NATIONAL STATISTICS OFFICE OF MONGOLIA

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MINISTRY OF LABOUR AND SOCIAL PROTECTION

DYNAMICS OF UNEMPLOYMENT 2020

RESULTS OF THE LABOR UNDERUTILIZATION - 2020

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2022 он

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FOREWORD

In 2015, the United Nations General Assembly approved the 2030 Agenda for Sustainable development, which includes universal, inclusive, and non-discriminative key principles, and called on all countries to make a difference in improving everyone's lives and leaving no one behind in the development.

The Government of Mongolia has joined this global call and is committed to promoting employment and reducing unemployment.

The eighth goal of sustainable development is "Promoting sustainable and inclusive economic growth, full and productive employment, and decent work". In accordance with statistical law, the National Statistics Office of Mongolia (NSO Mongolia) has been collecting and compiling reliable labour statistics data in accordance with internationally accepted methodology to help monitor, implement, and develop policy towards this goal.

According to the agreement signed between the Government of Mongolia and the International Development Association in 2017, the Ministry of Labour and Social Protection is implementing the "Employment Promotion Project" for 2017-2022. In the 3.1.2 provision of the Action Plan for 2019-2021 of this project, an activity to conduct an Unemployment and Labour Underutilization survey in the form of an additional module to the Labour Force Survey of NSO Mongolia is specified.

For this activity, NSO Mongolia conducted "Unemployment and Labour Underutilization" with technical and financial assistance from World Bank with the objective of assessing situations of labour market in more detail in particular the changes in the unemployment and under-employment indicators over the past 24 months and the causes of fluctuations in labour movement.

Here we would like to thank Ms. Carola Gruen, consultant from World Bank, for her technical assistance and efforts in implementing the project for the first time in Mongolia at the national level.

Also, I would like to express my appreciation to members of the chair board and the Standing Committee on Methodology, who provided professional advice and cooperated in the successful organization of the survey in accordance with international standards, and member of central and local research teams who actively participated in organizing the survey at the central and local levels.

I am hopeful that results presented in this report will be used extensively in developing policy and programs and further studies.

CHAIRMAN OF NATIONAL STATISTICS OFFICE OF MONGOLIA

MR. BATDAVAA BATMUNKH

FOREWORD

One of the priority goals of Mongolia's development policy is decent employment of the working-age population and the formation of a workforce with advanced knowledge and skills.

Mongolia's long-term development policy 'Vision 2050', the 5-year (2021-2025) main direction of Mongolia's development, the Government's Action plan 2020-2024, goals aimed at promoting the employment of the population and improving social protection within the framework of ensuring sustainable social development reflected. In recent years, due to the global pandemic, economic growth has slowed down and employment opportunities have been reduced, which had a negative impact on the employment and living standards of the population.

The major challenges facing our country's labor market such as the level of economic inactivity, youth unemployment, and informal employment are not decreasing due to the lack of labor supply or the underutilization of the labor of the working-age population.

According to the methodology jointly approved by the National Statistics Office and the Ministry of Labour and Social Protection in 2019, the labour force is defined in an expanded manner, including workers, unemployed , a potential labour force, and part-time workers.

There is an urgent need to implement policy measures to meet the employment needs of the underutilized population, improve their knowledge, education, and skills, especially for the future of our youth aged 15-24.

Based on this need, in cooperation with the National Statistics Office, in order to clarify the main factors and reasons affecting the underutilization of the labour force, and to support improved results by incorporating them into policies and activities, within the framework of the "Employment Promotion Project" funded by the World Bank, "Unemployment and Labour under-utilization" study was organized.

We cordially thank the National Statistics Office for their cooperation in improving the quality and availability of labour market data and analysis, and the World Bank Advisory Team and Ms. Carola Gruen, consultant for their valuable efforts.

Also, we are confident that this study will serve as the basis for the analysis of policies to meet the employment needs of the working-age population, develop workforce skills, and support young people to overcome the transition period, and will provide potential support in the development and implementation of research-based employment support policies.

This research result will be valuable for all and give certain understanding of the world of labour and employment issues. Wish you all success in your endeavor.

MINISTER OF LABOUR AND SOCIAL PROTECTION OF MONGOLIA

MS. ARIUNZAYA AYUSH

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ABBREVIATIONS

ICLS	INTERNATIONAL CONFERENCE OF LABOR STATISTICIANS
ILO	INTERNATIONAL LABOR ORGANIZATION
LFS	LABOR FORCE SURVEY
MLSP	MINISTRY OF LABOR AND SOCIAL PROTECTION
NEET	YOUTH OF NOT IN EMPLOYMENT, EDUCATION, OR TRAINING
NSO	NATIONAL STATISTICS OFFICE
OECD	ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
PSU	PRIMARY SAMPLING UNIT
SSU	SECOND SAMPLING UNIT
TVET	TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

EXECUTIVE SUMMARY

MOTIVATION OF THE REPORT

Mongolia's economic growth has been strong in the past, contributing to lower poverty and rising welfare, but job creation has been lagging behind. While volatile at times, Mongolia experienced relatively strong economic growth since the early 2000s. After the decline of more than 5 percent in 2020 due to the Covid-19 pandemic, the economy quickly recovered, and preliminary estimation of GDP growth was 1.4 percent in 2021. To a large extent, growth is driven by the mining sector, and mining wealth has been associated with a lower poverty headcount and a moderate level of inequality.[1] But improved economic performance has not necessarily translated into sufficient employment growth.

The labor market in Mongolia faces several structural challenges, and the country's climatic conditions contribute to seasonal fluctuations in economic activity. Population density in Mongolia is among the lowest in the world. Nearly half of the working age population lives in the capital Ulaanbaatar. Agriculture is still the largest sector, employing nearly 25 percent of the workforce in 2020. The country faces harsh climatic conditions with extreme seasonal temperature differences. Difficult working conditions during the winter months impact economic activity especially in construction, agriculture, and mining. Employment tends to be higher during the second and third quarter, mainly driven by an increase in temporary and short-term jobs in agriculture and construction, but also due to fluctuations in commerce and processing industries.

Mirroring seasonal trends in employment, joblessness increases during times of low economic activity. Unemployment, too, is expected to follow a distinct seasonal pattern,[2] but recent (pre-COVID-19) trends have been less clear on systematic variations over the course of 12 months. Fewer employment opportunities during the winter months should increase the number of jobseekers, but focusing on the changes in unemployment alone may fall short of the underlying dynamics. Given limited vacancies during the low season, individuals who generally want to work may suspend their search activities and drop out of the labor force, until economic activity picks up again.

The primary objective of this report is to gain a better understanding of the nature and causes of unemployment and joblessness in Mongolia, with a particular focus on short-term dynamics among jobseekers. Compared to its peers,[3] Mongolia's unemployment rate is relatively high, suggesting that many jobseekers stay unemployed for an extended time period. However, estimates of aggregate unemployment may mask individual mobility, concealing the underlying dynamics of flows in and out of unemployment. Further, if job search activities (and perhaps availability to start working) were to vary with economic activity, the size of flows between labor market categories could be substantially higher than anticipated.

The main data source in this report is the Labor Force Survey (LFS) 2020 and the ad-hoc module on joblessness. Since 2019, Mongolia's LFS is based on the revised labor force framework, which introduced the concept of labor underutilization and potential labor force.[4] Taking into consideration that persons outside the labor force have different profiles and vary in their degree

[1] World Bank 2020a.
[2] World Bank 2015 and World Bank 2018b briefly touch upon the subject.
[3] Group of lower middle-income countries.
[4] Labor underutilization includes time-related underemployed, unemployed, and the potential labor force. The potential labor force includes available potential jobseekers (individuals who were not actively seeking employment but were available during the last week and wanted employment) and unavailable jobseekers (individuals who are actively seeking work but were not available to have started work in the survey week) (ILO 2013).

of labor market attachment allows for a more granular analysis of joblessness and inactivity. Besides potential labor force entrants, the report also looks at willing non-jobseekers – persons with an expressed interest in employment, but not engaged in search activities and not available to start working.[5] Economically inactive people that do not want to work are not part of the analysis.

The ad-hoc module complements the information on unemployment and joblessness that is regularly collected by the LFS. At the core of the ad-hoc module is the employment history section, which records individuals' self-declared labor market experience for the past 24 months. The resulting high-frequency labor market data allows an analysis of short-term transitions between different labor market states.

To gain more insight into potential constraints to employment, the ad-hoc module also collects information on job preferences, barriers to employment, and willingness to improve employability. Previous studies identified the lack of jobs, skills shortage, and a general mismatch between the demand and supply of skills as main drivers of unemployment and inactivity. Negative attitudes of both jobseekers and employers are seen as additional obstacles to match jobseekers with suitable vacancies.[6] To add to the existing literature, the ad-hoc module collects a variety of information to learn more about jobseekers' expectations and preferred job characteristics, perceived barriers to employment, expectations towards employment services, and willingness to participate in training.

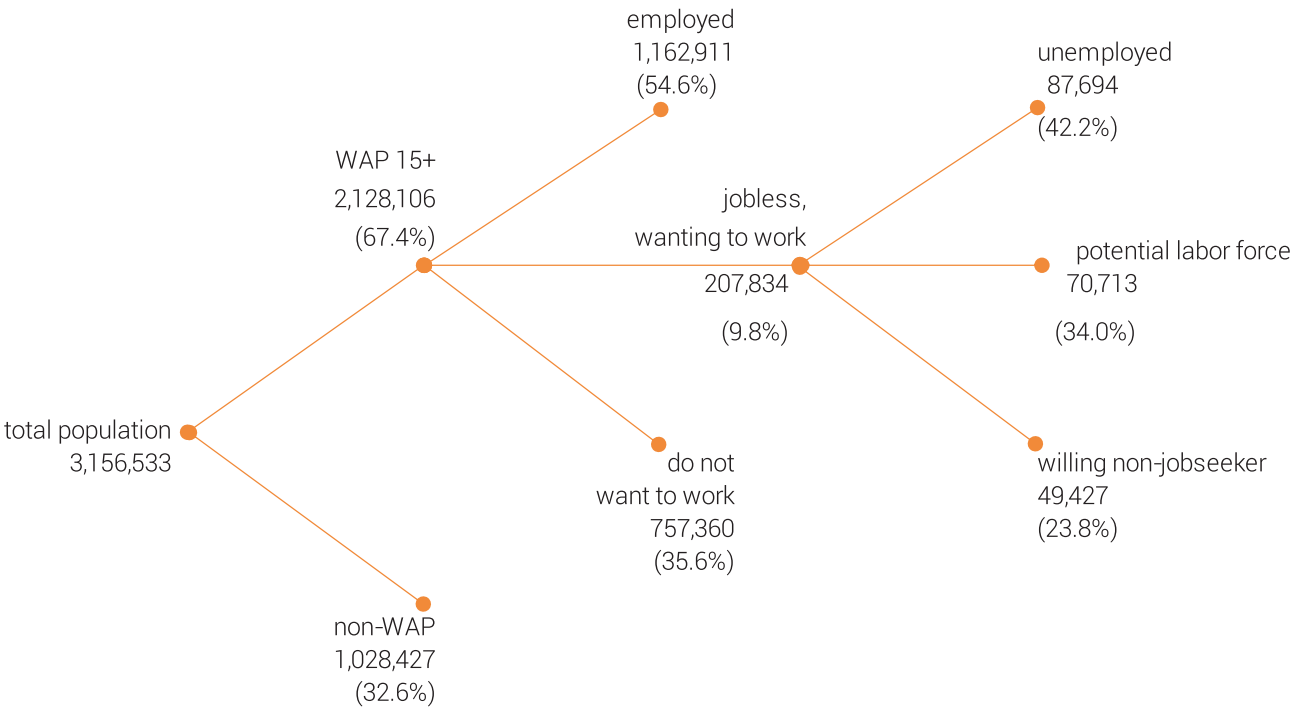
The report focuses on supply side challenges to improve labor market outcomes, but the analysis highlights important demand side constraints. The study provides a comprehensive discussion of unemployment and joblessness from a supply side point of view. Yet, the analysis makes clear that one of the key constraints to enhanced employment opportunities is a general shortage of jobs. Further, many workers quit their jobs on their own accord, raising concerns about working conditions in general. While critical to understand the functioning of Mongolia's labor market, a thorough analysis of Mongolia's labor demand is beyond the scope of the report.

MAIN FINDINGS

A substantial share of Mongolia's working age population wants to work but remains idle. In 2020, Mongolia's working age population of 15 years and older (WAP) is estimated at 2.13 million. As shown in Figure ES-1, nearly 1.2 million people (55 percent of WAP) are employed and 757.4 thousand people (36 percent of WAP) do not want to work. An additional 207.8 thousand persons (nearly 10 percent of WAP) are jobless but signaled they want to work. This group of individuals constitutes the non-employed population.[7] Among the non-employed are 87.7 thousand unemployed and about 70.7 thousand potential labor force entrants, most of them being available for work but not engaged in search activities. Nearly 50.0 thousand persons have an expressed interest in employment but are neither searching nor available to start working. This group, called willing non-jobseekers, arguably has the weakest ties to the labor market among those wanting to work.

[5] ILO 2013.
[6] See for example World Bank 2015.
[7] In this report, non-employment is used as an umbrella term referring to out-of-work individuals that want to work but differ in their search activities and availability to start working. Included are unemployed, potential labor force entrants, and willing non-jobseekers. The concept excludes people who do not want to work.

Figure 1. Structure of Mongolia's population



Source: LFS 2020.

Limited job opportunities and care duties are the main reasons for not working. Nearly one in three non-employed are unable to find (suitable) work, but the share is as high as 52 percent for the unemployed. The share of individuals that are involved in family responsibilities increases with declining labor market ties and affects women disproportionately.

Generally, youth, prime age individuals, high school graduates and persons with TVET education, and urban dwellers are more likely to be part of the non-employed. The gender gap in non-employment is negligeable. Disparities are striking by location: residents of province centers face a much higher risk of being unemployed, while willing non-jobseekers are concentrated in UB.

In 2020, the long-term unemployment rate reached 32.4 percent, meaning that almost one in three unemployed have been searching for jobs for 12 months or more. Women and older workers face a higher risk of being long-term unemployed, but gaps by gender and age are moderate when compared to regional disparities: forty-four percent of the unemployed either living in province centers or rural areas are long-term unemployed, compared to 14 percent of UB residents.

One in four people wanting to work had no work experience. The labor market fails to sufficiently absorb new labor market entrants. Youth and rural residents are less likely to have (relevant) work experience, reducing their prospects of finding employment further.

While many jobs end because of their temporary nature, most separations are voluntary. Among the non-employed, 32 percent lost their job involuntarily (job losers), largely because of

the termination of temporary work arrangements, and 45 percent left their previous job voluntarily (job leavers), mainly due to personal/family reasons. TVET graduates are overrepresented among both job losers and job leavers, suggesting a particularly high risk of unstable employment relations for these workers.

The labor market is characterized by strong state dependence for jobseekers. High-frequency labor market data[8] suggest that jobseekers have proportionally fewer transitions to other labor market categories. Strong state dependence for jobseekers translates into fewer chances of finding employment and increases the risk of long-term unemployment. Men, UB-residents, and younger age groups are somewhat more likely to exit the job search state.

When jobseekers leave their initial state, they most likely enter temporary employment. Jobseekers' short-term transition rates are low (less than 10 percent after three months), and most jobseekers that have left their origin state have entered temporary employment. In the longer run (between 6-12 months) both mobility and chances of finding full-time work increase somewhat, as does the share of jobseekers that have dropped out of the labor force.

Compared to jobseekers who completed high school or TVET graduates, jobseekers with tertiary education often have fewer chances of finding employment. Tertiary-educated persons exit the jobseekers' state at a slower rate and are least likely to enter temporary employment. The likelihood of tertiary-educated jobseekers to be employed after 12 months is around 5 percent, while the risk to have left the labor force is more than twice as large.

Jobseekers prefer stable jobs and would choose benefits over pay; almost one in three prefer to work in the public sector. Jobseekers have a strong preference for working full-time as permanent salaried employees but show a certain degree of flexibility regarding the sector of employment or industry. Many favor stability and benefits over pay and 30 percent prefer working in the public sector. Public sector preference is more evident among women, tertiary educated, and respondents living in province centers or rural areas.

Most jobseekers have realistic labor market expectations and appear to be well–informed about actual wage trends. Three out of four respondents interested in medium skill-level occupations have completed high school, technical vocational, or specialized secondary education; among those seeking high skill-level jobs, more than 70 percent have received at least some tertiary education. Average wage expectations are also broadly in line with actual wages. Notably, wage expectations of female jobseekers are lower than those of their male peers, but not low enough to fully anticipate the actual pay gap. Demographic groups with overly optimistic wage expectations include youth and high school graduates.

The main reported barrier to finding employment is a general shortage of jobs, followed by unfair hiring practices. Results suggest two dominating obstacles for jobseekers to find employment. Fifty-seven percent see a shortage of available jobs as the main problem. Gender disparities exist but are relatively small compared to regional differences. Limited job opportunities are the main obstacle reported by 39 percent of UB residents compared to 70 percent in province

[8] For a subsample consisting mainly of non-employed, self-reported employment history data was collected retrospectively for a period of 24 months through an ad-hoc module to the LFS 2020.

centers and 76 percent in rural areas. Unfair hiring practices are ranked second, driven by disproportionately many older people feeling incorrectly treated based on their age.

While actual training participation rates are low, many respondents are willing to invest in better skills. If outdated skills made it difficult to find employment, more than 50 percent of respondents would be willing to upgrade their existing skills (upskilling) and 47 percent are prepared to learn a new profession (reskilling). Prime age workers consider soft skills training most beneficial. Yet, actual participation in training programs, as measured through survey data, is low. Somewhat alarming, more than 40 percent of graduates of higher education institutions would, in their own view, benefit from either reskilling or upskilling training. This suggests that a sizeable share of higher-educated jobseekers feels ill-prepared for the labor market.

Beyond providing labor market information, jobseekers expect employment agencies to offer a variety of services. A majority of jobseekers concur that skills assessments and individual counseling are helpful and should be prioritized services offered by employment agencies. Jobseekers also expect to be able to turn to employment agencies when looking for tailored support for diverse individual needs and would welcome longer-term engagements that continue beyond job placement.

Policy options to reduce unemployment and boost employment in Mongolia

Connecting the findings presented in this report with results obtained in previous work on Mongolia's labor market challenges, the discussion of policy options is organized along three themes: (i) support disadvantaged workers to successfully enter the labor market; (ii) early interventions; and (iii) policies outside the scope of active labor market policies.

Policies to (re–)integrate disadvantaged workers into the labor market: Building on Mongolia's experience and international evidence, active labor market policies can be strengthened to improve the country's labor market performance. Depending on the jobseekers' profile, suitable activation measures can enhance their employment opportunities or help overcome employers' reservations towards hiring disadvantaged workers. While job-ready unemployed may mainly need assistance with accessing labor market information, jobseekers with multiple employment barriers most likely require intensive case management, long-term guidance, and follow-up support. Well-functioning public employment services (PES) can operate as a gateway in identifying and directing 'train first' jobseekers towards suitable training programs.

Early interventions: High school students often have little awareness of regional or local employment opportunities. Career awareness programs introduce young people to different job opportunities before they graduate from high school, with the aim for students to identify career paths that resonate with their interests and talents. Job shadowing, classroom visits, and mentorship programs are promising approaches to promote early interactions between students and local employers. To facilitate school-to-work transitions for graduates, school-to-work road maps can provide essential information on necessary steps for entry-level workers to gain access to labor market information. Employment agencies should strengthen their existing services and introduce innovative solutions to allow young graduates building their career experience early on. Options to establish internship

or probation programs that facilitate direct communication and collaboration between universities and employers should be explored.

Policies outside the scope of active labor market policies: Longer-term strategies to promote employment include implementing family-friendly policies (e.g., part-time or home-based work, variable hours, parental leave), improving the relevance and quality of education and training programs (especially TVET and higher education), ensuring that employers provide a safe and respectful work environment, as well as enabling jobseekers to tap into employment opportunities offered through new forms of work (e.g., sharing economy, platform work).

