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Ministry of Education and Science of Ukraine  
Odessa National Academy of Food Technologies

International Competition of Student Scientific Works

# **BLACK SEA SCIENCE 2021**

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## **2. ECONOMICS AND** **ADMINISTRATION**

**A COMPARATIVE APPROACH ON HUMAN CAPITAL FORMATION  
IN THE BALTIC COUNTRIES AND COUNTRIES FROM THE EASTERN  
PARTNERSHIP. THE DETERMINANTS OF HUMAN CAPITAL  
FORMATION IN THE REPUBLIC OF MOLDOVA.**

**Author:** Ruslan MAHMADBECOV,  
Academy of Economic Studies of Moldova (ASEM),  
**Advisor:** Rodica CRUDU; Phd. Assoc. Prof.  
Academy of Economic Studies of Moldova (ASEM)

**Abstract**

*Human capital formation and development are some concepts that have nowadays a considerable meaning in the process of a sustainable development creation of a country and economically and socially stable society. There are countries that, having similar economic and life representing indicators in the socialist times, have evolved differently after gaining their independences. A period of thirty years has determined the Baltic countries to improve the quality of human capital formation and to motivate people to stay home and, thus, managing to improve their performance in the Human Development Index(HDI)(Estonia occupying the place 29, Latvia - 37, Lithuania- 34 out of 189 countries, 2019) whereas other countries, such as the ones from the Eastern Partnership that took a similar pace with a lag of ten years, are performing less good and this fact has been reflected in the ranking of the HDI (Georgia occupying the place 61 , Ukraine – 74, Moldova – 90). Numerous factors have determined the Republic of Moldova to lag in the process of flourishing, all of them caused by the political and ideological values and crises, corruption, low level of endowment with resources, late orientation towards new capitalistic markets, unsustainable social security system, followed consequently by several waves of consistent migration flows. The local governments did not manage to comprehend all the variables and boost a good practice of addressing towards local people, society individuals, as a consequence having a country depending on remittances (in 2006 remittances representing 36.4% of GDP, in 2017 - about 20% of GDP, and in 2019 - 15%) and having a distorted structure of local economy, described by a high share of people involved in the retail activities and many people activating in a sphere other than the ones in which they conducted their studies of profession. The performed research has shown that policies towards human capital formation have an important impact on the economic performance of a country and its efferent position in the world rankings.*

**Keywords:** Human capital, Human Development Index, Republic of Moldova, education, economic welfare, development, human capital formation, social progress, competitiveness.

## I. INTRODUCTION

The concept of human capital, human capital development and economic growth becomes nowadays an important direction for research and analysis, as a proof being the studies of the United Nations, the World Bank, the remarkable scientists such as Theodore Schultz (1961), Gary Becker (1964), Gregory Mankiw (1992). Therefore, the most important investment that could be done is the investment in people and formation of personalities.

As an example that proves that people, their education and the afferent investment in this sector represents a wise movement towards assuring better development would serve The Global Education 2030 Agenda that comprehends 17 objectives of sustainable development. One of the most important ones in the European Union represents Europe 2020 Strategy that aims at assuring an economic growth through the investment in education and raising the level of intelligence, inclusiveness, new work places formation and poverty reduction.

A big role and importance in the process of human capital formation plays the state policies, culture, political environment, level of development, propensity of the nations to adapt to new living conditions, as well as education and all of them tightened into a coil. History has proven that some nations succeed better, other ones keep being into a stalemate and stagnation [2.1, p9]. Obviously, there is a correlation, interdependence between the variables of life within all the concepts of the big economists and philosophers regarding the creation of the economic welfare and life standards that we have nowadays, such as the ones kept within the executive bodies almost in all governments around the world. The efficiency by which governments implement paths, elaborate on orientation, executing long lasting perspective, having the human being as the main and most important referential subject when reflecting on the development of the nation also depends on several criteria.

Such examples could be tracked starting with the collapse of the USSR and the transition of states to new economic doctrines. Some of the states, such as the Baltic ones have managed to perform better in this regard, whilst other ones – now the ones from the Eastern Partnership, for example – have a smaller rate of improvement.

