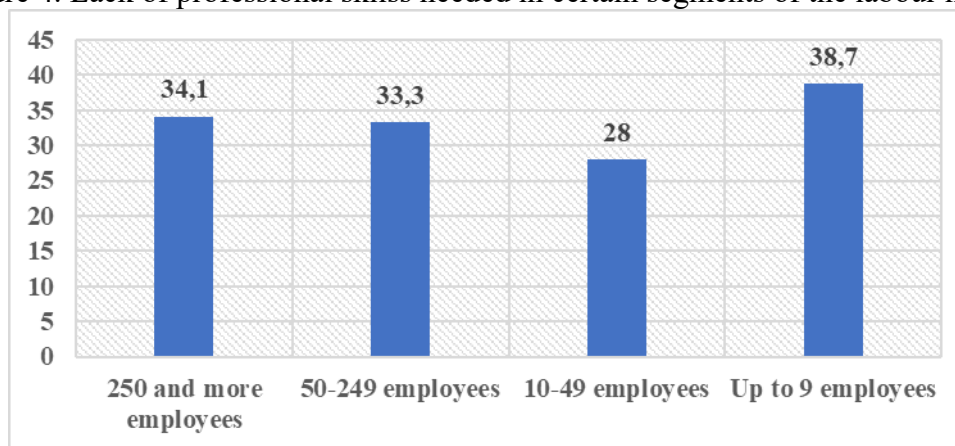
Sursa: Developed by author.

From Figure 3 we see that large enterprises are the most concerned about employees leaving the organisation voluntarily. Approximately 52% of the large enterprises surveyed highlighted this

problem, followed by medium-sized enterprises. Only 30% of small enterprises see voluntary departure as a problem in their future human resource ensuring. Large enterprises, which are usually in a continuous process of recruiting new employees and are currently experiencing difficulties due to labour shortages, believe that voluntary departure of employees will further aggravate the situation in this area. Therefore, in order to avoid voluntary departures from the organization, top management should reshape programs and policies aimed at retaining employees. As shown in Table 1, some of the difficulties in attracting new people to the organisation are related to the low salaries charged and the lack of financial and non-financial motivation. At least, by reviewing these two aspects of human resource management, the voluntary departure of employees from the organisation could be avoided.

Another problem that could affect the ensuring of organisations with the necessary human resources relates to the lack of professional skills needed for certain segments of the labour market. This concern was most frequently raised by enterprises with up to 9 employees (Figure 4).

Figure 4. Lack of professional skills needed in certain segments of the labour market



Sursa: Developed by author.

The fact that 38.7% of the micro enterprises participating in the survey mentioned this problem is due to their high degree of specialisation, which makes them quicker to adapt to market requirements. In this situation, micro-enterprises feel more the lack of certain professional skills on the labour market.

5. Conclusions

Human resources are the most important resource for any organisation, as they are the only one that produces added value. This is why organisations need to pay particular attention to this issue to ensure that they have the best people working for them. When there are imbalances in the labour market, especially when there is a shortage of labour, more attention is needed because the process of attracting and recruiting candidates becomes more difficult. Attraction and recruitment actions need to be more present in the labour market and innovative so that organisations do not face staff shortages.

Labour shortages in the labour market require organisations to take new measures and actions to face the situational challenges. Labour shortages also lead to changes in organisations' behaviour and attitudes towards labour in a tight labour market.

The shortage of manpower that has been registered for several years in the Republic of Moldova creates major problems for local organizations in order to provide them with the necessary human resources. The labour shortage in the Republic of Moldova is both quantitative and qualitative. Quantitatively, the labour shortage is determined by the process of labour

migration, which has not shown any slowing down trend in recent years. For the most part, skilled workforce is emigrating, which leads to a labour shortage in terms of quality. The main cause of labour emigration abroad is low wages in Moldova. The results of the research show that one of the problems of ensuring organisations with the necessary human resources is the motivational element of employees. More than 50% of the respondent organisations cited low salaries and the lack of a financial and non-financial motivation system as a problem in providing them with the necessary human resources. This is also a prerequisite for the emigration of the workforce abroad.

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