BACKGROUND INFORMATION

BACKGROUND OF THE REPORT

This report was prepared by the NSO with Ms. Carola Gruen, International Consultant, a guidance from the Ministry of Labor and Social Protection (MLSP) and with a technical assistance from the World Bank under the Mongolia Employment Support Project (MESP)[9] which seeks to promote employment opportunities for jobseekers and micro-entrepreneurs. Tackling unemployment and poverty has been policy priority of the Government of Mongolia. Further, the government seeks to renew its attention on maximizing human capital development and its utilization in view of the country's development agenda. The report aims to contribute to the realization of the government's mission through supporting greater understanding of the underlying dynamics of the unemployment and labor underutilization in Mongolia and improving the effectiveness of policy responses. This report also aims at improving the availability and quality of labor market information and analysis.

The study was undertaken by the NSO by developing and implementing an additional module to the 2020 Labor Force Survey (LFS). The study enriches the unemployment related data collected by the main LFS and examines three main areas with the ad-hoc module: prior labor market history of the unemployed, job preferences and expectations of job seekers, and barriers to finding employment. These areas were identified based on discussions with stakeholders, including the MLSP and prior studies of Mongolia's labor market.

To better account for the specifics of Mongolia's labor market, the scope of the analysis goes beyond unemployment and includes all jobless individuals who want to work, irrespective of their recent search activities or availability to start working. Inactive persons that do not want to work are excluded from the analysis.

INTRODUCTION OF LABOR FORCE SURVEY AND LABOR UNDERUTILIZATION SURVEY

The national labor force survey (LFS) is the main source of key indicators of the labor market and the world of work in Mongolia. The LFS is aimed at generating official labor statistics required for economic and social planning as well as monitoring. The LFS is representative at the national, capital city, and province levels.

The LFS is the main source to determine the size and structure of the labor market and short-term changes. Generating a comprehensive dataset is significant for analysis, such as characteristics of the labour force, employment, decent work, informal employment, and labour underutilization.

In addition, at the international level, the LFS serves as the primary source for monitoring global commitments on the world of work, including under Goal 8 (Decent Work and Economic Growth) and Goal 5 (Gender Equality) of the 2030 Agenda for Sustainable Development.

The core module of the LFS collects a comprehensive set of work-related data. Typically, the data refers to the situation at the time of the interview. Key labor market statistics are calculated according to ILO definitions and are available at a quarterly and annual level.

Labor market statistics are typically obtained from level data (also called stock data). Changes over time are calculated as the difference in levels between the current and previous time period. While this approach allows to adequately describe changes at the aggregate level, it fails to fully capture the underlying dynamics that result in aggregate trends. While quarterly estimates of unemployment may seem stagnant, a substantial share of workers may have moved in and out

[9] The project is financed by the World Bank's lending operations and implemented between 2017 and 2022.

of unemployment. When flows in and out of unemployment are about the same size, aggregate numbers will not change much.

An alternative approach to measuring labor market dynamics relies on flow data which describe the labor market experience of individuals over a specific period. The required data can either be collected through panel data, where the same individuals are interviewed several times, or retrospective data, where individuals are asked about their past labor market trajectory at one point in time.

The ad-hoc module on unemployment was added to the LFS 2020. The purpose of the ad-hoc module was to establish a set of data that can be used to identify and analyze the size and structure of the labor market for people aged 15 and over the past 24 months.

At the core of the ad-hoc module is the employment history section, which records the labor market experience of individuals for the past 24 months. High-frequency labor market data are collected to analyze movements of individuals between labor market states, mainly focusing on mobility patterns of people out of work at the time of the interview.

The report utilizes data collected through the LFS core module and ad-hoc module to examine joblessness in Mongolia. While section 2 is mainly based on data that are regularly collected through the core module, the analysis presented in other parts of the report is primarily based on the retrospective data from the ad-hoc module.

METHODOLOGY

The concept and definition of the LFS are largely based on the international statistical standards and ILO recommendations.

In line with the rapidly changing global labour market, in 2013 the International Conference of Labour Statisticians (19th ICLS) adopted a Resolution concerning statistics of work, employment and labour underutilization updating the previous standards on the economically active population, employment, unemployment and underemployment (from the 13th ICLS of 1982).

Therefore, starting from January 2019, Mongolia is following the "Methodology on measuring statistical indicators of labour force" approved by a joint order of the Chairman of the National Statistical Office and Minister for Labour and Social Protection, and the survey was conducted in accordance with this methodology.

SURVEY QUESTIONNAIRE

The draft questionnaire of the ad-hoc module was prepared by the NSO with Ms. Carola Gruen, International Consultant. Based on the objective and coverage of the survey, a questionnaire was designed consisting of 192 questions in 10 chapters including "household roster, education and training, employment identification and temporary absence, agriculture work and market destination, main employment characteristics, income from employment, working time, job search, past employment experience, activities at present, own use production work and time spent in other activities done without pay for the household.

SAMPLING

The NSO conducted a pilot survey to update the sample design of LFS in 2018, then the sample design of the LFS was updated to **rotating panel survey design** in 2019. A total of 13280 households, distributed into 3320 households per quarterly.

The sampling frame:

The 2018 population and housing from database of population and household of Mongolia is used as the sampling frame with population, number of households and population over 15 years old at the bag/khoroo level as the auxiliary information. The scope of the survey in terms of population coverage was restricted to private households. Accordingly, persons living in collective living quarters, such as hostels, hospitals, boarding houses, army barracks, prisons and religious institutions were excluded. Further, persons who did not have a fixed abode were also excluded. Members of a household who have been absent from the household for more than 6 months (conscripts, students, living abroad, or in custody) are not considered family members.

Sample selection:

The sampling selection process has a two-stage sampling design and the final stage, data collection activities from the selected households.

In the first stage, the number of primary sampling units /PSU/ from the list of all baghs and units of all province and districts of Mongolia by systematic selection of PSUs per stratum is done. This will ensure hat a proportional rural and urban PSUs will be included among the sample PSUs. The PSUs consist of Bags for the Province and Kheseg for Ulaanbaatar.

In the second stage, will be prepared for some information list of selected PSU, then 10 households from each PSU will be selected using a simple random sampling method.

Sampling size:

For a particular area or specific group of population, the sample size with two-stage sample selection is calculated according to the following formula. These include:

$$n = \frac{Z^2 \times P_0 \times (1 - P_0)}{e^2} * deff \qquad (1)$$

z - The statistical distribution value of t at the 95% significance level is 1.96.

P0 - percentage of key indicator (maximum in Orkhon province or approximately 0.25)

e - the limit of predicted sampling error should be as small as possible, and in practice the survey results can be used with a sampling error with between 5-15 percent (or absolute error 0.05 percent).

deff - design effect is not calculated and assumes that it is equal to 2.0.

Nationwide, the total sample size was 13280 households or 1328 PSU.

Rotation of Samples:

Quarterly sample PSUs are rotated, where 25% are replaced and 75% are matched between quarters. The following table shows the illustration od Rotation of PSUs.

At the end of the year, a total of 581=83*7 PSUs will be visited, more than the 392 PSUs that will be visited without rotation. Before selecting a cluster, divide the total Bag/Khesegs into specific groups and distribute them proportionally.

Number of PSU and SSU for PSU Rotation Policy

First quarter	Second quarter	Third quarter	Fourth quarter
83 PSU – 830 HH			
83 PSU – 830 HH	83 PSU – 830 HH		
83 PSU – 830 HH	83 PSU – 830 HH	83 PSU – 830 HH	
83 PSU – 830 HH	83 PSU – 830 HH	83 PSU – 830 HH	83 PSU – 830 HH
	83 PSU – 830 HH	83 PSU – 830 HH	83 PSU – 830 HH
		83 PSU – 830 HH	83 PSU – 830 HH
			83 PSU – 830 HH

Sampling weights:

Household weight is the inverse of the probability that a soum will be elected at the province level, at the soum level, the inverse of the probability of being elected by the SSU (Bag, Khoroo) and at the level of the PSU, there is an inverse of the probability of a household being elected.

Weight at the SSU level: Sample households in the same PSU will receive similar weights given as follows:

$$w_i = \frac{H_i}{h_i} \qquad (2)$$

Where

H_i - total number of households listed in the sample PSU

h_i - total number of sample households drawn in the sample PSU (10 or less than 10 if there are non-response)

Weights at PSU level: Note that proportional allocation in stratification led to a self-weighting sample, hence, there will be similar weights for all PSU in the domain given by:

$$w = \frac{N}{n} \qquad (3)$$

Where

N - is the total number of PSU in the domain

n - is the number of sample PSU in the domain

Thus, the base weight for sample household in sample PSU is

$$w_{ij} = \frac{N}{n}\frac{H_i}{h_i} \qquad (4)$$

Weight among sample households in the same PSU are similar.

The survey response rate was 100% or sampled 13290 households. The survey result or sample weight was estimated at the national, regional, province and district levels.

Sampling error and coefficient of variation:

The sampling error and coefficient of variation indicate the extent to which an estimate from the survey would vary by chance, because only a sample of enumeration areas is included rather than

all the enumeration areas into which the country is divided.

We used SPSS software to process the survey data and the sampling error was calculated using that program's Analyze menu /Compare Means/. The following results were obtained for each of the numerical and percentage indicators. These include:

- the estimated value of the parameter
- the number of observations upon which the estimate is based
- the standard error
- the coefficient of variation and
- the 95 percent confidence interval.

The sampling errors were estimated at the national, urban, rural, region, province levels and gender for key indicators of survey result.

COLLECTING EMPLOYMENT HISTORY DATA IN FUTURE LABOR FORCE SURVEY ROUNDS

Using the work history data collected through the ad-hoc module allowed valuable insights on labor market dynamics and mobility between labor market states in Mongolia. The analysis of labor market flows complements the information collected through the annual LFS in various ways. It provides information on short-term mobility, such as month-to-month movements across labor market categories. It further allows to identify worker characteristics that are associated with relatively high or low mobility. Also, high-frequency data can shed additional light on seasonal patterns in labor market activities.

While the ad-hoc module was implemented successfully, several observations were made during data collection and analysis. First, diary studies require time and dedication from survey participants and enumerators. With the recall period stretching over 24 months, potential follow-up questions on work history, as well as covering related topics on job preferences, barriers to employment etc., the completion of the ad-hoc module took a substantial amount of time. Second, the distribution of respondents by labor market category is relatively static for earlier recall months, raising concerns about potential recall bias. Lower mobility during the first year of the recall period may be an underestimation of the real extent of labor market transitions as respondents may not exactly remember their month-to-month activity status of more than one year ago, especially when involved in small-scale temporary jobs. Third, since the focus of the report is on labor underutilization, the target group for the employment history mainly included people that were jobless at the time of the interview. While this approach allows a detailed analysis of the mobility of people out of work, it limits the analysis of other labor market transitions such as job-to-job changes among the employed.

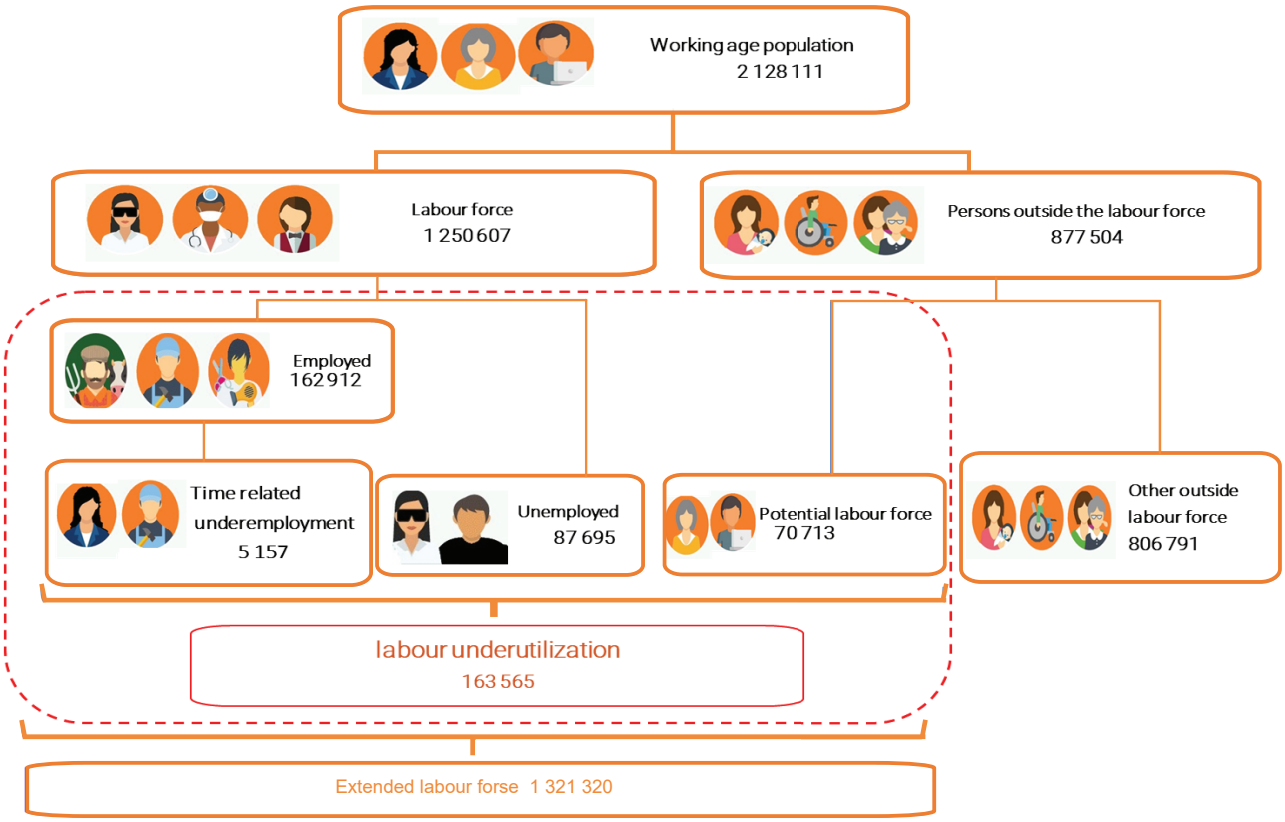
Analysis of labor market flows can help to inform the general policy dialogue in Mongolia, but also monitor the impact of policy measures that aim at reducing unemployment and improving employment opportunities. To this end, it is recommended to include a revised version of the ad-hoc module in future rounds of the LFS. To better balance the quality and quantity of the data collected, the following modifications are suggested: (i) when repeating the module, it should take the form of an employment diary which exclusively focuses on collecting labor market data retrospectively; (ii) including all (extended) labor force participants will allow for a more balanced analysis of labor market flows, (iii) a shorter recall period (12 or 18 months) will reduce the interview time and reduce potential recall bias.

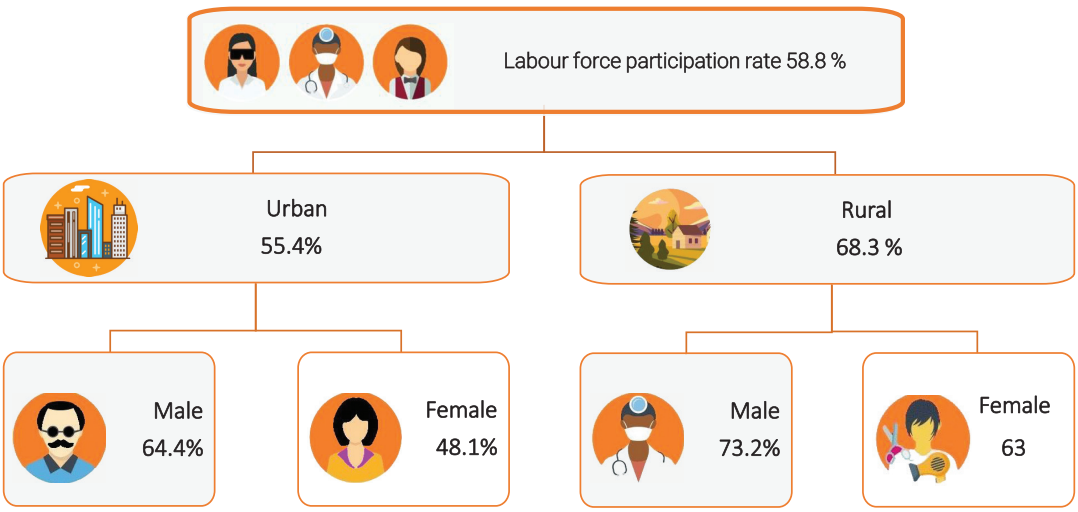
DATA COLLECTION DURING THE COVID-19 PANDEMIC

Data collection for both LFS core and ad-hoc module started in all the selected provinces and districts on 6 January 2020 and for the most part was not impacted by the pandemic. Throughout the year, data was collected as usual by face-to-face interviews in rural areas. Strict containment measures implemented in April, November, and December 2020 made it necessary for households residing in Ulaanbaatar and several province centers to complete the questionnaire themselves. Interviewers followed-up by phone for any clarifications needed. The quality of the microdata was monitored throughout the collection stage. To better capture potential labor market impacts of the pandemic, the questionnaire was modified during the first quarter of 2020 and for several questions answer options related to Covid-19 were added.

CHAPTER 1

MONGOLIANS LABOR MARKET: SOME SALIENT FACTS





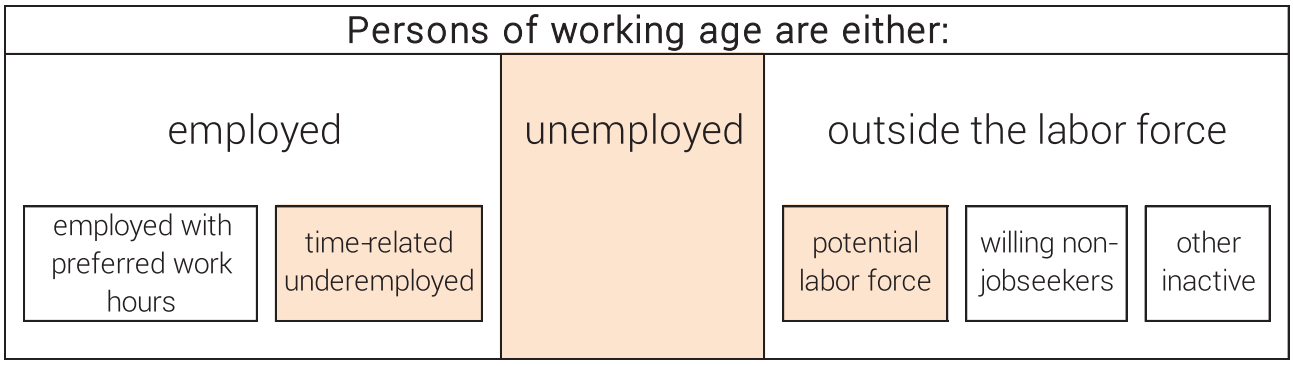
1.1. THE REVISED LABOR FORCE FRAMEWORK

Traditionally, people of working age are classified according to their labor force status: they either belong to the labor force as **employed** (employed for pay or profit) or **unemployed** (jobless, looking for work, and available to start working), or they are **outside the labor force** (neither employed nor unemployed).[10] In 2013, the ILO proposed a revised terminology of the labor force framework, introducing the concept of labor underutilization and acknowledging the fact that, for people outside the labor force, the degree of labor market attachment can vary substantially. While certain population groups may have no interest in joining the labor force (e.g., full-time students, people engaged in household or family duties full time, or retired persons), others may have a strong attachment to the labor market even though they are currently not part of the labor force *(ILO 2013, 2019).*

Labor underutilization measures mismatches between labor supply and labor demand, revealing the unmet need for work. According to the revised labor force concept, workers are considered to be underutilized if they are unemployed, **time-related underemployed**[11] (underemployed hereafter) or belong to the **potential labor force**. While underemployed are part of the labor force, the potential labor force consists of people who seem to be just outside the labor force. Potential labor force entrants meet two of the three unemployment criteria. Two groups can be distinguished: (i) **available potential jobseekers** who are not actively seeking but want to work and are available to start working, and (ii) **unavailable jobseekers** who actively seek employment but are not (yet) available.[12]

Besides the potential labor force, two more groups of persons outside the labor force are differentiated in this report. **Willing non-jobseekers** are persons who want employment but did not actively seek and were currently not available *(ILO, 2013).* Finally, economically inactive persons that are neither potential labor force entrants nor willing non-jobseekers are subsumed in '**other inactive**' *(Figure 1.1).* This subgroup of jobless persons is not part of the analysis presented in this report.

Figure 1.1. Revised labor force status of the working age population



Notes: Adapted from ILO (2019). Components of labor underutilization are highlighted in grey.