In order to understand why countries invest in human capital formation, how it impacts the economy, welfare and how efficient it is, why some of them perform better than others, others stagnate, such as the Republic of Moldova as a country taken for a thorough analysis, there are some objectives that are set within the framework of this study:

- to make a comparative analysis between the group of countries from the Baltic region and the ones from the Eastern Partnership and to understand the premises and the consequences that determined some of them to perform better in terms of human capital formation, valorization and development;
- to create the general picture and to realize the assessment of the human capital formation and development in the Republic of Moldova;
- to analyse the main cause-effect relations between the state profile and human capital formation in the R. of Moldova;
- to analyse the educational segment, migration and brain drain and their

inflation towards the process of human capital formation and development and their afferent effect upon the general economic indicators and performances.

Therefore, this article is divided in 2 main sections: the first one on the general analysis and comparison of the ex-socialist countries from 2 different groups and the second one – the thorough analysis of the human capital of the Republic of Moldova and its reflection on the national economy.

## II. LITERATURE ANALYSIS

The article is conducted based on several centric ideas about the human capital theory, studies on human potential, migration, redistribution and investment process as in the work of Dorosh O. about the theoretical aspects of human capital formation through human potential migration and redistribution process that bring socio-economic and individual effects.[3.2]

More consistent and detailed theories that comprehend the determinants of human capital formation during the early years of life we can find in the works of Orazio P. Attanasi where there is described the human capital accumulation in the early years, with a particular focus on the developing countries. [3.3]

On the segment of the inequality in the process of human capital formation and development process we can address to the works of Oded G. that explains the theories about the relationship between the income distribution, human capital formation and economic development in a progressive or limited growth process as well as the concept of perceiving human capital as the main engine of growth, where industrialists support incentivizing education.[3.4]

Schultz T. brings an important and expounded theory of economic growth that include two main elements: countries without much human capital being unable to manage physical capital effectively; economic growth can only process if both the human capital and physical one grow in similar rates. [2.2]

## III. OBJECT, SUBJECT, AND METHODS OF RESEARCH

**The object** of this study is to determine the importance and the influence of human capital formation and human development within the societal and economic projections. To elaborate on the general picture of the ex-socialist countries from the Baltic region and the Eastern Partnership as well as studying in depth the case of the Republic of Moldova as a country that stalemates in the process of building a sustainable society and creating inclusive human capital.

**The subject** of this study is the human resource and the economic results correlated with the process of human capital formation and economic result.

**The methods of research** consist of the qualitative and quantitative research, such as theoretical and statistical analysis, deduction and data synthesis in accordance with the consulted sources for approaching the concept of human capital, its role and importance when addressing to the concept of human being as the most important



referential subject when reflecting on the development of a nation. Consequently, within our research paper, there were analyzed the theories related to human capital formation, their impact on the economic and social development and performance. Also, in order to highlight the role of government policies related to the human capital formation in the economic and social performance of a country, a comparative analysis of Baltic and EaP states was realized. For the analysis, we have looked up to such indicators as: HDI, expenses for education, geographical distribution of the level of income in accordance with the level of education, work efficiency index, indicators showing the ability of a country to retain/attract talented people, GCI (Global Competitiveness Index).

Also, there was made a comparative analysis between several group of countries in terms of HDI, Gini Coefficient, Net Migration Rate, Life expectancy Index, Education Index and GNI/cap as dimensions of determination of the interdependence of the component variables of HDI related with the evolution in time and country profile.

## IV. RESULTS

### **4.1. The comparative analysis between the group of countries from the Baltic region and the ones from the Eastern Partnership**

Looking back three decades of human development in the countries facing the transition from socialism to capitalism, it is worth to focus on the connection between human development and outcomes of economic reforms during the transition period. We can divide these periods within 10 years segments each, as shown in the Table 1 in order to see the real change and movement of the indicators of the human development and the afferent components that contribute to it. Therefore, in this process we can distinguish two main periods where certain inflections separate them. *The first one is the period of creating a new constitutional and social order* carrying out several consistent economic reforms that will change the structure and the system.

The highest indices in the period 1991-2000 are registered in Estonia and Latvia and the best components of the indicator as well, followed by Lithuania, having the indicators in a worse perform, such as a negative net migration flow, in 2000 representing -5.3 % and the lowest GNI/ cap among all these countries, according to the Table 1.

Despite the countries from the Eastern Europe and Central ones, Baltic countries were more concentrated on abandoning immediately the old social security networks and health care management systems and build a new control over these state levers [2.1, p.10]. Lithuania tried to soften the transition and to make a more gradual shift and this has proven to be a wrong step towards addressing the state strategic policies, since people became unsatisfied and there was a need to abandon it. [3.5, p14]. The issue could be observed as well in the general HDI comparatively among these 3 countries. Moreover, the general Gini coefficient that measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution, a Gini

index of zero representing perfect equality and 100 - perfect inequality [5.1] confirms us the propensity of the Baltic Countries towards accelerating in capitalism by noticing that in the EaP the score of the index is lower than the one from the Baltic Countries tends to be higher.