[10] See glossary for definitions of key labor market indicators and concepts referred to in this report.
[11] Individuals in employment whose weekly working time in all jobs was less than 40 hours, but who wanted to work more hours and were available to work additional hours given an opportunity for more work.
[12] Since 2019, measures of labor underutilization are available from the Mongolian Statistical Information Service website.

1.2. ECONOMIC ACTIVITY STATUS OF MONGOLIA'S WORKING AGE POPULATION

Mongolia's working age population of 15 years and older is estimated at 2.1 million in 2020. 54.6 percent of the population of working age, or 1.2 million people, are employed. This includes a small number of underemployed – about 5.1 workers, or less than 0.5 percent of all employed.[13] With approximately 87.7 thousand people being unemployed, the labor force comprises 1.3 million people in total.[14] In 2020, the labor force participation rate is 58.8 percent, and the unemployment rate stands at 7.0 percent.

The population outside the labor force comprises 877.5 thousand persons and the corresponding inactivity rate reaches 41 percent. As outlined in Figure 1, persons outside the labor force fall into one of three groups. 70.7 thousand people are identified as potential labor force, most of them (>90 percent) are available potential jobseekers.[15] Labor market attachment of this group is assumed to be relatively strong, given their willingness and availability to start working. About one third of available potential jobseekers (nearly 22.0 thousand persons) are discouraged jobseekers who believe there is no (suitable) work available or have given up hope to find employment. Despite being willing to work and available, the labor market attachment of discouraged workers is arguably less strong.

Around 49.0 thousand persons are categorized as willing non-jobseekers who want employment but are not seeking employment and are currently not available. Willing non-jobseekers are considered marginally attached to the labor force. Finally, 757.4 thousand people belong to category 'other inactive'. This group accounts for almost 36 percent of WAP and presumably has the least attachment to the labor force *(Figure 1.2).* The group of 'other inactive' is not part of the analysis presented in this report.

Underemployed, unemployed, and potential labor force constitute the underutilized population - in total 163.6 thousand people. Similar to the unemployment rate, the labor underutilization rate can be calculated as the number of underutilized persons relative to the size of the extended labor force.[16] Compared to the unemployment rate, the labor underutilization rate is a broader measure of an economy's (in)ability to create sufficient job opportunities for people wanting to work. In 2020, Mongolia's underutilization rate is 12.4 percent.

The main focus of the report is on individuals that are represented in the sub-panel of Figure 2, that is the underutilized population plus willing non-jobseekers. With the exception of the underemployed, the target population includes people that were not employed for pay or profit at the time of the interview but signaled that they wanted to work. The report refers to this group as the non-employed, and it comprises more than 200.0 thousand people or nearly 10 percent of WAP. Non-employment is a broader term than unemployment and refers to all people wanting to work, regardless of their search activities or availability.

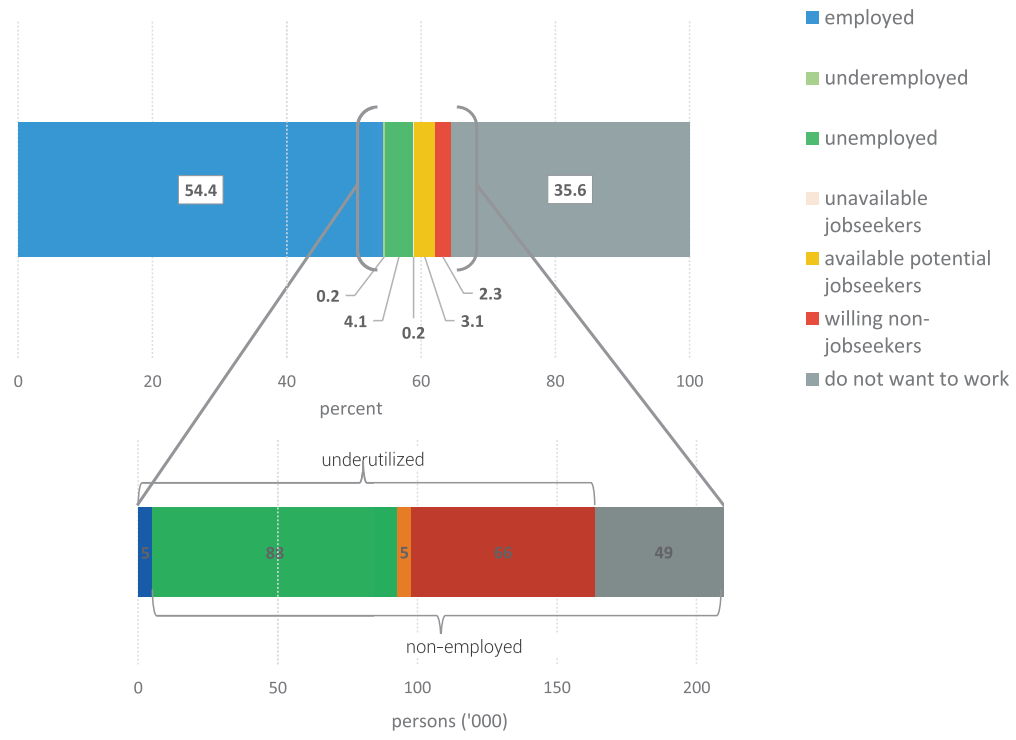
[13] Part-time employment is not common in Mongolia, but working long hours is. Economy-wide, Mongolians work an average of 50 hours per week. Economic sectors with particularly long working hours include construction, mining, and agriculture. Herders, who account for 22.7 percent of total employment, contribute disproportionately to long working hours. Outside agriculture, the median number of total usual hours worked per week is 40 (48 for male and 40 for female workers). Less than 4 percent of workers report less than 40 working hours per week – the cut-off for being considered as potentially underemployed; since only a small percentage of those would like to work more hours, the incidence of time-related underemployed is low in Mongolia (~5.1 thousand workers).

[14] Nearly 2.5 thousand future starters are included in the unemployed. See glossary for definition of future starters.

[15] Since the number of unavailable jobseekers is small, the analysis will largely refer to the potential labor force in total.

[16] The extended labor force equals the sum of labor force and potential labor force.

Figure 1.2. Economic activity status of the working age population, 2020



Notes: Working age population 15+.

Looking at the main reason for not working, nearly one in three non-employed is unable to find (suitable) work, but the share is higher than 50 percent for the unemployed. Almost one in two willing non-jobseekers is involved in family responsibilities such as looking after small children and taking care of sick or elderly household members. For potential labor force entrants, having difficulties in finding work and care duties are similarly important, and are the main reasons for being out of work for nearly 50 percent *(see Table A1 for details).*

Compared to the working age population, older workers and rural residents are less likely to be part of the non-employed population. The gender gap in non-employment is negligible. Focusing on the subgroups of non-employment, men are more likely to be unemployed while women are over-represented among potential labor force entrants and willing non-jobseekers. Still, gender gaps are not the main driver of existing labor market inequalities.[17] There are significant differences by age group, with youth being more likely to be unemployed or being part of the potential labor force. Nearly 1 in 5 young Mongolians are not in employment, education, or training (NEET), suggesting that a substantial share of youth experience difficulties in the transition from school to work.[18]

[17] Discussion is based on a number of regressions on determinants of being non-employed, in the labor force, unemployed etc. Results are shown in Table A2.

[18] Youth not in education, employment or training is not explicitly discussed in this report. See Ulziisuren (2017) for a comprehensive study on Mongolia's NEET population and RILSP (2017) on reasons for unemployment and economic inactivity of people aged 15-34 years.

Disparities are most striking by location: urban residents outside Ulaanbaatar (UB) face a significantly higher risk of being unemployed or long-term unemployed. Underemployment is also mainly a phenomenon of province centers, signaling insufficient volumes of work in urban centers outside the capital. The incidence of wanting to work but neither searching nor being available is highest in UB, with two-thirds of willing non-jobseekers found in the capital.

Disparities also exist by formal education level. TVET graduates seem to face several challenges. Despite specialized skills and knowledge, they face an above-average risk of being unemployed or belonging to the potential labor force. Together with high school graduates, they are overrepresented among the non-employed.

1.3. LABOR MARKET CHALLENGES

Mongolia's labor market faces several challenges. The country's population density is among the lowest in the world; many of its communities are traditionally nomadic pastoralists. The country is landlocked, has a small domestic market, and faces relatively harsh climatic conditions. While political transformation in the early 1990s brought fundamental changes to the structure of the economy, agriculture and livestock herding continue to be the main source of gainful employment for a large share of the population. Fueled by the changing economic structure, the long-term trend of migration from rural areas to urban centers or mining areas accelerated after 2000. Today, nearly half of Mongolia's working age population lives in the capital Ulaanbaatar.[19]

The country's economic structure and climatic conditions are likely to contribute to seasonal patterns in labor market indicators. Employment tends to be low in the first quarter and higher during the second and third quarters, mainly driven by an increase in temporary and short-term jobs in agriculture, construction, but also fluctuations in commerce and processing industries.[20] Survey estimates suggest that potential labor force entrants join the labor force during the second and third quarters. Fewer employment opportunities during the winter months result in muted search activities, and the number of potential labor force entrants increases in Q2 and Q3. Notably, the number of willing non-jobseekers appears less influenced by seasonal trends *(Figure 1.3)*.[21]

[19] World Bank (2018a); Asian Development Bank/World Bank (2021).
[20] Mongolian Statistical Information Service and World Bank (2021a).
[21] Since 2019, Mongolia's LFS uses a revised questionnaire. Revisions contributed to a significant shift from employers to (i) working in family business and (ii) not engaged in gainful employment. As a result, employment is substantially lower since 2019. While the sudden increase in unemployment in 2019-Q1 in all likelihood is related to the revised measurement of gainful employment, it is less clear what factors contributed to the steady decline in unemployment throughout 2019.

Figure 1.3. Seasonality in labor market indicators

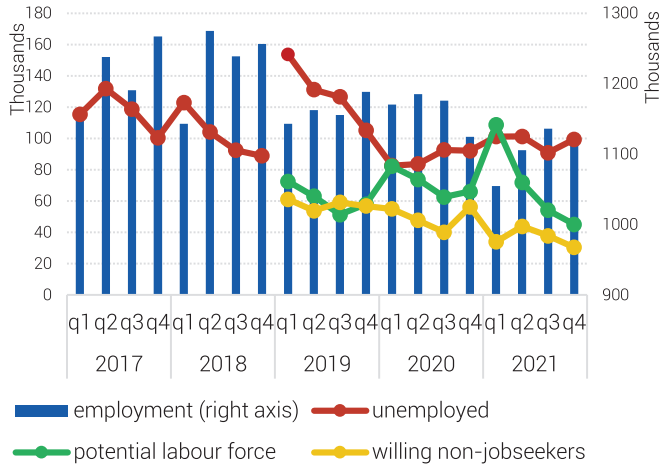
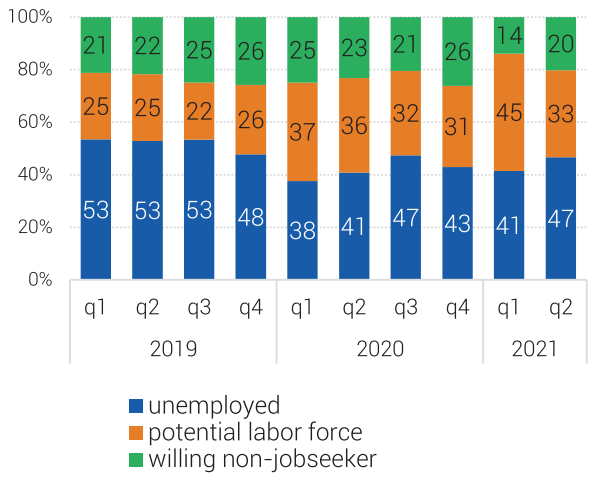


Figure 1.4. Composition of the non-employed population, quarterly estimates



Notes: Mongolian Statistical Information Service and own calculations using LFS data, including estimates of willing non-jobseekers. Since 2019, estimates are based on a revised questionnaire.

Since the outbreak in 2020, Covid-19 has impacted Mongolia's labor market in several ways. While total employment in 2020 increased by 1.5 percent relative to 2019, there have been substantial shifts in employment across sectors. Agriculture, mining, and tourism/entertainment saw substantial declines, while employment in education, health, and information and communication expanded.[22] Latest estimates suggest that seasonal employment patterns are more pronounced during the first half of 2021. Strict lockdown measures implemented in December 2020 likely contributed to a reduced labor demand during Q1, while easing government containment measures may have allowed for a stronger recovery in employment during Q2. Unemployment increased at a moderate rate during 2020, but the potential labor force persists at an elevated level since the beginning of the pandemic. These trends are in line with limited job search activities due to increased family responsibilities, temporary work stoppages, and generous income support to eligible households after the outbreak of the pandemic. As to the composition of the non-employed population, while unemployment remains the largest contributor, the relative contribution of the potential labor force has increased since 2020 *(Figure 1.4).*

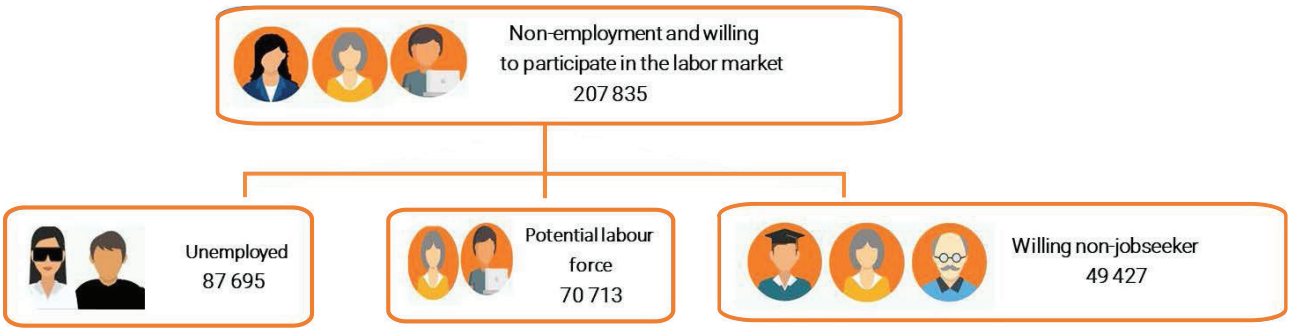
Trends in labor market indicators suggest that the traditional dichotomy of people of working age either being part of the labor force or the inactive population is no adequate description of Mongolia's labor market. Rather, over the course of a year, a non-negligible proportion of workers showing less attachment to the labor market in the traditional context seem to move between different categories including employment, unemployment, potential labor force and, to a lesser extent, willing non-jobseeker status.

To gain a better understanding of the underlying dynamics, the report analyzes the labor market attachment of the non-employed population through profiling people who are out of work but want employment, analyzing reasons for non-employment, and looking at (short-term) mobility patterns of individuals between different labor market categories. Further, jobseekers' expectations and preferences as well as barriers to employment are studied. The analysis concludes with jobseekers' view on the role of employment agencies in overcoming existing barriers to employment and their willingness to participate in training activities to improve individual employability.

[22] Mongolian Statistical Information Service.

CHAPTER 2

PROFILING NON-EMPLOYMENT USING CROSS-SECTIONAL INFORMATION



The core module of the LFS collects detailed information on non-employment including main reason for employment separation, duration of joblessness, or sources of income support while out of work. Typically, the data refers to the situation at the time of the interview, providing a snapshot of labor market indicators like the unemployment rate at a particular point in time. Key labor market statistics are available at a quarterly and annual level.

This section provides an initial analysis of non-employment using data that is regularly collected through the LFS core module. To highlight similarities and differences across the non-employed, the analysis is prepared separately for the unemployed, potential labor force entrants, and willing non-jobseekers.

2.1. REASON FOR NON–EMPLOYMENT

Individual reasons for non-employment are varied: temporary jobs end, people resign for personal reasons, new labor market entrants search for their first job. The core module of the LFS collects detailed information about the main reason why individuals separated from their last job. First time jobseekers are easily identified. In order to examine reasons for non-employment in a systematic way, jobless people are assigned to one of the following categories:[23]

- ***Job loser*** includes people whose employment ended involuntarily due to job cuts, firm closures, or when temporary jobs are completed.
- ***Job leaver*** are people who quit or otherwise voluntarily left their job.
- ***Worked in the past, left for other reasons*** includes separations due to retirement, illness/disability, studying, migration, or military service.[24]
- ***New entrant/no previous working experience*** includes people that never worked in the past.

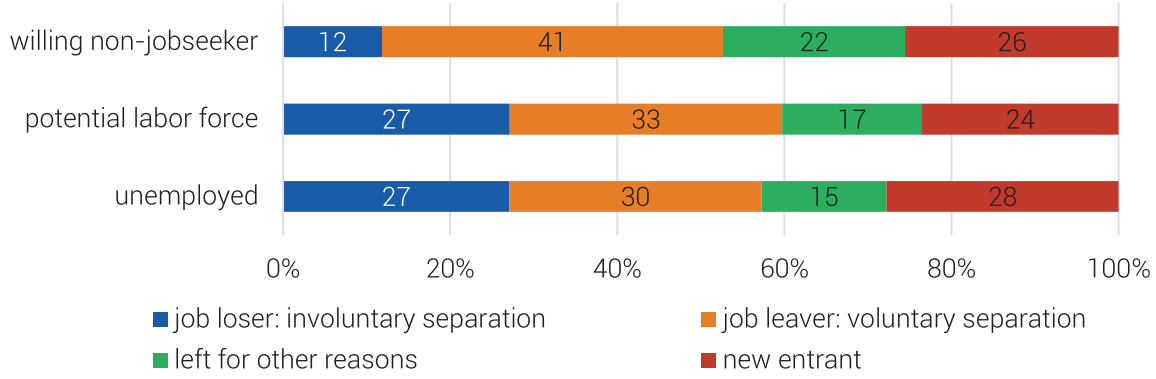
The suggested approach allows to clearly distinguish voluntary from involuntary separations and highlights the share of people without prior work experience across labor market categories.

Unemployed and potential labor force entrants display a similar pattern of the main reasons for non-employment: within each group, more than one quarter left their previous job involuntarily, largely because of the end of temporary work arrangements, and about one third resigned from their previous job. For willing non-jobseekers, there is a shift from involuntary to voluntary separations and more than 1 in 5 had left their previous job due to retirement, illness/disability, migration, or studying. Notably, the percentage of people without work experience is of similar magnitude in all three labor market categories, suggesting that search activities and availability vary considerably across new labor market entrants *(Figure 2.1).*

[23] See Table A3 how reasons for having stopped working in the previous job are aggregated.

[24] While the causes for non-employment are also largely voluntary for this group, the underlying assumption is that persons included in this group are less likely to immediately start looking for employment and/or are unavailable to start working for some time. 23 percent of the target population (i.e. non-employed with previous work experience) fall into this category.

Figure 2.1. Main reason for non-employment, by labor market category

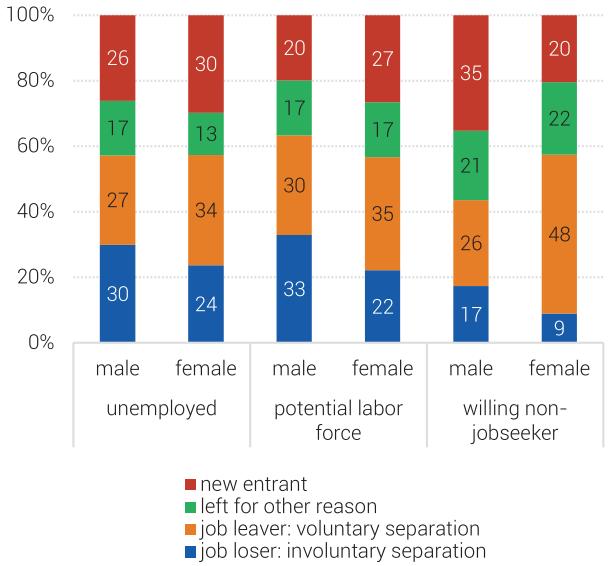


Notes: Category 'left for other reasons' includes migration, military service, study, no market to sell/make profit, lost livestock, Covid-19 related, retired, and unspecified reasons.

The causes for non-employment vary considerably by demographic group *(Figure 2.2a-d).* Men and older age groups are more likely to have left their job involuntarily, while women, prime age workers, and UB-residents are more likely to quit voluntarily. Youth and rural residents face a substantially higher risk to have no work experience. TVET graduates are overrepresented among both job losers and job leavers, suggesting a particularly high risk of unstable employment relations for these workers. Voluntary job leavers with tertiary education are more likely to be outside the labor force, rather than being unemployed, looking for alternative employment opportunities.

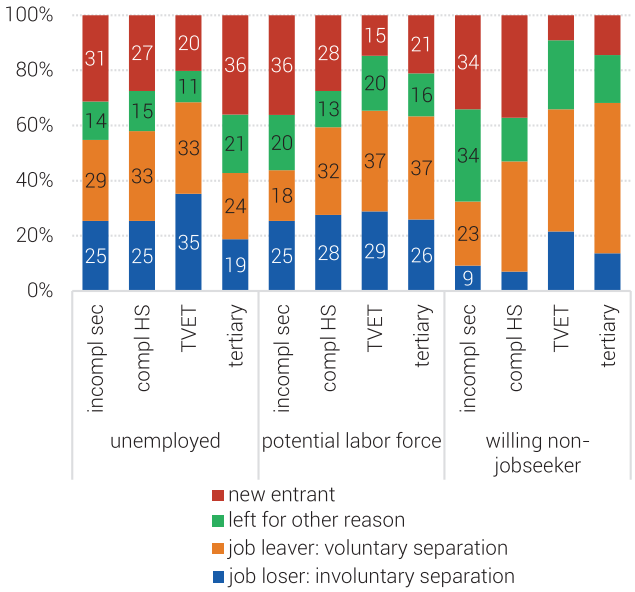
Figure 2.2. Reason for non-employment, by labor market category and selected demographic groups

(a) by sex

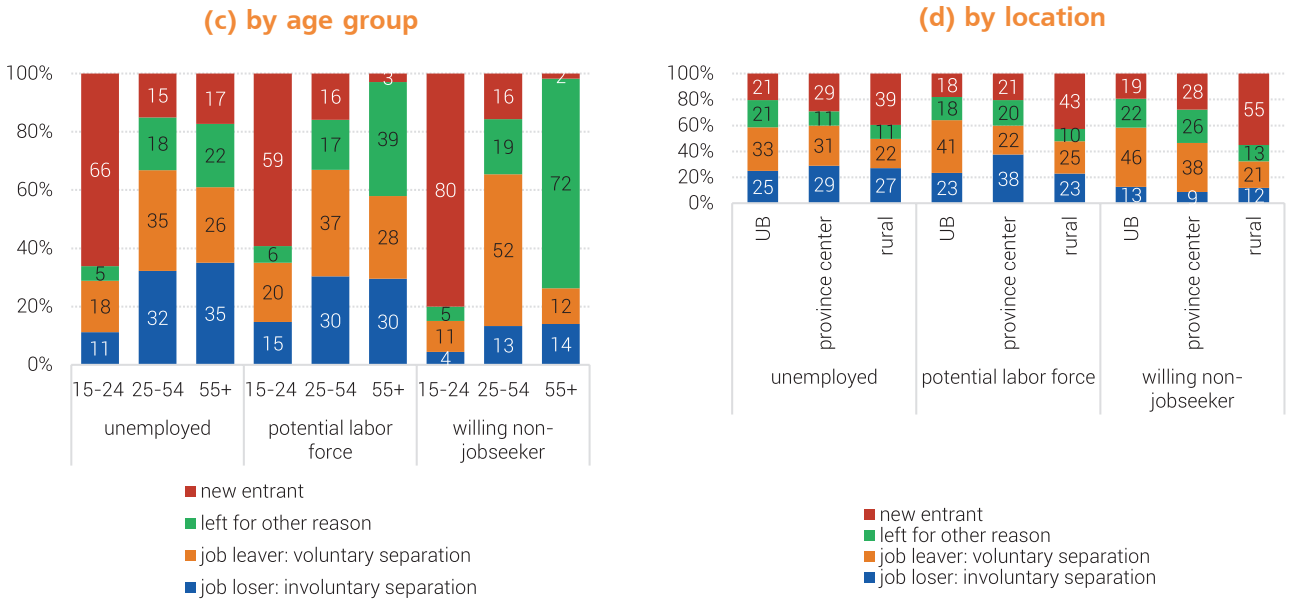


Notes: Category 'left for other reasons' includes migration, military service, study, no market to sell/make profit, lost livestock, Covid-19 related, retired, and unspecified reasons.

(b) by education level



Notes: Levels of education are aggregated into four groups: some secondary or lower (incompl sec); completed high school (compl HS); technical vocational or specialized secondary education (TVET); undergraduate and above (tertiary).

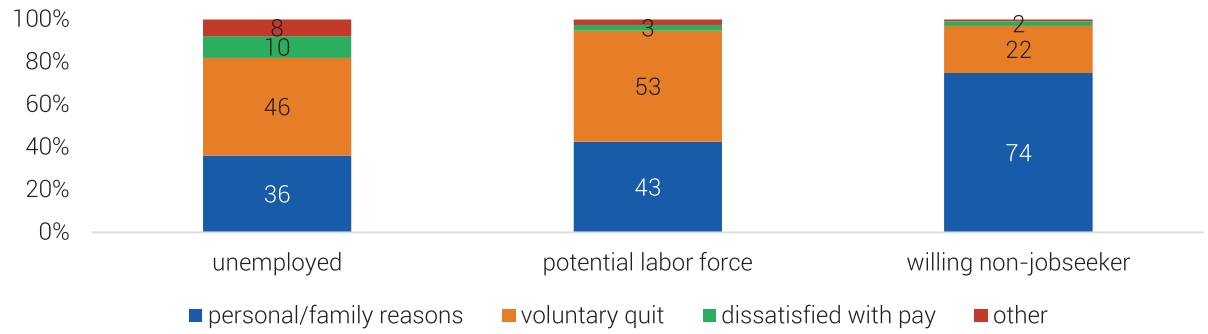


Across labor market categories and demographic groups, voluntary separations play an important role for non-employment. Notably, personal and family reasons become more relevant the less people are attached to the labor market *(Figure 2.3)*. The ad-hoc module collects additional information on reasons for leaving the last job. Generally, almost half of those with personal/ family reasons said they had to take care of school age children; another 20 percent looked after elderly or other family members.

Job-related reasons such as 'working conditions' or 'dissatisfied with pay' only matter for the unemployed. When dissatisfied with pay, two-thirds said that wages are too low, 19 percent were not paid the agreed amount, and 13 percent not paid on time.

It is likely that Covid-19 contributed to an increase in 'voluntary quits' especially for women due to increased family responsibilities during lockdown and periods of school closures. Based on LFS 2020 data, the number of pandemic-related (total) separations started to increase during the second half of 2020, but the reported incidence remained relatively low. On average, 5 percent of separations (4 percent for male, 7 percent for female workers) that occurred during 2020 were directly attributed to Covid-19.[25]

Figure 2.3. Main motivation for job leavers to quit, by labor market category



Notes: Category 'other' includes 'related to working conditions' and 'unsuitable for profession'.

[25] With the beginning of the pandemic, the questionnaire was modified during the first quarter and for several questions answer options related to Covid-19 were added. This includes the question on 'main reason to leave last job'. Given the novelty of the Virus, the Covid-19 impact on Mongolia's separation rate should be interpreted as a lower bound estimate.

Quarterly estimates suggest little systematic variations regarding reasons for non-employment *(Figure 2.4a-c)*. Typically, absolute numbers of involuntary separations are lowest in Q3 for unemployed and potential labor force entrants, which is in line with seasonal labor demand. Looking at the non-employed population in total, voluntary separations happen at a comparable rate all year around, but the finding is driven by the dynamics among the unemployed and, to some extent, potential labor force entrants. The share of entrants without prior work experience is relatively high in the first quarter and declines somewhat over time. An important question follows from this: Where do new entrants go? Do they find employment or get discouraged and stop searching? Analysis based on level data cannot provide answers at an individual level. To better understand the dynamics between labor market categories, flow data is required. Section 3 addresses this topic in more detail.

Figure 2.4. Seasonality in main reason for non-employment

Note: Category 'other reasons' includes migration, military service, study, no market to sell/make profit, lost livestock, Covid-19 related, retired, and unspecified (other) reasons.
Data labels add up to 100 percent and show the percentage contribution of reason for non-employment, by quarter.

2.2. DURATION OF JOB SEARCH AND TIME SINCE LAST WORKED

While search activity is a key indicator of labor market attachment, the actual duration of job search and time that has passed since the last job provide additional information on the pattern of joblessness and the degree of labor market attachment.

53 percent of the currently unemployed have been searching for employment for less than six months and two thirds have been looking for jobs for less than a year. Another 19 percent reported search activities between 12 and 35 months and 13 percent of currently unemployed have been looking for employment for 3 years or more *(Figure 2.5).*

While short periods of joblessness (<3 months) are less of a concern, longer periods of unemployment can cause significant hardships for those affected and their families and may make it harder for jobseekers to find employment.[26] When income support measures are exhausted and savings are depleted, long-term unemployment can lead to financial hardship and affected households may have to resort to family support. Long-term unemployment may also lead to 'scarring effects' that can make it more difficult for people to find employment in the future. Generally, long-term non-employment may result in skills deterioration which may reduce the likelihood of jobseekers to be a good match for job vacancies. Also, employers may view long-term non-employment as a negative signal of jobseeker quality and rather hire workers with shorter spells of non-employment. This way, employer discrimination can cause longer unemployment spells to self-perpetuate *(OECD 2021).*

Mongolia's long-term unemployment rate[27] is 32.4 percent in 2020, which is higher than estimates for Russia (18.8 percent) or Turkey (25 percent), but lower than what is observed in Germany (38.2 percent) or Italy (52.4 percent).[28] A high incidence of long-term unemployment indicates that the labor market is not operating efficiently. Insufficient labor demand, skills mismatches, personal employment barriers linked to health problems and skills depreciation, or discriminatory hiring practices by employers are typical factors that can be linked to long-term unemployment.

The risk of being long-term unemployed varies significantly across demographic groups. While women face a higher risk than men, the gender gap in long-term unemployment is relatively small. Age gaps are more pronounced, and it is mainly elderly persons that are overrepresented among the long-term unemployed. Disparities are largest by location: 44 percent of the unemployed either living in province centers or rural areas have been looking for employment for 12 months or longer, compared to 14 percent of UB-residents. A comparison by education level shows that it is largely persons with incomplete secondary education that are affected by long-term unemployment *(Figure 2.6).*

[26] There is increasing international evidence that jobseekers who have been unemployed for a relatively short period find jobs at a faster rate than long-term unemployed (OECD 2018a).
[27] People who have been unemployed for 12 months or more are considered long-term unemployed. The long-term unemployment rate shows the proportion of long-term unemployed among all unemployed.
[28] Unemployment - Long-term unemployment rate - OECD Data

Figure 2.5. Duration of job search activities, by demographic group

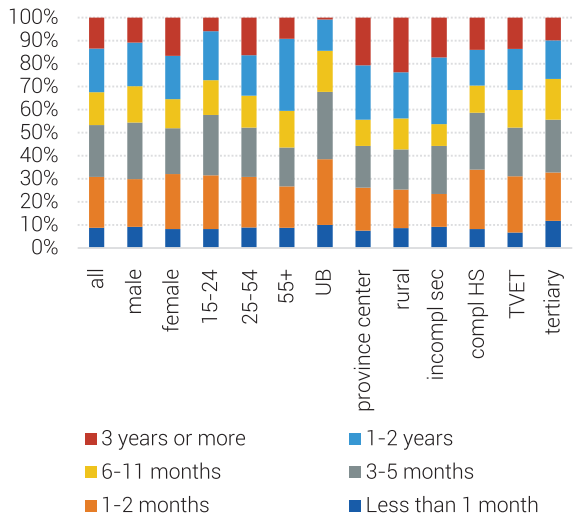
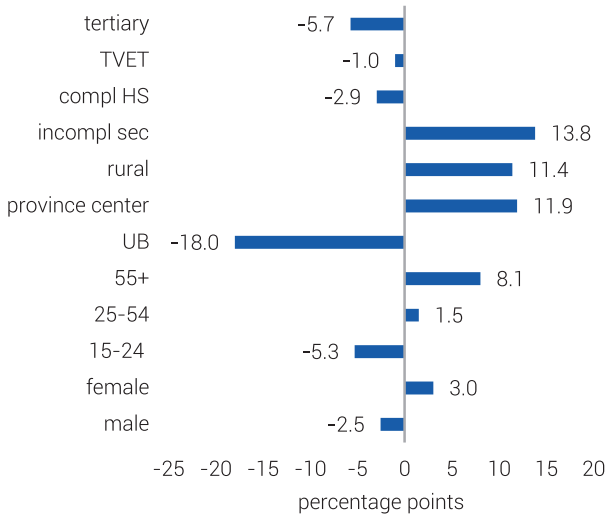
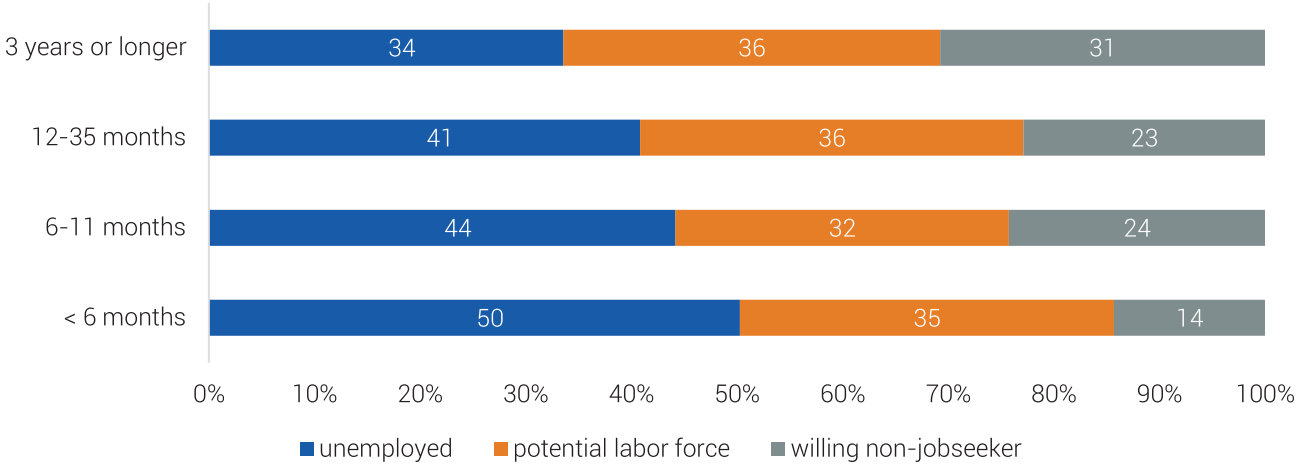


Figure 2.6. Deviation from national long-term unemployment rate (percentage points)



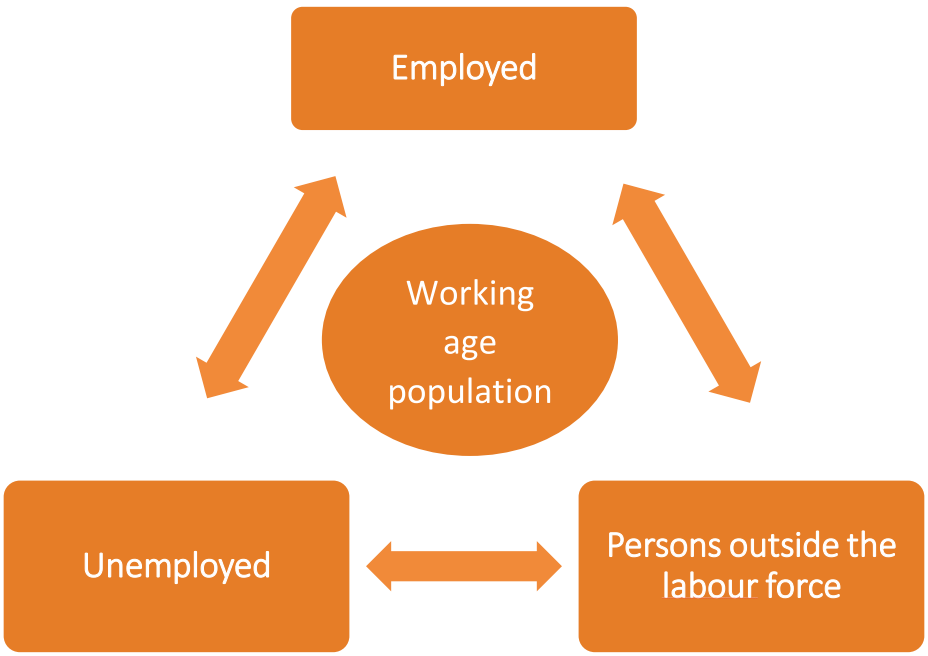
Looking at the time that has passed since the last job allows for an additional view on labor market attachment of people currently out of work. One out of two people who stopped working less than six months ago are unemployed, another 35 percent are part of the potential labor force. 14 percent are willing to work, but do not search and are not available. With time passed since the last job, labor market attachment decreases. The share of people that were actively searching for employment and were available to start working during the reference period declines substantially, whereas the share of willing non-jobseekers increases. Notably, the share of potential labor force entrants remains relatively constant over time *(Figure 2.7).*

Figure 2.7. Time since last worked, by labor market category



CHAPTER 3

ANALYSIS OF LABOR MARKET HISTORY



An explorative way to measuring labor market attachment is to examine the likelihood of people moving from one labor market category to another, within a given time span. To this end, the ad-hoc module of the LFS2020 collected employment history data for the past 24 months for a subsample of survey participants. High-frequency data is now available to analyze changes between different activity states that happened during the recall period. *Box 1* describes the approach of data collection and analysis.

Box 1: Measuring labor market flows in Mongolia

The ad-hoc module of the LFS 2020 collected retrospective information on transitions in and out of different labor market states such as employment, unemployment, and inactivity. A subsample of survey participants was selected to complete the labor market history section of the ad-hoc module. If, at the time of the interview, respondents were (i) employed/self-employed with less than 40 hours of total working time per week, or (ii) were actively seeking employment or available to start working, they were asked to provide information on their activity states on a month-to-month basis for the recall period of 24 months.

The main analytical tool used in this report to analyze employment history data is the transition (probability) matrix. A transition matrix helps to illustrate the flows of workers between different labor market states. The number of labor market states under consideration determines the number of rows and columns of the matrix. Each row of the matrix shows the number of individuals that in the next period are still in the same state or moved to another state (Table 3.1).

Table 3. 1. Illustrating worker flows between labor market states: 3 x 3 transition matrix

initial labor force status:	***labor force status in next period:***		
	employed	unemployed	not in LF
employed	same status	empl -> unempl	empl -> inactive
unemployed	unempl -> empl	same status	unempl -> inactive
not in LF	inactive -> empl	inactive -> unempl	same status

Average transition rates are calculated as proportions of people with changing activity status over the total number of people in the initial category. The downward diagonal of the matrix shows the permanence (or persistence) rates. The permanence rate can be interpreted as an approximate measure of state dependence which is the likelihood of remaining in a particular labor market state in the next period.

The employment history data collected through the ad-hoc module allows a detailed analysis of worker flows and labor market transitions. Respondents could choose between 12 different categories to best describe their activity status for each month of the recall period. To keep the analysis clear and ensure sufficient cell sizes, activities are aggregated into 5 main categories: full-time work, temporary work, seeking employment, not seeking employment, and other inactive *(Table A4).*

Transition rates can be calculated for different time spans to analyze how gross worker flows change with elapsed time. A particular focus in the report is on short-term changes that happen in less than a year. Since the recall period stretches over 2 years, it is possible to compare sub-annual average transition rates over time. Similarly, grouping respondents by survey quarter will allow to bring out the seasonality of worker flows.

Respondents who completed the employment history section include time-related underemployed and workers with less than 40 work hours per week, the unemployed, and potential labor force participants. 2,807 respondents belong to the target population of the employment history section, representing more than 200,000 individuals. While the sample size includes relevant population groups and is sufficiently large to conduct statistical analysis, it is not a representative sample of the labor force or people wanting to work. *See Figure 3.1* for the distribution of the target population across the main labor market categories by recall month.