Unlike the Baltic states, the post-communist states of the Eastern Europe and the Balkans were able to rely, at least in part, on the institutions and resources they had used during the socialist era. [2.1, p11] These differences in development in comparison to the post-communist countries of Central Europe and the relative abundance of common features between the development conditions of the Baltic states are the reason why it is interesting to compare human development in Estonia and the other Baltic states and the ones from Moldova and the Eastern Partnership, generally, today, thirty years later. Overall, the best performer in this group, in the first period mentioned above, from the Eastern Partnership is Ukraine, in the first period after the socialism collapse, Moldova giving up to Georgia for the first periods, with a change later on, due to some other variables that influenced the general picture.

*The second period in the transition* is related to the start of accession talks with the European Union. In the Baltic countries it happened earlier, starting with the year 1997. For example, in Estonia, which had outpaced the other Baltic states in terms of economic development, the topics of poverty and social exclusion, which had thus far been considered marginal, became important in the public debate.[4.6,p.3] As a result, people became increasingly disappointed and in 2000–2001 public support in Estonia for the government and the parliament sunk to its lowest level since the restoration of the country's independence in terms of politics, later on proved to bring its contribution. This path has been taken by Moldova, Georgia and Ukraine later after approximately 10-15 years. This shift in the political vector and their internal policies, values and legislative frameworks have determined them to lag in the sense of opening towards the new world and consequently losing several benefits that would have enabled a better evolution in terms of human development and human capital formation.

An important measure and component that should receive the most attention in the process on increasing the capacity of human capital formation should serve the Education Index and all the derivative indexes including the ones in terms of investments in this sector, since education stays at the core. The Baltic States have reserved to concentrate on increasing the number of people with a higher average years of schooling. This strategy has reflection on the long run perspective. Obviously we will find a correlation between the education index as an input and GNI/cap as an output if using the given time series.

If analyzed in correlation with the Global Competitiveness Index, we can notice that there is an interdependence of the level of HDI score and the score of the GCI, this multidimensional index showing us the performance of the country towards achieving better results in terms of its complementary pillars: Institutions, Infrastructure, Macroeconomic environment, Health and primary education, Higher education, Labor market efficiency, Innovation and others [4.14]. Thus a corresponding level of human development has reflections over the general competitiveness of the country.

**Table 1. Human Development Index and its components in the selected countries, for the years 1991, 2000, 2010, 2019.**

Source: Elaborated by author using the data of United Nations Development Programme, Human Development reports