Each transition matrix is based on the target population; how many times an individual enters the calculation depends on the elapsed time period under consideration. For example, month-to-month transition rates are produced from 64,032 person-month observations since for each respondent 23 potential transitions are observed. Analyzing worker flows over a longer time span reduces the number of observations that enter the calculations.

3.1. PATTERNS OF STATE DEPENDENCE AND MOBILITY

As a first step, permanence rates are calculated for five main labor market categories and varying time spans.[29] Figure 3.1 presents the results. For each of the 5 activity states, each column represents the percentage of people that were in the same category after 1, 3, 6, 9, 12, 18 and 24 months. For example, of those who had been in full-time employment 24 months ago prior to their LFS 2020 interview month, 92 percent were still in the same labor market category (i.e. working full-time) 3 months later, while 8 percent had moved to another category.[30]

State dependence is expected to decline over time. For example, few jobseekers may find employment within one month, but the longer the search period, the more likely it becomes that they will find a job.[31] When state dependence for jobseekers remains high over an extended period, this could indicate limited job opportunities or substantial mismatches between jobseekers' qualifications and skills and employers' requirements.

Overall, the pattern of declining state dependence is observed in Mongolia, but the extent varies considerably across categories and by elapsed time. Full-time workers, jobseekers, and the inactive population have proportionally fewer transitions to other categories for the first 12 months and permanence rates stay clearly above 80 percent. Put differently, after 12 months, more than 80 percent of full-time workers, jobseekers, or persons out of the labor force were still in the same labor market category. Over a longer period, mobility increases for full-time workers and inactive persons, but the probability of jobseekers to transition into other categories remains relatively low. High state dependence for jobseekers over a prolonged time period implies an increased risk of long-term unemployment.

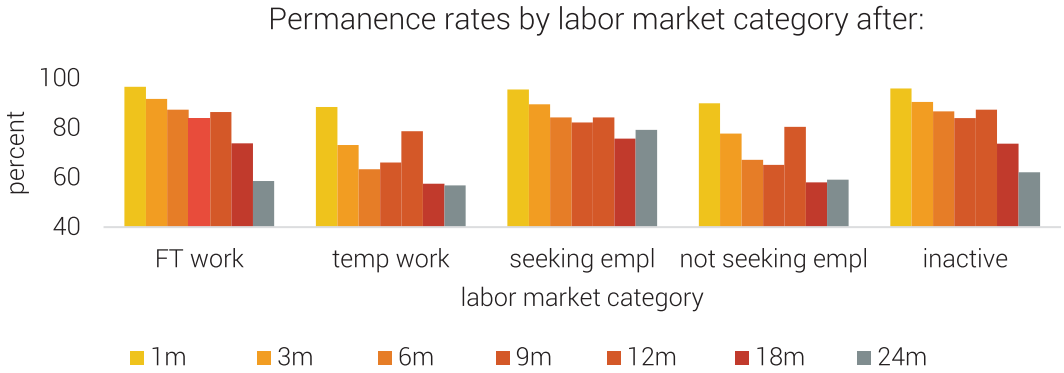
[29] See Annex Table A3 on how the survey answers on labor market activities are aggregated into 5 categories. Individual labor market states are self-reported rather than derived through a series of questions on economic activity, search behavior, and availability to start working.

[30] Job-to-job transitions that happened within the full-time work category will not affect the permanence rate.

[31] However, the relationship is not linear. As mentioned in section 2, the chances for long-term unemployed to find employment are substantially smaller than for short-term unemployed.

Permanence rates help to illustrate the seasonality in temporary employment. After 6 months, more than a third of temporary workers have transitioned to another category, but after 12 months, almost 80 percent of them are back in the same category. For non-seekers, a similar mobility pattern is observed, suggesting seasonal search behavior.

Figure 3.1. State dependence by labor market category and elapsed time



Notes: Gross flow rates are obtained from the pooled sample, covering recall period January 2018 to November 2020. FT work includes salaried workers, self-employed, farmers or herders working full-time. Temp work includes wage workers, self-employed, farmers and herders working on a seasonal, casual, or temporary basis. Category 'inactive' includes persons who reported to be in education/training, retired/ disabled/not able to work, engaged in family responsibilities, military service, or were occupied with other unspecified activities.

Separating the 'annual recall cycles' reveals similarities and differences in worker flows for the two (partly overlapping) periods. For the (pre-pandemic) period Jan 2018-Nov 2019, the labor market seemed relatively static.[32] Most dynamic groups are temporary workers and non-seekers, largely reflecting seasonality of temporary jobs and search activities. The probability of jobseekers to leave their origin state increased for the first 6 months but remained stagnant at a relatively low level after that *(Figure 3.2).* During recall period Jan 2019-Nov 2020, mobility was considerably higher for most labor market categories *(Figure 3.3).*[33] Comparing permanence rates across recall periods, full-time as well as temporary workers faced an increased risk of losing their jobs during Jan 2019-Nov 2020. Jobseekers' mobility profile stayed largely the same, indicating limited chances of moving out in both periods. Both, the increased risk of being out of work and limited opportunities for jobseekers are in line with aggregate trends in employment and unemployment since 2019.

While the general pattern of increasing mobility is also observed at the disaggregated level, small but notable differences emerge across population subgroups. Focusing on sub-annual estimates for full-time work first, state dependence is consistently higher for females, rural residents, and older workers – suggesting that workers sharing these characteristics are somewhat more likely to stay in full-time employment. Zooming in on the education level, TVET graduates face a somewhat higher risk of moving out of full-time work before the end of the 12 months period *(Figure 3.4).*

Similar differences are observed for people starting off as jobseekers: men, UB-residents, and younger age groups are more likely to exit the search state *(Figure 3.5).* The next section will look in detail which labor market categories jobseekers most likely move into.

[32] See also Figure A1 for a month-by-month composition by labor market category over the recall period. The relatively static distribution observed for the earlier period raises concerns on recall bias, meaning that reported behavior is not only subject to random errors but also systematic errors that may intensify as the period of recall increases (IFS, 2002).

[33] With the beginning of the Covid-19 pandemic falling into this period, results are certainly affected by the changed labor market conditions. It is, however, beyond the scope of the analysis to determine the extent of the Covid-19 impact on labor market flows.

Figure 3.2. Permanence rates, recall period Jan 2018-Nov 2019

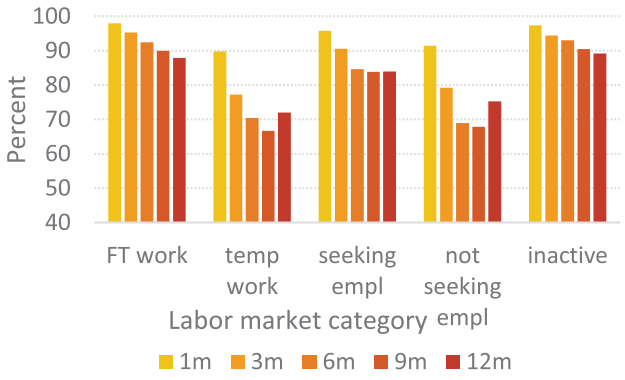


Figure 3. 3. Permanence rates, recall period Jan 2019-Nov 2020

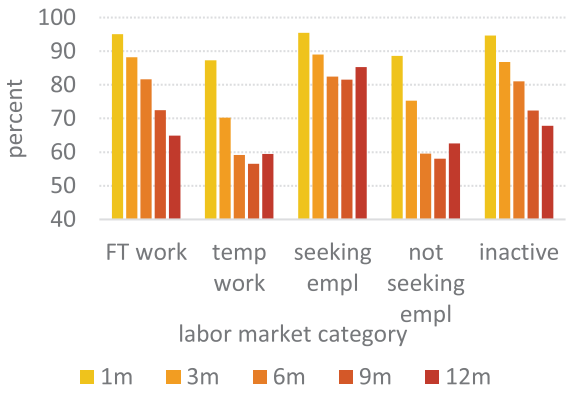


Figure 3.4. State dependence for full-time workers

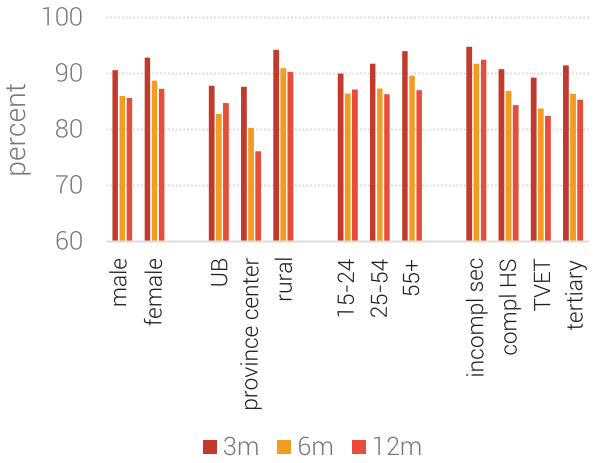
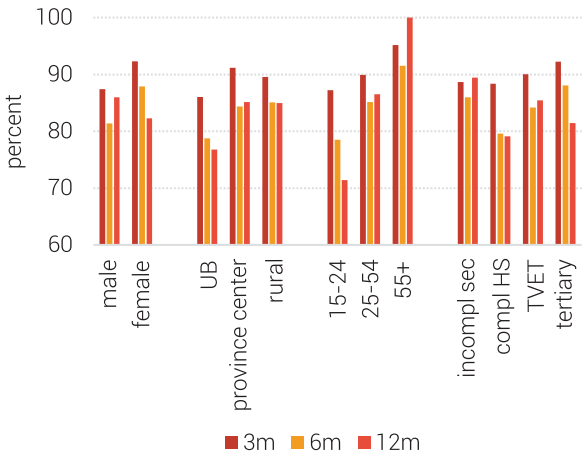


Figure 3.5. Figure State dependence for jobseekers



Note: Estimates are derived from pooled sample. Education levels are aggregated into four groups: some secondary or lower (incompl sec); completed high school (compl HS); technical vocational or specialized secondary education (TVET); undergraduate and above (tertiary).

3.2. JOBSEEKER MOBILITY: FLOWS OUT OF JOBSEEKER STATUS

With permanence rates for jobseekers being relatively high even after a longer-term period, mobility to other labor market states is limited. *Table 3.2* illustrates jobseekers' transition rates into 4 main destination states, for different time periods. Short-term transition rates are low: on average, the probability to have exited the jobseeker state within a month is less than 5 percent. The majority of jobseekers have entered (temporary) employment. After 3 months, the likelihood of leaving the initial state has increased to 10 percent. Again, more jobseekers entered employment than dropped out of the labor force, but the chances of being employed full-time are less than half than working in a temporary job. In the medium to long run both mobility and chances of finding full-time work increased somewhat, as did the share of jobseekers that dropped out of the labor force.

While overall mobility is low, some notable differences occur across demographic groups and elapsed time. On average, men are somewhat more likely to find (full-time or temporary) employment.

Short-term transition rates into employment are higher in rural areas, but after 6 months it is urban jobseekers that have a better chance of finding employment. Generally, transition rates into temporary work are relatively high and increase steadily at first, but decline after 6 months, highlighting the short-term nature of temporary employment.

The path to full-time work is different, as transition rates increase gradually for most population groups. After 12 months, women, youth, urban residents, and jobseekers who completed high school or acquired some tertiary education have somewhat better chances to be in full-time employment.

Table 3.2. Jobseekers' mobility rates, by destination state, demographic group, and elapsed time

	1 month period				3 months period				6 months period				12 months period			
	flow rates seeking employment to:				flow rates seeking employment to:				flow rates seeking employment to:				flow rates seeking employment to:			
	FT work	temp work	not seeking	inactive (other)	FT work	temp work	not seeking	inactive (other)	FT work	temp work	not seeking	inactive (other)	FT work	temp work	not seeking	inactive (other)
All	0.8	2.1	1.0	0.5	2.4	5.4	1.4	1.2	4.4	7.1	2.3	1.9	3.9	3.9	4.7	3.1
Male	0.8	2.7	0.9	0.4	2.5	7.6	1.6	0.8	4.6	9.8	3.0	1.2	3.2	4.3	5.7	0.9
Female	0.8	1.3	1.0	0.7	2.2	2.6	1.2	1.6	4.3	3.8	1.4	2.7	4.9	3.5	3.5	5.9
Urban	1.0	1.6	1.0	0.3	2.8	5.0	1.6	0.7	5.7	7.0	3.0	1.3	5.8	3.1	5.4	2.7
Rural	0.7	2.4	1.0	0.7	2.1	5.6	1.4	1.5	3.7	7.2	1.9	2.2	2.9	4.4	4.4	3.4
15-24	1.0	1.6	1.0	1.3	3.6	5.2	1.2	2.7	7.5	7.5	2.2	4.4	8.0	8.9	2.7	8.9
25-54	0.8	2.3	1.0	0.4	2.1	5.6	1.5	0.9	4.0	7.3	2.3	1.3	3.2	3.0	5.4	2.0
55+ years old	0.7	0.5	0.5	0.4	1.8	1.2	0.6	1.2	1.4	2.8	1.4	2.8	0.0	0.0	0.0	0.0
Incomplete secondary	0.6	3.4	0.8	0.5	1.6	8.0	1.0	0.8	2.8	9.2	1.2	0.9	1.1	5.3	4.2	0.0
Completed high school	0.9	1.9	0.8	0.8	3.2	5.1	1.4	1.9	6.3	8.2	2.9	2.9	6.7	4.9	3.7	5.5
TVET	0.9	1.8	1.0	0.4	2.6	4.6	1.8	0.9	5.2	7.1	2.4	1.1	4.1	3.5	4.1	2.9
Tertiary education	0.8	0.9	1.2	0.6	2.2	2.5	1.6	1.4	3.5	2.3	2.9	3.2	4.4	0.9	8.0	5.3

Note: Average transition rates (%) of jobseekers being in destination state after 1, 3, 6, or 12 months. Estimates are obtained from the pooled sample. Given low mobility overall, annual transition rates are based on relatively few numbers of observations and need to be interpreted with caution.

Jobseekers aged 55 years and over have the lowest chances of exiting their initial state which is in line with the fact that workers in this age group are overrepresented among the long-term unemployed. Looking at the mobility pattern for elderly workers emphasizes the relevance of sub-annual transition rates: a year-on-year comparison suggest that none of the elderly jobseekers left their initial state, as transition rates after 12 months are zero. Sub-annual transition rates are small but positive, revealing that some of the elderly jobseekers did leave their initial state – either to enter employment or leave the labor force.[34]

Compared to jobseekers who completed high school or TVET graduates, jobseekers with tertiary education often have fewer chances of finding full-time employment. They are also least likely to enter temporary employment – which may be related to the type of jobs they are suitable for. Generally, results suggest that tertiary-educated persons exit the jobseekers' state at a slower rate. This finding could indicate a general shortage of jobs for better-educated, mismatches between the skills profile of available jobs and the jobseekers' skills profile or queuing for better employment opportunities. Notably, the likelihood of tertiary-educated jobseekers to be employed after 12 months is just above 5 percent, while the risk to have left the labor force is more than twice as large.

[34] Note that the target population used for this analysis is not a representative sample of the labor force but only includes workers with less than 40 hours of total working time per week, as well as persons who were actively seeking employment or were available to start working. Results obtained from the retrospective labor market data may not apply to all workers aged 55 years and over.

So far, results on jobseeker mobility are obtained from the pooled sample of labor market history data. Monthly transition rates, for example, are calculated as an average across all months. To find out more about potential seasonal effects on transition probabilities, respondents are grouped according to their (LFS 2020) survey month which also determines the beginning of the recall period. Quarter-to-quarter transition rates are calculated to learn more about patterns of short-term mobility and potential seasonal impacts. Figure 17 shows the main results. For comparison, 3-months permanence rates estimated from the pooled sample are included. See Table A5 for full transition probability matrices.

Noticeable seasonal effects on the likelihood to remain in the same activity state are observed for temporary workers and persons not seeking employment. Workers in temporary jobs are more likely to leave their initial state during the winter season. Important differences are observed by destination state. For transitions between Q3 to Q4, chances of becoming inactive or seeking employment are of comparable magnitude – 12.2 percent and 15.9 percent, respectively. For Q4 to Q1 transitions, the likelihood to seek employment increases to 20.1 percent, while the risk of moving into inactivity is only 2.6 percent.

Figure 3.6. Quarter–to–quarter state dependence, by labor market category

Note: Peach-colored columns show permanence rates after 3 months estimated from the pooled sample.

For persons not seeking employment, the likelihood to leave their initial category is highest for transitions observed from Q1 to Q2 and Q3 to Q4. For exits during the first 6 months of the year, persons not seeking employment are most likely to find temporary employment (13 percent) or seek employment (10.5 percent) – taking advantage of the upswing in economic activity and increased labor demand. With economic activities slowing down in the second half year, the probability of finding temporary employment declines to 4 percent while the chances of seeking employment or moving into inactivity are of similar magnitude (9.5 percent vs 8.5 percent).

With little variation in permanence rates for the remaining labor market categories, mobility rates for full-time workers, jobseekers, or inactive persons appear to be less affected by seasonal fluctuations. In case of full-time employment, state dependence from quarter to quarter is high, suggesting stable employment relations throughout the year.

High permanence rates for jobseekers mean that chances to move out of the initial state are limited. Mobility is somewhat higher in the first half year, and most exiting jobseekers find temporary employment. Similarly, inactive persons face a very high risk all year around to remain inactive.

CHAPTER 4

JOB PREFERENCES AND EXPECTATIONS

To gain a better understanding as to why people may find it difficult to find employment, job expectations and preferences of persons out of work are reviewed next. If job expectations were misaligned with existing job opportunities, it could result in individuals declining available job offers in the hope of finding a better match later. Existing misconceptions could be addressed for example through improved labor market information, consultations, or career guidance programs.

The ad-hoc module included a detailed section on job preferences and expectations. The target population consists mainly of unemployed and potential labor force entrants.[35] Respondents of the module on job expectations will be referred to as ***jobless persons***. Results are discussed in detail below.

Key messages

- Jobless persons have a strong preference for working full-time as permanent salaried employees but show a certain degree of flexibility regarding the sector of employment or industry. Many favor stability and benefits over pay.
- 30 percent prefer working in the public sector. Public sector preference is more evident among women, tertiary educated, and respondents living in province centers or rural areas.[36] For people living outside Ulaanbaatar, the lack of alternative employment opportunities may be the main driver of public sector job preference.
- Most jobless persons have realistic labor market expectations: formal education levels are largely appropriate for the aspired occupational tasks and average wage expectations are in line with actual wages. Demographic groups with overly optimistic wage expectations include youth and high school graduates.
- The willingness to move for work is relatively low; if provided with an acceptable job offer, respondents prefer commuting over relocating.

Preferred employment status

Given the choice of 10 different employment states, respondents show a clear preference: almost 90 percent favor to work as permanent employees. There is little variation across population subgroups, but the preference declines with age: 95 percent of youth (aged 15-24 years) and 76 percent of workers aged 55+ years prefer to work as permanent employee. Only 8 percent of respondents consider some form of self-employment as their preferred status.[37] The share is highest for age group 55+ (19 percent) which could indicate lack of alternative employment opportunities for older workers.

Full–time versus part–time work and working from home

71 percent want full-time employment. The share is highest for young persons (78 percent) and respondents with tertiary education (76 percent). There is little interest in working part-time as only 2.5 percent of all respondents favor this option. The share is somewhat higher for older workers, reaching 6.5 percent. Regarding the possibility of partially working from home, the majority is undecided: 44 percent consider this option 'somewhat important' and about 1 in 5 consider it 'very important'. Women, older workers, and well-educated persons are more likely to appreciate home-based work. Notably, results for the first quarter do not differ from those obtained later in

[35] The target population also includes time-related underemployed, accounting for 3 percent.
[36] International evidence shows that women oftentimes find the benefits of public sector jobs attractive, such as stability, regular work hours, pension/health benefits.
[37] Includes 'employer in corporation', 'employer in household market enterprise', 'owner-operated corporation without employees', and 'own-account worker in household market enterprise without employees'.

the year, suggesting that lockdown-related 'working from home' experiences have not had much of an impact.

Preferred sector of employment and industry

53 percent do not have a clear preference and would be happy to work in any sector of employment. The largest variations are observed by qualification level, where 62 percent of people with secondary or less education show no preference, compared to 43 percent among workers with tertiary education. Nearly 30 percent of respondents prefer working in the public sector. Public sector preference is more evident for women than men (33 percent vs 26 percent) and varies widely by location: 21 percent of UB-residents said they prefer to work in the public sector, but the share increases to 31 percent in rural areas and 39 percent in province centers.

A similar indecisiveness is found for preferred economic sector. More than 40 percent opted for 'any sector'. The share is as high as 58 percent for older people and persons with incomplete secondary education. While declining with education, the share of undecided high school and TVET graduates is about 40 percent, and 31 percent for tertiary educated persons. On average, 21 percent of respondents prefer to work in public administration, education, and human health, followed by mining (11 percent) and construction (8 percent). Notably, TVET graduates show a more diversified preference pattern, with 15 percent wanting to work in mining, 11 percent in construction, and only 13 percent in public administration, education, and human health.

Skill level of preferred tasks and duties

Preference for medium and high skilled jobs is concentrated in the capital, in line with higher educational endowment among jobless UB-residents. 62 percent of UB-residents look for medium skill level occupations[38], compared to 51 percent in province centers, and 48 percent in rural areas. Preference for high skill level jobs also peaks for UB-residents (31 percent) and is about 20 percent in province centers and rural areas. Disparities are largest for elementary occupations: less than 10 percent of UB-residents would rather work in low skilled jobs, compared to 26 percent in province centers and 32 percent in rural areas. Typically, the favored tasks and duties are an adequate match for the respondent's formal education level. Three out of four respondents interested in medium skill-level occupations have completed high school, technical vocational, or specialized secondary education; among those seeking high skill-level jobs, more than 70 percent have received at least some tertiary education *(Figure 4.1).* This patterns also largely holds when looking at urban and rural areas separately.

Wage expectations

Respondents' wage expectations are largely realistic.[39] Basic distribution measures of expected wages and actual wages such as median wage and interquartile range (IQR)[40] are comparable *(Figure 4.2).* Similarly, expected median (and mean) wages by skill level are broadly in line with what is observed in the labor market *(Figure 4.3).* Some demographic groups have too optimistic expectations, including youth and respondents with high school degrees *(Figure 4.4).* Still, the majority of jobseekers appear to be well-informed about actual wage trends and have formed realistic expectations on the wage they can earn in their wanted occupation.

[38] Includes service and sales workers, craft and related trades workers, plant and machine operators.
[39] Respondents were asked about their minimum monthly salary or earnings that they expect when working. The report refers to this as 'wage expectation' or expected wage'.
[40] The interquartile range defines the difference between the third and the first quartile of a distribution and shows how spread out the middle 50 percent are. Like the median, the IQR is not affected by outliers.

Preferable job characteristics

In line with earlier findings on preferred employment status, respondents favor stability and benefits over pay. Jobs that require working at night or frequent overtime are generally seen as less preferable: only one in three respondents are willing to work under such conditions, but acceptance rates are considerably higher for men, youth, rural residents, and persons with lower education levels.

Looking beyond income: what to expect from a job

Faced with 10 options, respondents were asked to pick their top three answers as to what is essential to have in a job in addition to an adequate salary. As top priority, 27 percent of all respondents agreed that a job should provide opportunities for personal growth. Among youth, the approval rate reached 38 percent. Results further suggest that two options are competing for the second priority: people value wages being paid on time (23 percent) and jobs that offer social security and health benefits (20 percent). A safe and secure workplace is identified as the third priority (26 percent approval rate). Differences exist between male and female respondents, place of residence and education level, but disparities are largest by age group. While older workers also value being paid on time and working in a safe environment, having a good work-life balance and feeling appreciated for what they do at work matter to them, too.

Figure 4.1. Qualification profile of respondents, by skill level of the preferred tasks and duties

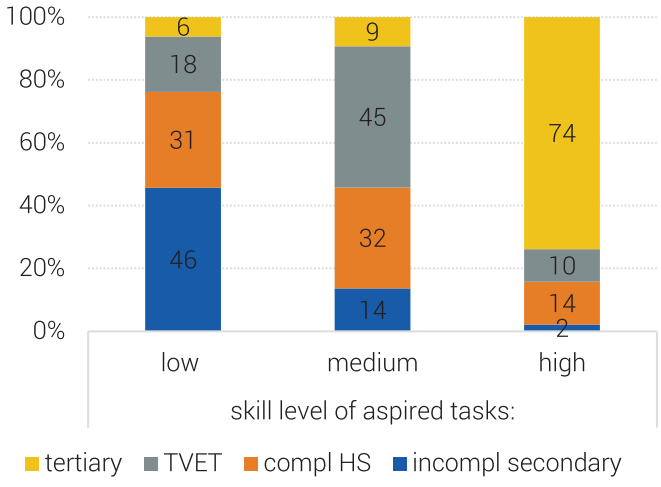
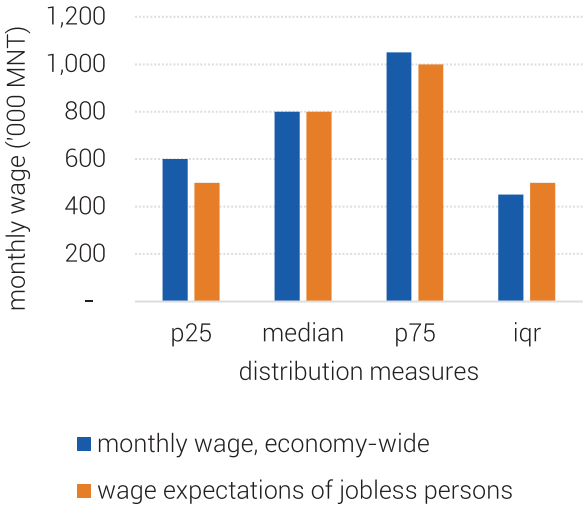


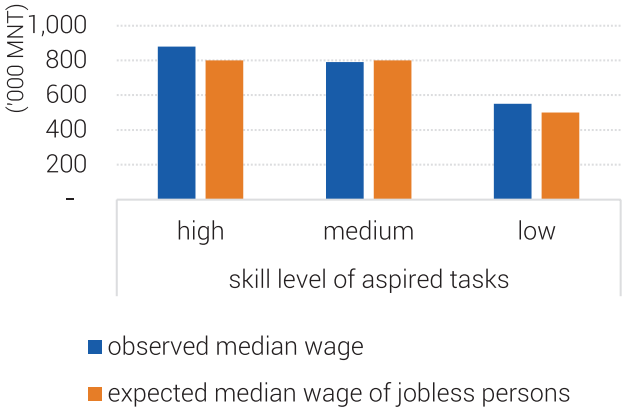
Figure 4.2. Distributional measures of actual wages and jobless persons' wage expectations



Notes: Skill levels of aspired tasks are based on ISCO-08 classification of occupations.

Willingness to commute differs widely by location: 29 percent of UB-residents are prepared to travel to work on a daily basis, compared to nearly 50 percent of residents in province centers and rural areas. Men are more likely to move permanently. Only about 3 percent of all respondents are willing to move abroad for work.

Figure 4.3.Actual and expected median wage by skill level



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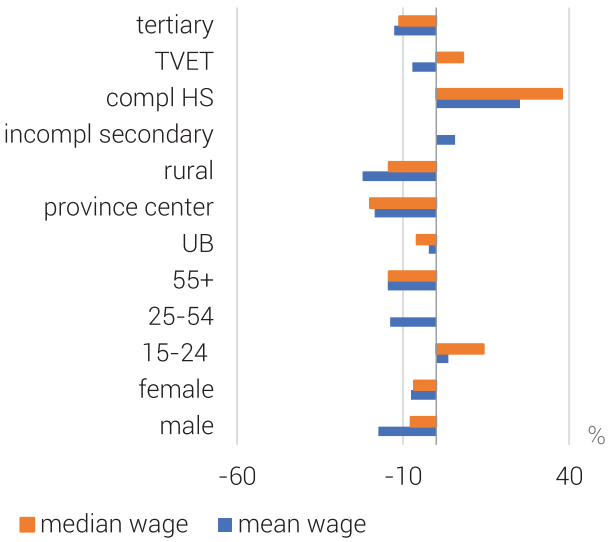


Mobility

Given an acceptable job offer, people are more prepared to commute than relocate. While about 60 percent of respondents would accept or consider a long daily commute to get to work, 62 percent are not willing to move to a new place even if it offered employment opportunities. Youth are the most flexible group as their willingness to commute or relocate is at least 50 percent.

CHAPTER 5

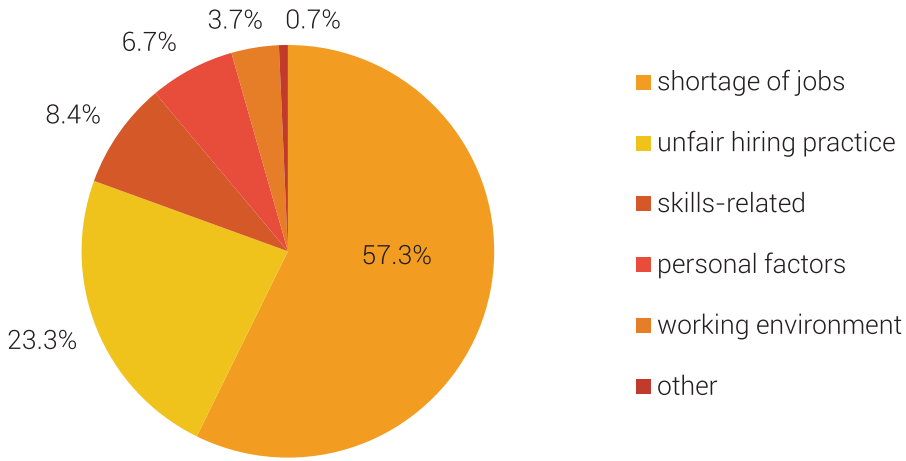
BARRIERS TO EMPLOYMENT AND THE ROLE OF EMPLOYMENT AGENCIES

To complete the jobseekers' view on the labor market, respondents were also asked about barriers to finding employment and the role employment agencies could play to overcome existing barriers. Results are briefly discussed below.

Barriers to employment

Respondents could choose from a detailed list of 14 barriers or describe additional obstacles. To allow for an easier analysis, answer categories were combined resulting in 5 main barriers to employment: shortage of jobs, skills-related, unfair hiring practices, personal factors, and work environment.[41] Results suggest two dominating obstacles for jobseekers to finding employment *(Figure 5.1).* 57 percent see a shortage of available jobs as the main problem. While gender disparities do exist *(Figure A1),* they are relatively small compared to regional differences that are particularly striking: limited job opportunities are the main obstacle for 39 percent of UB residents compared to 70 percent in province centers and 76 percent in rural areas *(Figure A2).* The second biggest barrier are unfair hiring practices, driven by disproportionately many older people feeling incorrectly treated based on their age. About 8 percent identify skills-related reasons as a major obstacle. Notably, the incidence is higher for high school graduates (17 percent) and UB-residents (12 percent) who agree that jobs are available, but they do not possess the necessary skills.

Figure 5.1. Obstacles to finding employment



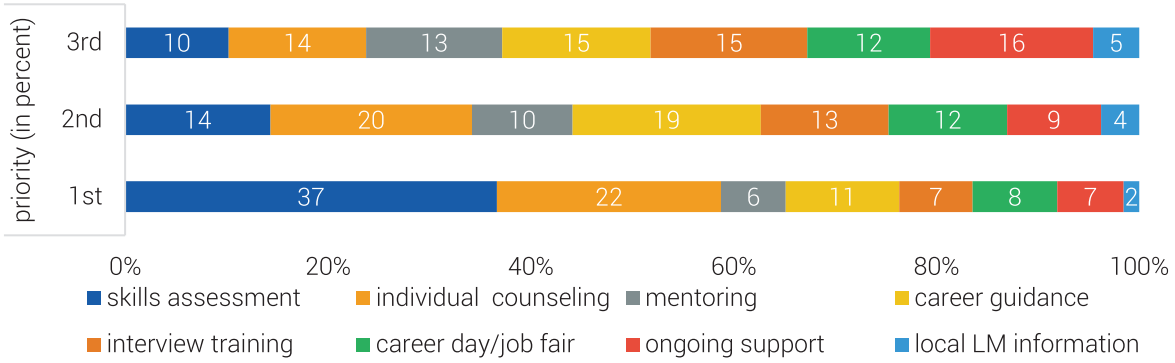
Role of employment agencies to overcome barriers to employment

Nearly 60 percent of respondents agree that skills assessments and individual counseling are helpful and should be prioritized services offered by employment agencies. Approval is particularly strong among jobseekers living outside UB. Opinions are more diverse for the second and third priority – reflecting respondents' differing needs and challenges (Figure 5.2). For example, providing career guidance to find and keep the preferred job is important to 24 percent of less educated persons, compared to 19 percent of all respondents. Less educated jobseekers and respondents in province centers or rural areas have an above-average interest in hands-on training programs such as job interview practice. Perhaps surprisingly, better educated jobseekers and UB-residents are more likely to look for ongoing support - that is to be able to consult with employment agencies after having found a job.

[41] See Table A6 for details.

In conclusion, employment agencies should be enabled to provide (standardized) services that will be beneficial to most jobseekers such as skills assessment and vocational counseling. Jobseekers also expect to be able to turn to employment agencies when looking for tailored support for diverse individual needs and would welcome longer-term engagements that continue beyond job placement.

Figure 5.2. Jobless persons' priorities on services offered by employment agencies



5.1. IMPROVING EMPLOYABILITY THROUGH INVESTING IN BETTER SKILLS

Skills training for the unemployed is often a core element of active labor market policies. Providing workers with new or updated skills may improve their individual employability, reduce skills mismatches, and help build an adequately trained workforce, tailored for local labor markets.

Employers offer training to their (new) employees to ensure workers are familiar with the latest technology, raising labor productivity. Upskilling and reskilling may also promote career development, contribute to worker satisfaction and commitment, minimizing the need for recruiting new staff.

Both core and ad-hoc module include questions on past training experiences. In addition, the ad-hoc module included several hypothetical questions to elicit respondents' willingness to participate in training programs. Main results are discussed below.

Key messages

- Actual participation rates in training programs are low, with 4 percent of the labor force having attended some form of vocational/technical training during the last 3 years.
- To improve employability, many respondents are willing to invest in better skills.
- Most respondents agree that good communication skills are critical to be successful in the labor market, which matches with employers' preferences. Teamwork, another soft skill valued highly by employers, is not perceived as being essential.
- In their own view, more than 40 percent of graduates of higher education institutions (HEI) would benefit from either reskilling or upskilling training. This suggests that a sizeable share of higher-educated jobseekers feels ill-prepared for the labor market.
- Limited financial resources are likely to prevent less educated jobseekers from participating in training programs which they believe would be useful.

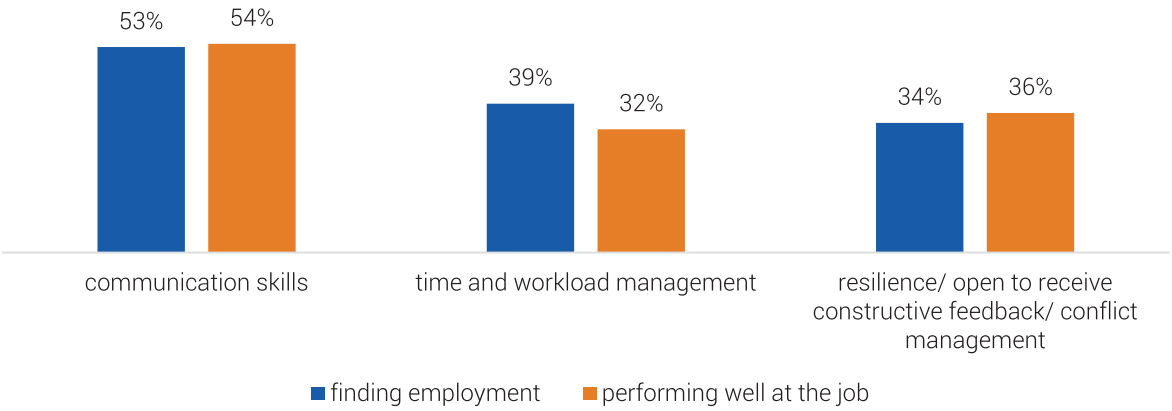
Willingness to participate in skills training

Generally, the willingness to invest in better skills is encouraging. If outdated skills made it difficult to find employment, more than 50 percent of respondents would be willing to upgrade their

existing skills (upskilling) and 47 percent are prepared to learn a new profession (reskilling). For each of these training options, another 20 percent say they would think about it. Evidently, there is a substantial overlap: almost 80 percent of people willing to upskill would also be prepared to learn a new profession. 83 percent of those not willing to upskill would also opt out of reskilling. A more analytical approach shows that readiness declines with age. Having participated in the past raises the willingness to attend additional training.[42] Depending on the model specification, women and high school graduates are sometimes found to be more willing to invest in their skills. Urban residents (UB and province centers) are somewhat more likely to participate in training programs *(Table A7).*

Respondents of the ad-hoc module were also asked to identify the top three soft skills they believe will (i) enable them to be successful in their search for employment, and (ii) allow them to perform well once they started to work.[43] Respondents could choose between 5 options, which sometimes combined related soft skills into one category. Results suggest that the same skills are prioritized for both finding employment and doing well at the job *(Figure 5.3).* More than 50 percent of the respondents concur that communication skills are essential. Time and workload management rank second, followed by resilience, being open to constructive feedback and conflict management. Notably, teamwork skills and work ethics - two core competencies that many employers view 'important' or 'very important' - obtain only low approval rates.[44]

Figure 5.3. Top three soft skills to succeed in the labor market



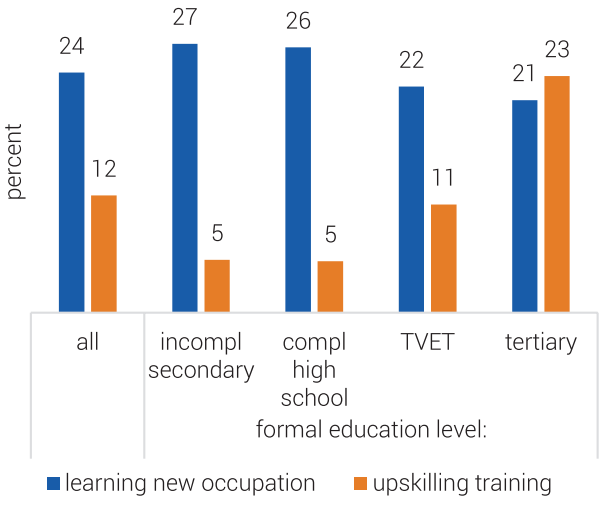
Note: LFS 2020, ad-hoc module.

Prime-age persons (25-54 years old) were asked about their training needs in more detail. Asked about what training would be most beneficial, 33 percent decided on soft skills training, 24 percent prefer to learn a new occupation (reskilling), and 12 percent opted for upskilling.[45] Rural residents and less educated jobseekers are least likely to see any training needs for themselves. Notably, the wish to upskilling increases substantially with education, from 5 percent for less educated persons to 23 percent among people with tertiary education *(Figure 5.4).* The finding that 44 percent

[42] The finding could indicate potential self-selection bias, meaning that some people are more open to participate in training and select themselves into available training programs.
[43] The second aspect was only answered by underemployed. Since the resulting sample size is small (~100 respondents), results should be interpreted with caution.
[44] For more details on skills that employers look out for in jobseekers, see RILSP 2021: Labor market bulletin, 1st quarter 2021, Fig. 24.
[45] These estimates exclude underemployed as almost 45 percent opted for "do not need training". Among jobless persons, 17 percent feel they do not need any training; the share is highest among jobless people with incomplete secondary schooling, reaching 24 percent.

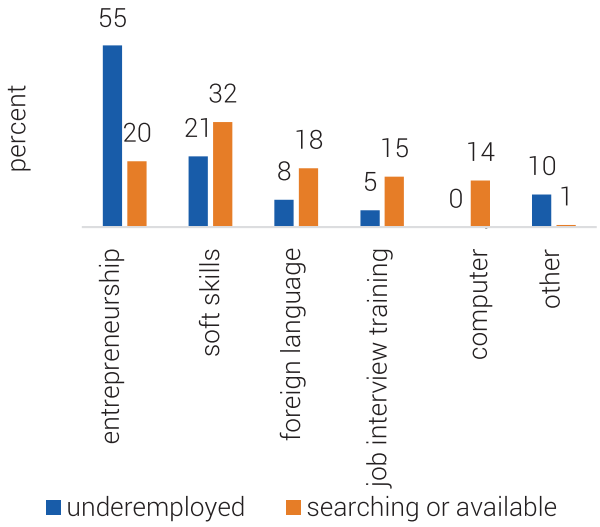
of respondents with tertiary education say they would benefit from either reskilling or upskilling training suggests that a sizeable share of HEI graduates feels ill-prepared for the labor market.