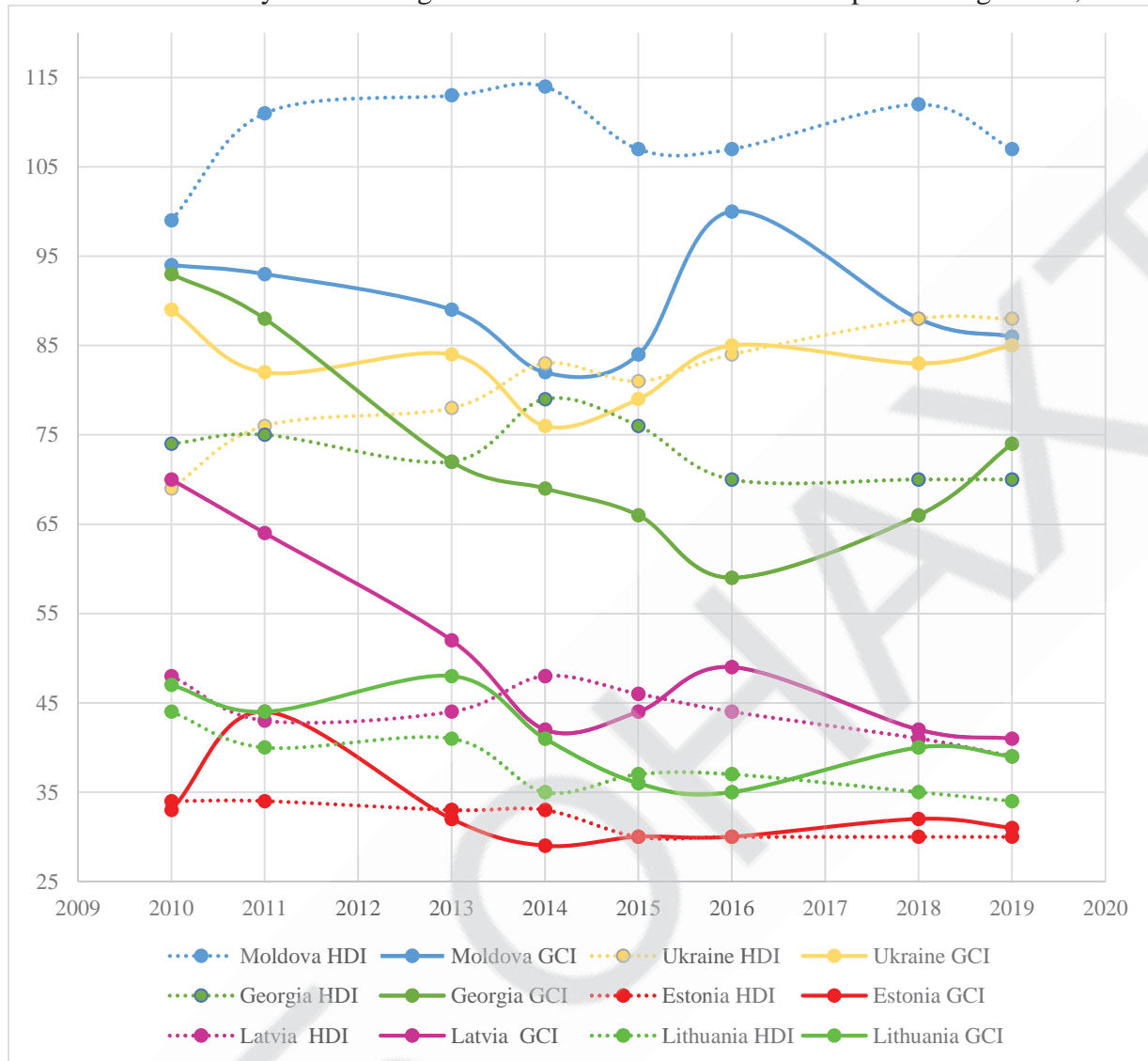
<http://hdr.undp.org/en/countries/profiles/LTU>

<i>Countries</i>	<i>Years</i>	<i>HDI Value</i>	<i>Gini Coeff.</i>	<i>Net migration rate, ‰</i>	<i>Life expectancy Index</i>	<i>Education Index</i>	<i>GNI/cap Index 2017PPP</i>
<i>Countries from the Eastern Partnership (EaP)</i>							
<b>Moldova</b>	<b>1991</b>	0.69	25.7	-4.2	67.6	0.59	11668
	<b>2000</b>	0.64		-7.7	67.0	0.61	5144
	<b>2010</b>	0.71		-2.3	69.6	0.69	9148
	<b>2019</b>	0.75		-0.3	71.5	0.71	13664
<b>Ukraine</b>	<b>1991</b>	0.72	26.1	0.0	69.5	0.65	14707
	<b>2000</b>	0.69		-1.9	67.3	0.72	7025
	<b>2010</b>	0.76		1.2	69.4	0.78	11608
	<b>2019</b>	0.79		0.2	72.1	0.80	13216
<b>Georgia</b>	<b>1991</b>	#	36.4	-1.6	70.3	#	8448
	<b>2000</b>	0.69		-28	69.9	0.72	5178
	<b>2010</b>	0.75		-5.8	71.5	0.78	9582
	<b>2019</b>	0.81		-2.5	73.8	0.86	14429
<i>Baltic States (BS)</i>							
<b>Estonia</b>	<b>1991</b>	0.73	30.4	2.0	69.1	0.67	15646
	<b>2000</b>	0.79		-0.2	70.4	0.80	17242
	<b>2010</b>	0.86		-2.3	75.3	0.87	24830
	<b>2019</b>	0.89		3.0	78.8	0.88	36019
<b>Latvia</b>	<b>1991</b>	0.71	35.6	3.2	68.6	0.61	16502
	<b>2000</b>	0.73		-3.8	69.7	0.64	12841
	<b>2010</b>	0.82		-9.3	72.8	0.85	21167
	<b>2019</b>	0.88		-4.8	75.3	0.88	30282
<b>Lithuania</b>	<b>1991</b>	0.71	37.3	2.0	70.3	0.65	17120
	<b>2000</b>	0.73		-5.3	71.0	0.75	13671
	<b>2010</b>	0.83		-9.3	72.8	0.85	23850
	<b>2019</b>	0.89		-11.6	75.9	0.89	35799

Therefore, in the Fig.1. we can notice that the lower is the score of HDI (meaning occupying a better place in the ranking) the lower gets the GCI score. In 2019 the places were occupied as follows: Moldova – 86, Ukraine – 85, Georgia – 74, Estonia – 31, Latvia – 41, Lithuania – 39 out of 141 countries in the Global Competitive Index Report [4.14]. Since the GCI index is a comprehensive index including 12 dimensions, there are some structural disparities that shows us the influence of those other variables in the final result of GCI, still HDI occupying a substantial share in their formation.

**Figure 1. Levels of HDI and GCI by countries in the global rankings , 2010-2019.**

Source: Elaborated by author using the data of United Nations Development Programme, Human



#### 4.2. The human capital formation and development in the Republic of Moldova

Education should represent a national priority in the Republic of Moldova, being at the base of knowledge and value creation and transmission; human capital development, European integration vector promotion, creating the premises for sustainable human development and building a society based on knowledge. Accessibility, quality and education relevance determines consequently the quality of life and economic competitiveness and growth of the country. Human capital development requires important investments in the public educational system and the assurance with all the necessary conditions for performing high qualitative educational services. [1.1]

A qualitative education can support and increase the potential of innovation and adaptation of our modern society, to attain higher performances and by valuing it, to



create a society with a progressive coil of evolution. In this regard, there is a correlation between the investments in education, human development and welfare. In order to determine and project on this topic, there is a necessity to scan the life quality within the country through the prism of the mentioned investments in education.

According to the Human Development Index, as a comprehensive index on those 3 dimensions on health, knowledge, and standards of living, Moldova occupied in the year 2019 the place 91 from 188, growing from the place 107 (from the same total number) in 2015. [4.1]

In the Republic of Moldova, one of the main documents in the policy of education with the aim at increasing the rate of improving the human capital represents Sectorial Strategy of Education Development for the years 2014-2020, including the purpose of the education financing efficiency. [4.2]

Since the GNI reflects the development conditions of a country, including the capacity of the investment in education and health, this indicator shows as well the possibility of the state to contribute to the human capital formation. [4.3]. Even if in the period 1990-2019, the value of the HDI in Moldova has grown with 8.7%, it does not show any significance in terms of its value in the comparative approach with other countries in this study. According to the Prosperity Index, in 2019 Moldova ranked 80<sup>th</sup> state among 167 and is considered to be one of the poorest countries from Europe (considering the GDP/cap as well). [4.4]

**Table 2. Structure of disposable income by education level of household head and area in the Republic of Moldova, 2018**

Source: Elaborated by author using the data of the National Bureau of Statistics.

<b>Indicators</b>	<b>Level of education</b>			
	<b>Higher</b>	<b>Secondary general and specialized</b>	<b>Gymnasium and primar</b>	<b>Without primary education</b>
<b>Disposable income (average monthly per cap., MDL)</b>				
<b>Urban Area</b>	3 518,8	2 579,4	2 003,6	807,8
<b>Source of revenue:</b>				
<b>Wages and salaries,%</b>	64,8	51,6	34,0	17,0
<b>Social payments,%</b>	20,2	22,6	34,1	53,0
<b>Other incomes,%</b>	11,6	16,9	18,1	1,8
<b>Rural Area</b>	2 827,3	2 125,0	1 712,1	1 596,5
<b>Source of revenue:</b>				
<b>Wages and salaries,%</b>	45,4	33,0	20,9	0,0
<b>Social payments,%</b>	24,9	23,4	36,3	80,3
<b>Other incomes,%</b>	19,6	23,6	22,9	15,1

There is an interdependence between the life quality standards, income and education. The concept that applies here is as follows: for educational human capital

formation, for welfare and consequently for their implementation in the economy.

According to the Table 2, we can conclude the following:

- the maximum income values are attested in the case of people with a higher level of education, regardless of the environment of residence;
- salary activity is the main source of income for people with higher education, which confirms the higher degree of employability in the field of work;
- people with higher levels of training benefit from fewer social benefits, compared to the other categories.

The arguments mentioned above should boost the state to make greater financial contributions to the financing of studies in higher education and in the same time, to promote measures to stimulate private investment in the sector.