Figure 5.4. Readiness to upskilling and reskilling by education level



Note: Sample includes persons aged 25-54 years that are looking for jobs or indicated their availability to start working.

Figure 5.5. Training required to improve employability

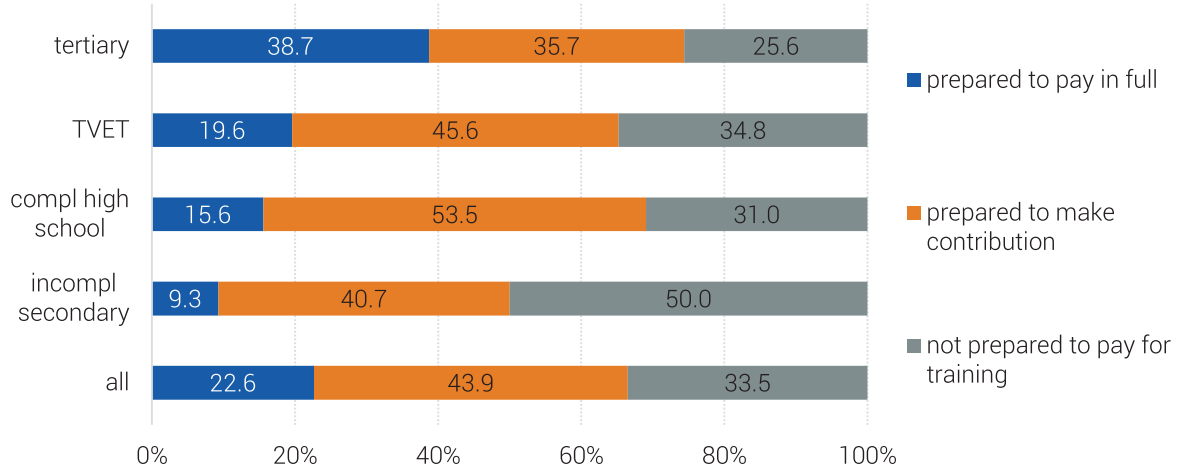


Note: Results are based on a sub-sample of the target population which were asked more details on improving employability.

Zooming in on skills required to improve individual chances to find (full) employment, a majority of underemployed would like to receive some form of entrepreneurship training. Among jobless persons, needs are more diverse: One in three recognize soft skills as their main deficit, and one in five lack entrepreneurial skills *(Figure 5.5).* On average, 15 percent would prioritize job interview training, but the share reaches 25 percent among less educated and TVET graduates. The demand for computer and programming skills as wells as foreign language skills is largely driven by HEI graduates.

Prime-age respondents that showed interest in participating in training activities were also asked about their willingness to contribute towards the cost. Generally, about two thirds are prepared to pay for training, either in full or partly, but willingness correlates strongly with education. While 50 percent of respondents with incomplete secondary schooling are willing to contribute at least partially, the share increases to 75 percent for HEI graduates *(Figure 5.6).* If limited financial resources prevented less-educated candidates from participating in training activities, offering subsidies to eligible applicants could be an avenue to provide better access to training activities and improve individual employment chances. Gender disparities in willingness to pay are negligible, but there are sizeable differences by location. Among UB residents only 14 percent are prepared to pay in full for training, compared to 29 percent in rural areas and 37 percent in province centers.

Figure 5.6. Willingness to pay for training that respondent believes is most important



Note: Sample includes core-age persons that are looking for jobs or indicated their availability to start working and that are interested in training activities.

Participation in training activities (core and ad-hoc module)

Data collected through both the core module and ad-hoc module show that participation in training activities is very low. About 4 percent of the labor force attended vocational or technical training programs during the last 3 years, with negligible differences between employed and unemployed. Among respondents of the ad-hoc module, 3 percent did participate in some form of skills training during the last 24 months.

While the limited number of observations prevents a thorough analysis, a few trends emerge from the data. More than 50 percent of training programs are provided by private training institutions; the shares of government-funded training and employer-funded programs are comparable at the national level (~ 15 percent). Skills training is typically of short duration: about two thirds of training programs reported during the recall period lasted 30 days or less. Government-funded programs are often the shortest, lasting on average 2 weeks.

One in two participants used personal resources to pay for the training; and 30 percent attended programs that were free of charge. Most participants completed the program, and nearly 40 percent agreed that the training was helpful in finding employment or start a business.

The data suggest notable differences especially by locality. While participation rates do not vary by residence status, jobseekers living outside UB are more likely to attend government-funded training programs, and programs tend to be longer when offered outside UB.

The finding that participation rates are low despite many jobless workers indicate their interest in participating in skills training raises a couple of questions:

- Are sufficient training options available to meet the demand for skills training?
- Are training programs designed to address the needs of jobless workers?
- Are jobless workers guided toward targeted training programs that would help improve individual employability?
- Do financial constraints prevent certain groups from participating in available training opportunities?

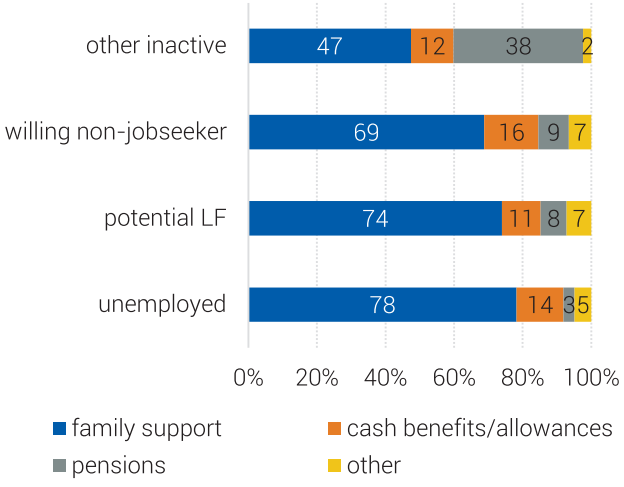
5.2. SOURCES OF INCOME SUPPORT

What sources of (income) support do jobless people have? The LFS core questionnaire provides initial insights for the population currently not at work. Family support is most important: approximately 3 out of 4 unemployed or potential labor force entrants rely on financial support from family members; among people wanting to work the share is close to 70 percent. Responses from the ad-hoc module suggest that family support is mostly coming from labor market income earned by other household members, and to a lesser degree from other households in Mongolia. Cash benefits and allowances are the second pillar of support for the unemployed and persons with marginal labor market attachment. For those not wanting to work (other inactive), pension payments play a significant role *(Figure 5.7).*

To gain a deeper understanding of the resources people out of work have available, respondents of the ad-hoc module were asked in more detail about the main sources of support during the past 12 months. Respondents could provide up to three answers. To allow for a better comparison, results are prepared separately for underemployed (workers with less than 40 hours) and people out of work.

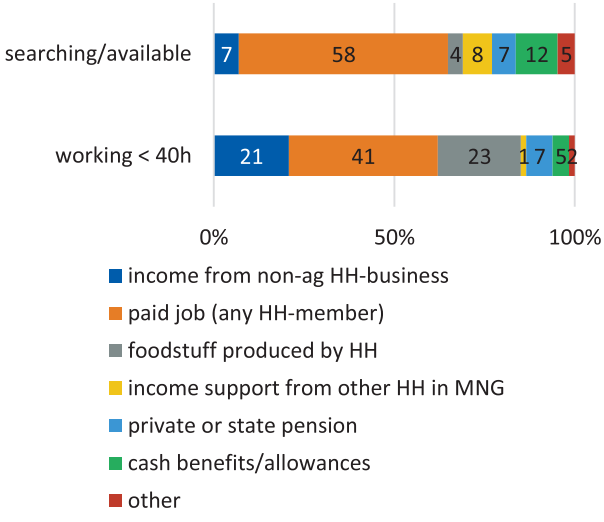
The main source of support comes from paid work from household members. More than 60 percent of underemployed and people without work have access to pooled labor market income, but there are differences. Notably, the sources of support are more diversified for the underemployed: 20 percent of the labor market income comes from non-agricultural household business, compared to 7 percent for people out of work. Similarly, almost 25 percent of the underemployed live in households that produce foodstuff and staples for their own consumption[46], compared to 4 percent of jobless persons. Social welfare benefits and income support from other households in Mongolia are also relevant contributors, but mainly for people out of work *(Figure 5.8).*

Figure 5.7. Main source of income support while out of work



Note: LFS 2020, core questionnaire. Respondents could only provide one answer. 'Other' includes sales of assets, dissaving, income from property or rent.

Figure 5.8. Sources of support during the past 12 months (first answer)



Note: LFS 2020, ad-hoc module. Respondents could provide up to three answers. 'Other' includes income from HH-farming or fishing, remittances, income from properties, investments, savings, and charity.

[46] Underemployed are more likely to live outside UB and may have better opportunities to be self-sufficient.

For respondents with more than one source of support, social welfare benefits are second-ranked. Jobless persons in particular rely on cash benefits and allowances from social welfare. Underemployed continue to have a more diverse portfolio, with access to pension payments and income from gainful employment *(Annex Figure A4).*

In conclusion, there are three main sources of income support: pooled labor market income, social welfare benefits, and pension payments. Small differences are found by gender, with women being somewhat less likely to rely on income generated by household businesses but having slightly better access to social welfare benefits. UB-residents can rely more on family support, while the jobless living in province centers or rural areas depend more on pension benefits. Other potential sources like remittances, financial flows from property, investments or savings are largely negligible.

CHAPTER 6

DISCUSSION OF MAIN RESULTS AND POLICY OPTIONS TO REDUCE UNEMPLOYMENT AND PROMOTE EMPLOYMENT

Repeated or prolonged spells of joblessness often have far-reaching consequences for individuals, communities, and the broader economy. Ensuring sufficient opportunities for all to participate in the labor market not only increases individual well-being but is essential for promoting social cohesion and economic growth.[47]

This section summarizes the main findings of the analysis, followed by a discussion of policy options to reduce unemployment and promote employment in Mongolia. The analysis presented in the report examines unemployment and joblessness from the supply side only, and policy options will be centered around Mongolia's labor supply. Nevertheless, the analysis made clear that one of the key constraints to enhanced employment opportunities is a shortage of jobs. A detailed discussion of demand side factors to job creation such as macroeconomic conditions, structural reforms, business environment, and investment climate is beyond the scope of the report.

6.1. LABOR MARKET CHALLENGES IN MONGOLIA: SUMMARY OF THE MAIN FINDINGS

A substantial share of Mongolia's working age population wants to work but remains idle. 55 percent of the WAP are employed and 36 percent say they do not want to work, but an additional 10 percent (or 208,000 persons) are jobless but want to work. Of these, 42 percent are unemployed (and therefore have a relatively strong labor market attachment), and about 34 percent are potential labor force entrants, most of them (>90 percent) being available for work but not engaged in search activities. Finally, an additional 24 percent have an expressed interest in employment but are neither searching nor available to start working. This last subgroup, the willing non-jobseekers, arguably has the weakest ties to the labor market among those wanting to work.

Limited job opportunities and care duties are the main reasons for not working, but their relative importance varies by labor market attachment and across demographic groups. Youth, prime-age workers as well as high school graduates and persons with TVET education are more likely to be part of the non-employed. Nearly one in three non-employed are unable to find (suitable) work, but the share is as high as 52 percent for the unemployed. The share of individuals that are involved in family care responsibilities increases with declining labor market ties and affects women disproportionately.

In 2020, the long–term unemployment rate reached 32.4 percent, with the elderly and individuals living in rural areas overrepresented among this group. While women face a higher risk than men, the gender gap in long-term unemployment is relatively small. 44 percent of the unemployed either living in province centers or rural areas are long-term unemployed, compared to 14 percent of UB-residents.

One in four people wanting to work had no work experience. The labor market fails to sufficiently absorb new labor market entrants. Youth and rural residents are less likely to have (relevant) work experience, reducing their prospects of finding employment further.

While many jobs end because of their temporary nature, most job separations are voluntary. 32 percent of the non-employed lost their job involuntarily (job losers), largely because of the termination of temporary work arrangements. Notably, 45 percent left their previous job voluntarily (job leavers), mainly due to personal/family reasons (for willing non-job seekers) and voluntary quits without particular reasons cited (for unemployed and potential labor force). Job-related motives such as 'adverse working conditions' or 'dissatisfied with pay' are reported less often, and matter mainly for the unemployed. Men and older workers (55 years and older) are somewhat more likely to have lost their previous job, while women, prime-age workers, and UB-residents are

[47] OECD 2018b.

more likely to have resigned on their own accord. TVET graduates are overrepresented among both job losers and job leavers, suggesting a particularly high risk of unstable employment relations for these workers.

The labor market is characterized by strong state dependence for jobseekers which translates into fewer chances of finding employment and increases the risk of long-term unemployment. High-frequency labor market data[48] suggest that (self-declared) jobseekers have proportionally fewer transitions to other labor market categories, indicating a high degree of state dependence. After 12 months, the probability of jobseekers to have left their initial state is less than 20 percent. Men, UB-residents, and younger age groups are somewhat more likely to exit the job search state.

When jobseekers leave their initial state, they most likely enter temporary employment. Jobseekers' short-term transition rates are low (less than 5 percent after one month, 10 percent after three months), and most jobseekers that have left their origin state have entered temporary employment. In the longer run (between 6-12 months) both mobility and chances of finding full-time work increase somewhat, as does the share of jobseekers that have dropped out of the labor force.

Compared to jobseekers who completed high school or TVET graduates, jobseekers with tertiary education often have fewer chances of finding employment. Tertiary-educated persons exit the jobseekers' state at a slower rate and are least likely to enter temporary employment. The likelihood of tertiary-educated jobseekers to be employed after 12 months is just above 5 percent, while the risk to have left the labor force is more than twice as large. This finding could indicate a general shortage of jobs for better-educated, substantial mismatches between the skills profile of available jobs and the jobseekers' skills profile or queuing for better employment opportunities.

Most jobseekers have realistic labor market expectations and appear to be well-informed about actual wage trends. Asked about their preferred job, the tasks and duties favored by jobseekers are often an adequate match for their formal education level. Three out of four respondents interested in medium skill-level occupations have completed high school, technical vocational, or specialized secondary education; among those seeking high skill-level jobs, more than 70 percent have received at least some tertiary education. Similarly, average wage expectations are broadly in line with actual wages. Notably, wage expectations of female jobseekers are lower than those of their male peers, but not low enough to fully anticipate the actual pay gap. Demographic groups with overly optimistic wage expectations include youth and high school graduates.

Jobseekers prefer stable jobs and would choose benefits over pay; almost one in three would prefer to work in the public sector. Jobseekers have a strong preference for working full-time as permanent salaried employees but show a certain degree of flexibility regarding the sector of employment or industry. Many favor job stability and access to benefits over pay and 30 percent prefer working in the public sector. Public sector preference is more evident among women, tertiary educated, and respondents living in province centers or rural areas.

While actual training participation rates are low, many respondents are willing to invest in better skills; perceived training needs differ by demographic group. If outdated skills made it difficult to find employment, more than 50 percent of respondents would be willing to upgrade their existing skills (upskilling) and 47 percent are prepared to learn a new profession (reskilling). Prime age workers consider soft skills training most beneficial, while rural residents and less educated jobseekers are least likely to see any training needs for themselves. More than 40

[48] For a subsample consisting mainly of non-employed, self-reported employment history data was collected retrospectively for a period of 24 months through an additional module to the LFS 2020.

percent of graduates of higher education institutions would, in their own view, benefit from either reskilling or upskilling training, suggesting that a sizeable share of higher-educated jobseekers feels ill-prepared for the labor market. Yet, actual participation in training programs, as measured through survey data, is low.

6.2. POLICY OPTIONS TO REDUCE UNEMPLOYMENT AND BOOST EMPLOYMENT IN MONGOLIA

Easy access to accurate and relevant information is at the center of any well-performing labor market. Labor market information systems (LMIS) are an integral part of effective labor market policies as they provide critical information to various labor market actors, including (prospective) jobseekers, employers, policy makers, researchers, and other stakeholders.[49]

Modern LMIS include the following key functions: (i) provide job matching services that help jobseekers to learn about available job opportunities and employers to reduce costs associated with filling vacancies and close existing skills gaps; (ii) facilitate access to relevant government programs that address the needs of jobseekers such as training opportunities, activation measures, or social welfare programs; (iii) provide career and skills guidance services that assist jobseekers in identifying own abilities and interests as well as in-demand skills and connect them with education or training programs.[50]

Well-functioning LMIS contribute to lower transaction costs of labor markets as they help to reduce information gaps. Further, data collected through LMIS can be utilized to monitor and evaluate the impact of labor market policies, and to identify (and quantify) intended and unintended, direct and indirect effects of interventions. Rigorous impact evaluation of existing and future activation programs is required to inform the design and implementation of evidence-based policies with improved targeting and tailored support for labor market agents.[51]

Reflecting also on results obtained in previous studies that examined Mongolia's labor market challenges, policy options that can assist jobless workers to be successfully integrated in the labor market are discussed below.

Active labor market policies: (re-) integrate disadvantaged workers into the labor market

Job–ready jobseekers: Job placement services should be made available to jobseekers that possess in-demand skills but have difficulties learning about available job opportunities. This group of jobseekers could include well-trained women or youth who may have less access to professional networks to learn about vacancies, or jobseekers outside UB where labor market information is less accessible in general. Well-positioned public employment services (PES) can contribute to shorter job search periods, help employers to fill existing vacancies faster, and improve labor market matching.

Jobseekers with inadequate or obsolete skills: Jobseekers that do not possess in-demand skills or wish to reskill/upskill should enroll in training programs. Older workers or low-skilled jobseekers may benefit more from targeted training measures as they are more likely to have outdated or insufficient skill sets for modern jobs. Since TVET graduates face an increased risk of being unemployed, tailored training measures may improve their employment chances. Training programs that run during times of low economic activity could target seasonal workers to improve their

[49] A labor market information system can be defined as the set of institutional arrangements, procedures, and mechanisms that are designed to coordinate the collection, processing, storage, retrieval, and dissemination of labor market information to address the needs of jobseekers and employers in particular (World Bank 2021b). A review of Mongolia's LMIS as well as recommendations how to improve its functioning are provided in Ferrй (2020).

[50] Adopted from World Bank 2021b.

[51] Sparreboom 2013; Eichhorst, Konle-Seidl 2016.

skills and productivity, as well as increase chances to find employment outside seasonal work. Well-functioning PES can operate as a gateway in identifying and directing 'train first' jobseekers towards suitable programs. To increase incentives to participate in training, income support could be provided to safeguard workers and their families, ensuring that training is completed. Training needs of beneficiaries of the unemployment benefit could be assessed through PES and the training programs offered by PES can be made responsive to the needs of the unemployed.

Hard-to-place jobseekers: Persons that have been out of work for an extended period of time, have no (relevant) work experience, or face multiple barriers to employment most likely require intensive case management. As a first step, job readiness needs to be ensured by addressing potential health and care-related obstacles. A 'train first' component can equip jobseekers with technical skills and soft skills, improving their overall skills set. Employment incentives have proven to be effective in reducing long-term unemployment and could help to tackle continuing joblessness. Substituting for lack of work experience, subsidized hirings can also help to integrate new labor market entrants (youth, entrants in rural areas). Once employers have more information on the productivity and matching quality of first-time jobholders, they may be more willing to retain the workers after the subsidy is phased out. Generally, employment incentives such as employer subsidies or wage insurance can help jobseekers to access jobs, gain work experience, and deepen their professional expertise through on-the-job training.

Early interventions

Promote career awareness of youth: In many countries, high school students often have little awareness of the world of work. Young people often have negative or inaccurate perceptions of local employers and limited appreciation of the diverse career opportunities they provide. Career (or job) awareness programs introduce young people to different (local) job opportunities before they graduate from high school, with the aim for students to identify career paths that resonate with their interests and talents. Information on in-demand skills and professions, job prospects, and wage trends can guide students in making sustainable career choices. Activities that could initiate and enhance interactions between students and local employers include classroom speakers (have an established worker provide insights into their profession), job shadowing (students follow workers in their day-to-day job routines), and mentorship programs. Successful initiatives have multiple stakeholders involved including students, employers, parents, teachers, and community leaders.