Currently, the Republic of Moldova is characterized by a development of the knowledge-based economy, which evolves within a society informational and tends towards the digitized one. Thus, access to knowledge and training is more dynamic and is done in various ways, including online, which provides / requires a timely framework for the continuous and multidimensional development of human capital.[3.1, p.103]. Consequently, it requires a higher degree of flexibility in the education system, sufficient and efficient financing to respond more promptly to the needs of the economy; connecting educational policies to current trends, opportunities and risks at which the economy of the Republic of Moldova is exposed; retention and promotion of talented people and competent ones; supporting creativity and innovative ideas in all higher education cycles. And yet, the discrepancy between the supply of the education system and the demand for labor has to be maintained always under control.

In the ranking of the World Economic Forum 2017-2018, the Republic of Moldova accumulated 3.9 points out of 7 or 94th place out of 137 states analyzed for the indicator "Work Efficiency" [4.5], recording a downward trend over several years consecutive. Moreover, the share of the employed population with higher qualifications of those needed at work has been declining in recent years, while the share of people employed with lower skills than required at work was increasing. This denotes both the shortcomings of the education system and the distortions of the labor market, which is unable to attract and retain human capital.

According to the indicators of the World Economic Forum for 2018 "Ability to retain / attract talented people in the country", the Republic of Moldova scores only 1.9 / 1.8 out of 7 or 133/134 places out of 137 states included in the ranking, surpassing only Serbia, Bosnia and Herzegovina, Haiti and Venezuela.[4.5] The countries of neighborhood also occupies coded positions, so Romania is ranked 132/131 according to the mentioned indicators, and Ukraine - on the 126/106 places respectively. It should be mentioned that the economic and political situation in the Republic of Moldova further deepens the problem. At the same time, recent external developments, especially in European countries facing rising unemployment and with the refugee crisis, the integrity crisis and the COVID-19 crisis represent additional risks and challenges for the Republic of Moldova inclusively.

#### **4.3. Brain drains as an issue that limits that possibilities of the acceleration of the improvement of human capital and the effective transition of newly formed professionals on the labor market in the Republic of Moldova**

The phenomenon of migration has social, demographic and economic effects and manifests itself at different levels: regional, national and international, therefore influencing the process of human capital formation and development through the flows of people in permanent move, also shown in the HDI Index under the net migrational flow. Considering Everett S. Lee's theory on the causal factors of the migration process, as well as the situation in the Republic of Moldova, among the main causes of emigration in large proportions both the skilled labor force and those taken as a whole are characterized, on the one hand, by internal factors (push factors) [2.3, p. 26]:

- *low salaries* (Moldova being much lower than developed countries in the EU. Thus, in 2018 the minimum wage in Moldova was 2,610 MDL or 133 EUR, and the average for 2019 is 6,975 MDL or 348.75 EUR. Compared to the number of hours worked, on average, the cost per hour would be EUR 2.22, while in the European Union the average hourly wage for the years 2013-2020 is EUR 13.14, according to EUROSTAT data, the highest payment being recorded in Ireland - EUR 20.16) [4.13];

- *economic stagnation* (vulnerability of the national economy to internal and external factors is high, Moldova is among the last countries in the ranking of European countries by size of GDP and last as GDP per capita according to International Monetary Fund World Economic Outlook (October-2019) [4.7];

- *lack of confidence in tomorrow* (economic, political instability). and, on the other hand, by external factors (pull factors):

- *the openness of host countries to immigrants*, the promotion of support policies, as well as the opportunities offered by them through the demonstration effect, as a whole, with some agreements maintained along the way, such as the Association Agreement signed with the European Union in June 2014 the visa regime for the community space for a period of up to 90 days within 180 days, but also the policy of some community states, Romania and Bulgaria, which offer the possibility to regain the citizenship of a community state.

Referring to the basic ideas from Zelinsky's theory on the stages of vital transition, the Republic of Moldova as a young ex-socialist state, is in the early transition stage of society, characterized by national mobility (rural – urban) and international [2.4]. Considering its position, we could classify the effects of labor migration and the exodus of intelligence into two major groups: a. with short-term positive effects; b. with long-lasting negative effects.

If we refer to the short-term ones, then we could talk about the decrease of unemployment, the increase of foreign currency inflows, respectively the increase of national reserves in foreign currency; increasing the purchasing power and consumption of the local population; increase in the share of net taxes on imported products in GDP: 1995-11.5% of GDP; 2008 -17.7% of GDP; 2015-16.7% of GDP; increase in remittances (in 2006 remittances representing 36.4% of GDP, in 2017 - about 20% of GDP, and in 2019 - 15%, calculated according to data from the National Bank of Moldova [4.8]).

Eventually, the long-term impact of the phenomenon is much more pronounced, but also one with negative consequences, especially socially. Therefore, if we refer to the idea that human capital is the foundation of economic development and development as a whole, then we find that we have a shortage of labor; that labor costs are becoming more expensive, as evidenced by the average wage evolution; that remittances become unstable and evolve regressively, as over time, a large proportion of emigrants settle in the host country; households dependent on remittances do not benefit from income due to rising migration costs; In the long-term process, the phenomenon called "Dutch disease" appears [4.12], which consists in the fact that large remittances inflows result in the same proportions of outflows of financial resources, due to the increase in consumption of the local population, namely imported products. (therefore, attesting to a double exploitation of the labor force), the purchase of housing and the payment of debts. Very few of these flows, less than 7%, are used to finance business investments and less than 5% are kept in bank accounts. Therefore, this phenomenon has a negative influence on the trade balance [4.11, p.21].

By researching the state budget for citizens, created by the Ministry of Finance of Moldova, for 2018, we find that the total expenditures for education amounted to 10 419.4 million lei, or 6.5% of GDP and 16.9% of total public budget expenditures nationally [4.13].

**Table 3. Structure of budgetary expenses on education, 2018.**

Source: Elaborated by author using the data of the Ministry of Finance.

<b>Institutions</b>	<b>Nr. of institutions</b>	<b>Expenditures, mln. MDL</b>	<b>Nr. of children, pupils, students</b>	<b>Average annual expenses per student (MDL)</b>
<b>Preschool institutions</b>	1 424	2 763,5	142 950	19 332,2
<b>Schools / gymnasiums and high schools</b>	1 252	4 464,5	326 762	13 662,8
<b>Boarding schools</b>	33	113,6	1 449	78 370,7
<b>Vocational schools</b>	44	457,2	15 848	28 847,9
<b>Colleges</b>	36	698,5	26 186	26 674,1
<b>Universities</b>	17	912,5	27 658	32 991,7

Thus, for the formation of human capital, we can observe that considerable expenses are made for each of the educational levels, and the average expenses per year per student are 32,991.7 MDL. These figures illustrate only the expenditures from the state budget made for the maintenance and creation of study conditions, while, according to NBS data [4.10], out of a total of 65,543 students in the group of vocational schools, colleges, universities, 42,283 students were enrolled on a contract basis, which indicates that, in addition to budget expenditures, similar expenditures are



recorded in similar proportions. Approaching this idea, following the exodus of intelligence, the state loses both the expenditures made for the formation of human capital and the coverage of long-term investments.

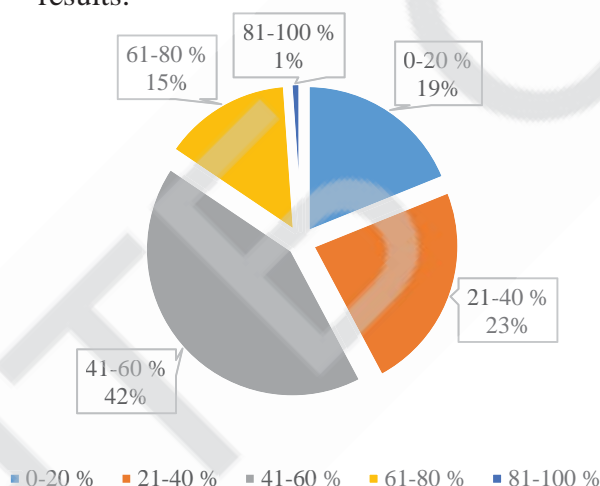
In the light of the above mentioned, in order to assess the trend of emigration among young people in the Republic of Moldova, an opinion poll was conducted on a sample of 90 people, students from the Academy of Economic Studies of Moldova, Tiraspol State University and the State University of Moldova. The purpose of the survey was to determine the opinion and position of students in relation to the phenomenon of migration, desire and likelihood of emigration from the country in the near future, possible causes that would cause some to leave the country and the impact of the global pandemic COVID-19 on its subsequent emigration decisions.

Therefore, being asked to express their own opinion on the migration process among young people, out of the total respondents, 49.4% answered that they have a positive attitude, 32.60% - a negative opinion on the process, and the others, 18% - are of the opinion neutral. These proportions would illustrate how young people perceive the migration process itself, which could later be correlated with its emigration trends.

The share of colleagues of young people who have already gone abroad is quite high. Therefore, practically, each student has at least one colleague or acquaintance already gone abroad, and from the collected data we can see that the percentage of

**Figure 2. The share of respondents' acquaintances and colleagues that already gone abroad.**

Source: Elaborated by author using the poll results.



colleagues abroad for the vast majority of young people is between 41-60% (Fig. 2.). With these results, we can implicitly say that among the flows of migrants is created that network of acquaintances through which information about the advantages or disadvantages of a region is transferred among those who have already emigrated, which subsequently influences the emigration decisions of young people in the country. This is also confirmed by the results obtained with reference to the intention of young people to emigrate. Of the

total number, only 18% do not want to emigrate in the future, 29.2% are not sure, and the vast majority - 52.8%, have emigration intentions. These were confirmed by a gradual evaluation response of their intentions on a scale from 1 (minimum probability) to 5 (maximum probability), over 75% confirming by a response from 3 and more, and among those who they are already determined to leave, about 70% would leave temporarily and 30% permanently.

Among the main causes that determine young people to leave their country permanently or temporarily are included in those mentioned and previously, determined, on the one hand, by push factors and on the other hand by pull factors. As

young people on the verge of graduating from higher education and academic or professional training, they consider the situation in the Republic of Moldova one without prospects for creating a career and sustainable life at home. Of those surveyed, the vast majority (63%) mentioned the lack of development opportunities in the country as the main cause that motivates them to go in search of a more prosperous life. This cause has been supported and argued by the fact that there is an unstable system of government, corrupt political elite and inefficient administration, lack of implementation of reforms and alignment with old standards. Finally, in the view of young people, it affects the country's Human Development Index, income size and financial stability, as well as maintaining an inadequate culture between employee and employer. However, given the current global pandemic situation created by COVID-19, this would influence the decision to emigrate students by 50%, in other words to avoid being included in a migration process of them or their families.

Although in smaller proportions, some young people mentioned the cause of their emigration as just ones of studies, considering 70% would emigrate temporarily, we could say that this process could be transformed from brain drain into brain circulation, such as China succeeded in 2001 in a policy to encourage Chinese emigrants abroad to contribute to China's economic and social modernization and / or subsequent return to the country. The main idea was to support highly qualified Chinese citizens living and working abroad to exchange experience and transfer knowledge with highly qualified Chinese specialists [4.9, p.19]. Such a policy encouraged the brain drain to enter the phase of brain circulation, thus giving an advantage to those who remain outside the homeland to apply their knowledge remotely. Considering the effects of such a policy, the Republic of Moldova could adapt its own policy that would provide such a transition, as well as increase the motivation and confidence among the citizens in the future.

## V. CONCLUSIONS

The concept of human capital formation and human capital development are the ones that represent, in fact, the true vision and action towards human beings as the main and most important referential subject when reflecting on the development of a nation, especially the ones that lack substantial endowment with natural resources.

The comparative analysis between those two group of countries has shown and proved that the political decision and the ability of a nation to orient aggregately towards new conditions are some factors that determine countries to outperform others in terms of human development and life standards raise.

Since the GNI reflects the development conditions of a country, including the capacity of the investment in education and health, this indicator shows as well the possibility of the state to contribute to the human capital formation. In the R. of Moldova, the maximum income values are attested in the case of people with a higher-level education, regardless of the environment of residence; salary activity is the main source of income for people with higher education, which confirms the higher degree of employability in the field of work; people with higher levels of training benefit from fewer social benefits, compared to the other categories.

Human capital formation and human capital development have influence over the general competitiveness of a country and nation as a whole. There is a correlation between the evolution of Human Development Index and the scores of Global Competitiveness Index which highlights the need to address and approach the human being as the main and most important referential subject when reflecting on the development of the nation.

There is a vicious circle and a regressive coil of involvement in case when the path is not taken accordingly. Taking migration in Moldova we can see that if not managed accordingly it can result in a fatal distortion in the economy. Brain drain causing the country to lose a big part of the investments done in the process of human capital formation without receiving the awaited economic benefits in terms of returns. Moreover, in the economy this will mean a lack of a good managerial practice in all the layers of the economy.

In this regard, there are needed such policies that will parallelly invest in the human capital, will make the process of brain drain slowed and a part of it transformed in brain circulation, will encourage innovation, efficiency with projections on productivity growth, as well as keeping the main indicators updated in order to monitor the earlier stated objections.

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