Support school-to-work transition: For a variety of reasons, youth are often unsure about how labor markets work and how to access information about job opportunities. High school students but also higher-education graduates are often uncertain about skills requirements, how to gain relevant work experience, and how to find employment without relying on personal connections.[52] School-to-work road maps can provide essential information about the steps graduates (and school leavers) need to take to gain access to labor market information. Providing youth-centered employment services, PES may establish themselves as the point of first contact for (soon-to-be) graduates. To facilitate school-to-work transitions, PES should strengthen its existing services and introduce innovative solutions to allow young graduates building their career experience early on. In particular, PES could inform graduates about suitable job vacancies and put them in touch with hiring employers to explore options of internships, probation programs (possibly combined with employment incentives) or on-the-job training. Further, options to establish internship or probation programs that facilitate direct communication and collaboration between universities and employers should be explored.

[52] World Bank 2018c.

Beyond active labor market policies

The role of employers: Generally, many job separations are worker-initiated, meaning that the workers choose to terminate their employment. While personal and family-related reasons are often behind this decision, results from qualitative studies suggest that many workers are dissatisfied or frustrated with their job. Especially women find themselves trapped in precarious work arrangements, lacking job security, benefits, and regular wage payments. Overtime is often expected but seldom remunerated adequately. Open mistrust and fear of managers are widespread. Informal jobs often have a hire-and-fire policy.[53] Hostile work environments may contribute to the sizeable share of worker-initiated 'voluntary' separations, especially for low-level jobs offering only small incomes. Employers should take on the responsibility to provide a safe work environment, create a respectful climate at the workplace, pay wages and surcharges on time and as agreed. Offering attractive employment opportunities will improve worker commitment as well as productivity and is likely to reduce the number of vacancies created by workers leaving their job.

The role of family–friendly policies: Despite the benefits of increased female labor force participation being well-known, many women in Mongolia face substantial, and sometimes multiple, barriers to employment. Women of various age groups and across education levels speak of pronounced, gender-specific barriers to accessing jobs and career opportunities.[54] Difficulties in accessing their first job often translate into consistently weak labor market ties, especially for women, with far-reaching consequences: outdated skills, foregone work experience, and smaller professional networks are likely to have lasting impacts on future employability and wages. Family-friendly policies such as part-time work and variable hours enable women (and men) to better balance family and employment responsibilities. Similarly, paid parental leave and affordable quality childcare can help women to remain in the labor force when having young children.[55] The recently adopted revised Labor Law has introduced the employment relationships of 'part-time', 'home-based work' and 'remote work' employees. It remains to be seen if and how these progressive regulations promote women's labor force participation in the future.

Strengthen the link between the education system and the labor market to improve relevance and quality of education and training programs: Besides the lack of jobs, skills mismatches are one of the key constraints to employment. To enhance the competitiveness of Mongolia's workforce, a systematic and comprehensive reform program seems indispensable, especially for the TVET education and university education. Recent policy reforms in the TVET sub-sector have delivered some results, including better access for marginalized groups such as unemployed youth, youth from poor families, women, and people with disabilities. Still, many TVET graduates do not meet the requirements of employers. As for other sub-sectors, inadequate attention has been given to ensuring the quality and relevance in higher education. To make education supply more relevant for market demand, increased partnerships between education institutions and the private sector are required.[56] Further, periodic and systematic assessments of the demand for occupations and skills are required, and results need to be communicated to education and training institutions, public employment services, prospective students, and trainees. Similarly, policies for providing more opportunities for quality upskilling and re-skilling training for adults both within and outside of the formal education need to be strengthened.

Opportunities in the sharing economy: The rise of new technologies and the sharing economy (also called platform work) offers new gateways to self-employment, but only for some. Better-

[53] World Bank 2018c.
[54] World Bank 2018c.
[55] Winkler 2016.
[56] World Bank 2020b.

educated jobseekers may tap into employment opportunities offered on digital platforms such as upwork.com. The sharing economy offers opportunities in ride sharing, food delivery and other services, but results from early studies suggest that disadvantaged workers (low-skilled, few assets, living in remote areas) are less likely to benefit. Still, the work model of the sharing economy can be attractive to some as it facilitates part-time work and working variable hours, helps smooth income fluctuations or supplement earnings, and may serve as a bridge while seeking other employment opportunities. With the sharing economy being a relatively new form of work, regulators and institutions are still searching for the right approaches and strategies to harnessing new opportunities while managing the challenges it brings.[57]

6.3. AREAS OF FURTHER RESEARCH

The report presented a variety of results, and potential follow-up analysis on some findings will add to the understanding of Mongolia's labor market performance. Two findings warrant explicit mentioning here.

High incidence of voluntary employment separations: The study highlighted the high share of worker-initiated job separations – despite the relatively high level of unemployment and joblessness in Mongolia. For persons with weak labor market ties (willing non-jobseekers), it is predominantly personal and family-related reasons which caused people to resign. Gaining more understanding on the personal circumstances may shed more light on (multiple) barriers to employment that persons with little attachment face. 46 percent of the unemployed and 53 percent of the potential labor force entrants quit their previous job without specifying the underlying reason, and only few give job-related motives such as 'adverse working conditions' or 'dissatisfied with pay'. Qualitative results from earlier work suggest that many of them are, in fact, dissatisfied with their job and/or working conditions.[58] It is recommended to undertake in-depth quantitative and/or qualitative analysis to gain a better understanding of the dynamics of voluntary employment separations.

Discrepancy between actual training participation and willingness to improve employability: Mainly through the country's Employment Promotion Programs, training opportunities are offered to vulnerable groups to invest in skills and improve employability. While willingness to participate to training is generally high and training programs are often oversubscribed[59], actual training participation, when measured through survey data, is low. Based on recent data, only about 4 percent of the labor force attended vocational or technical training programs during the last 3 years, with negligible differences between employed and unemployed.[60] The finding that participation rates are low despite many jobless workers indicate their interest in participating deserves a more thorough analysis. Questions that should be addressed include (i) are training programs aligned with the needs of jobless workers; (ii) are participants selected by a transparent screening and application process; (iii) do financial constraints prevent the most disadvantaged jobseekers from participating?

While the above-mentioned policy options can contribute to improved labor market matching, a trained workforce, and enhanced employment opportunities, they cannot address all of Mongolia's current labor market challenges. To increase the rate of job creation and generate sufficient employment opportunities outside the capital in particular, long-term structural reforms to create a stable macroeconomic environment, improve business and investment climate, ensure access to markets and credit as well as competitive trade and exchange rate

[57] EC 2020.
[58] World Bank 2018c
[59] World Bank 2015; GOLWS 2021
[60] LFS 2020, core module

GLOSSARY

Labor force refers to the current supply of the labor for the production of goods and services in exchange for pay or profit. The sum of persons in employment and in unemployment equals the labor force (Provision 11, 16, Resolution of 19th ICLS).

Persons in employment are defined as all those of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for **pay or profit**. Persons in employment are categorized into (a) "at work" and (b) "not at work" (Provision 27, Resolution of 19th ICLS). Employment is derived using the employment type model M4 (ILO, 2018).

Persons outside the labor force are those of working age who were neither in employment nor in unemployment in the short reference period with reasons of either in education or retired or elder or disabled, or discouraged for seeking employment. **Extended labor force** is defined as the sum of the labor force and plus the potential labor force (Provision 16, 55, Resolution of 19th ICLS).

Jobseekers are the three groups of population who are unemployed, potential labor force, and persons who are neither "seeking employment" nor "currently available" but who want employment, except when they are ready to start work.

Willing non-jobseekers: currently jobless individuals with an expressed interest in employment. Willing non-jobseekers are defined as persons not in employment who want employment but did not seek employment and were not currently available (ILO, 2013).

Unavailable jobseekers: individuals who are actively seeking work but were not available to have started work in the survey week and next two weeks.

Labor force participation rate: labor force divided by working age population, in percent.

Scarring effect (of unemployment): potential negative long-term effect that unemployment has on future employment prospects.

Unemployment rate: number of unemployed persons divided by labor force, in percent.

Other inactive: in the report, the term 'other inactive' refers to persons aged 15 and over who do not want to work.

Available potential jobseekers: individuals who were not actively seeking employment but were available during the last week and wanted employment.

Discouraged jobseekers: individuals who wanted employment and were currently available but stopped seeking employment for labor market-related reasons such as past failure to find a suitable job, lack of experience, no suitable jobs given individual skills, lack of jobs in the area, or considered too young or too old by prospective employers (Provision 52b, 52, 80b, Resolution of 19th ICLS). Discouraged jobseekers are included in available potential jobseekers.

Inactivity rate: proportion of the working age population that is not in the labor force.

Permanence rate: see state dependence.

State dependence (of labor market dynamics): a person's likelihood to remain in a particular labor market state in the next period.

Long-term unemployment defined as those with a duration of search and availability for employment lasting 12 months or more (Provision 50, Resolution of 19th ICLS).

Long-term unemployment rate: number of long-term unemployed divided by all unemployed, in percent.

Future starters: persons not in employment and currently available who did not seek employment because they had already found a job and will start working in a new job within the next 3 months. Future starters are counted as unemployed.

Labor underutilization refers to mismatches between labor supply and demand, which translate into an unmet need for employment among the working age population (Provision 50, Resolution of 19th ICLS). Measures of labor underutilization include, but may not be restricted to:

Persons in time-related underemployment are defined as all persons in employment who, during a short reference period, wanted to work additional hours, whose working time in all jobs was less than a specified hours threshold, and who were available to work additional hours given an opportunity for more work. The specified hours threshold is determined in Mongolia labor law currently as 40 hours in a week (Provision 43, Resolution of 19th ICLS).

Persons in unemployment are defined as all those of working age who were not in employment, carried out activities to seek employment during a specified recent period and were currently available to take up employment given a job opportunity (Provision 47, Resolution of 19th ICLS), where:

a. not in employment refers to someone who has not worked with purpose for earning wage in a short reference period for measuring employment, such as the last week;

b. available to work refers to someone who was able to work during the same period used to assess employment, or in the following two weeks after that period;

c. seeking employment refers to any activity when carried out, during a specified recent period comprising the last four weeks or one month, for the purpose of finding a job or setting up a business or agricultural undertaking. Seeking employment can be active attempts to get job by registering to recruitment office of both government and private sectors, contacting to hiring personnel to get information on job vacancies, contacting to hiring personnel through email, put notice on media and publications.

Potential labor force refers to persons not in employment who express an interest in this form of work but for whom existing conditions limit their active job search and/or their availability (Provision 40c, 51, Resolution of 19th ICLS). Potential labor force includes the following persons:

a. Persons seeking employment but currently unavailable, and attempted to seek employment but currently not ready (unavailable jobseekers);

b. Persons are not seeking employment but intent to be employed and are currently available to be employed (available potential jobseekers).

Composite measure of labor underutilization: the ratio of the sum of labor underutilization i.e. unemployed, time related underemployment and the number of potential labor force with the number of extended labor force.

Youth not in education, employment or training is referred to young person 15-24-year-old who are not in education, not in employment, not in any level of training.

Non-employment: in the report, non-employment is used as an umbrella term, referring to jobless individuals that want to work, but differ in their search activities and availability to start working. Included are unemployed, potential labor force entrants, and willing non-jobseekers. The concept excludes people who do not want to work (called other inactive).

Working age population is defined as those aged 15 years and above. Working age population is categorized into labor force and persons outside of the labor force (Provision 15, 65, Resolution of 19th ICLS).

Prime age workers: persons aged between 25 and 54 years.

Underutilized persons: see labor underutilization.

Transition probability matrix: analytical tool to estimate the likelihood of moving from one labor market state to another over time.

Transition probability: Element of the transition probability matrix, showing the probability of transitioning from one labor market state to another state in the next period. Transition probabilities are calculated as proportions of people with changing activity status over the total number of people in the initial category.

Transition rate: see transition probability.

Economically inactive population: see population outside the labor force.

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STATISTICAL ANNEX

Table A1: Summary statistics

	working age population		employed		non-employed		3 groups of non-employed:							
							unemployed		potential labor force		willing non-jobseeker		other inactive	
		(%)		(%)		(%)		(%)		(%)		(%)		(%)
total	2,128,106		1,162,911		207,834		87,695		70,713		49,427		757,360	
by sex:														
male	987,935	46.4	611,804	52.6	97,824	47.1	48,059	54.8	32,783	46.4	16,982	34.4	278,307	36.7
female	1,140,171	53.6	551,107	47.4	110,011	52.9	39,635	45.2	37,930	53.6	32,446	65.6	479,053	63.3
by age group:														
15-24	392,617	18.4	99,871	8.6	44,792	21.6	21,764	24.8	14,375	20.3	8,653	17.5	247,954	32.7
25-54	1,299,821	61.1	949,710	81.7	149,143	71.8	63,121	72.0	50,249	71.1	35,772	72.4	200,969	26.5
55+	435,668	20.5	113,331	9.7	13,900	6.7	2,809	3.2	6,089	8.6	5,002	10.1	308,437	40.7
by location:														
urban - UB	1,020,690	48.0	517,427	44.5	105,647	50.8	34,715	39.6	37,526	53.1	33,406	67.6	397,616	52.5
urban -province center	558,826	26.3	287,958	24.8	64,506	31.0	35,619	40.6	19,151	27.1	9,736	19.7	206,362	27.2
rural areas	548,590	25.8	357,527	30.7	37,681	18.1	17,361	19.8	14,036	19.8	6,285	12.7	153,382	20.3
by education level:														
some secondary or lower	531,598	25.0	230,938	19.9	37,325	18.0	15,335	17.5	10,801	15.3	11,189	22.6	263,335	34.8
completed high school	488,839	23.0	238,006	20.5	59,724	28.7	22,451	25.6	20,885	29.5	16,388	33.2	191,109	25.2
TVET	507,678	23.9	282,741	24.3	57,397	27.6	29,105	33.2	19,710	27.9	8,581	17.4	167,540	22.1
tertiary education	599,991	28.2	411,226	35.4	53,389	25.7	20,804	23.7	19,316	27.3	13,269	26.8	135,376	17.9
main reason for not working:														
unable to find work					65,594	31.6	45,158	51.5	17,721	25.1	2,715	5.5	5,875	0.8
family responsibilities					43,980	21.2	6,526	7.4	15,147	21.4	22,307	45.1	110,188	14.5
due to illness or disability					14,186	6.8	2,093	2.4	3,999	5.7	8,094	16.4	83,021	11.0
in education					11,317	5.4	583	0.7	4,360	6.2	6,374	12.9	221,324	29.2
retired					8,222	4.0	854	1.0	3,432	4.9	3,936	8.0	297,402	39.3
% covered by listed reasons:						68.9		63.0		63.2		87.9		94.8

Table A2: Determinants of labor market categories

	(1) non-employed population	(2) unemployed	(3) potential labor force	(4) willing non-jobseeker	(5) labor force	(6) under-employed	(7) long-term unemployed	(8) underutilized	(9) do not want to work
female	0.0164	0.0184	0.0173	-0.0114	-0.493***	-0.0666	0.200*	0.0886**	0.209***
	(0.0307)	(0.0433)	(0.0429)	(0.0662)	(0.0240)	(0.119)	(0.111)	(0.0359)	(0.0501)
25-54 years old	-0.00452	-0.633***	0.00808	0.714***	1.201***	-0.280*	0.129	-0.632***	-0.795***
	(0.0408)	(0.0595)	(0.0557)	(0.0829)	(0.0309)	(0.158)	(0.145)	(0.0493)	(0.0614)
55 years and older	-0.680***	-1.100***	-0.425***	-0.246**	-0.207***	-0.105	0.163	-0.817***	0.498***
	(0.0626)	(0.0968)	(0.0844)	(0.113)	(0.0370)	(0.211)	(0.268)	(0.0780)	(0.0867)
province center	0.0905**	0.304***	-0.00238	-0.195**	0.236***	0.348**	0.889***	0.183***	0.0143
	(0.0394)	(0.0546)	(0.0559)	(0.0902)	(0.0319)	(0.164)	(0.147)	(0.0462)	(0.0638)
rural areas	-0.199***	-0.200***	-0.110**	-0.255***	0.705***	0.189	0.804***	-0.272***	-0.0107
	(0.0316)	(0.0483)	(0.0445)	(0.0602)	(0.0259)	(0.124)	(0.131)	(0.0398)	(0.0482)
completed high school	0.225***	0.0781	0.263***	0.171*	0.282***	-0.00727	-0.166	0.109**	-0.381***
	(0.0452)	(0.0647)	(0.0613)	(0.0899)	(0.0328)	(0.224)	(0.174)	(0.0538)	(0.0677)
TVET	0.260***	0.122**	0.281***	-0.0453	0.521***	0.0114	-0.196	0.0987*	-0.402***
	(0.0466)	(0.0610)	(0.0678)	(0.0978)	(0.0331)	(0.164)	(0.162)	(0.0522)	(0.0802)
tertiary	0.0335	-0.247***	0.134**	0.0790	0.794***	-0.0659	-0.335*	-0.238***	-0.430***
	(0.0480)	(0.0658)	(0.0681)	(0.0976)	(0.0353)	(0.171)	(0.178)	(0.0551)	(0.0800)
Constant	-1.315***	-0.933***	-1.938***	-1.836***	-0.820***	-2.513***	-1.059***	-0.599***	1.501***
	(0.0494)	(0.0828)	(0.0630)	(0.101)	(0.0374)	(0.208)	(0.235)	(0.0680)	(0.0696)
Observations	31,583	20,474	31,583	11,109	31,583	19,283	1,191	21,296	11,109
Universe	WAP	labor force	WAP	out of labor force	WAP	employed	unemployed	extended labor force	out of labor force

Table show the results of various regression models to inform about statistically significant relationships between demographic characteristics and the relevant dependent variable. The regression results inform the discussion in section 1.2, and is referenced in footnote 17.

Notes: Probit regression results shown. Reference categories: men, 15-24 years old, UB-residents, incomplete secondary education or lower. The numbers with stars indicate the statistically significant results, but the numbers itself cannot be interpreted (other than whether the association is positive or negative).

Table A3: Main categories for having stopped working in previous job

job loser: involuntary separation	It was temporary work place Temporary cessation of work organization abolished Due to job cuts
job leaver: voluntary separation	Personal/family reasons Voluntarily Dissatisfied with pay Not suit for profession Working condition/ environment is not suitable
left for other reason:	Did the military service Due to migration Illness/disability Retired Study There was no market to sell / no profit Lost livestock due to natural disaster Covid-19 related Other

Notes: Definitions of job loser and job leaver are adapted from the concepts applied by the Bureau of Labor Statistics Concepts and Definitions (CPS) (bls.gov). The BLS concept distinguishes 4 groups of unemployed: job losers, job leavers, reentrants, and new entrants. For the purpose of this report and to adapt the concept to the non-employed population, some adjustments were necessary. Most importantly, for job leavers, the conditions 'immediately began looking for new employment' was relaxed.

Table A4: Main labor market categories, labor market history analysis

FT work	full-time salaried worker full-time self-employed full-time farmer or herder
temporary work	seasonal/casual/temporary wage worker (hourly job) seasonal/casual/temporary self-employed (hourly job) seasonal/casual/temporary farmer or herder (hourly job)
seeking employment	not working but was seeking job
not seeking employment	not working and not seeking job
inactive, other	in education or training retired/disabled/not able to work not working due to family responsibilities military service other

Table A5: Quarter-to-quarter transition probability matrices

		Q2				
	LM category	FT work	seasonal /casual/ temp	seeking empl	not seeking empl	inactive/ other
Q1	FT work	93.9	1.0	2.4	1.0	1.6
	seasonal/casual/temp	8.1	83.0	6.0	1.1	1.8
	seeking empl	2.7	9.1	86.1	0.9	1.2
	not seeking empl	4.5	12.9	10.5	69.8	2.4
	inactive/other	2.2	3.3	2.5	0.4	91.6

		Q3				
	LM category	FT work	seasonal/casual/ temp	seeking empl	not seeking empl	inactive/other
Q2	FT work	93.6	1.0	2.3	0.8	2.2
	seasonal/casual/temp	4.3	81.3	7.5	2.4	4.5
	seeking empl	2.7	4.2	90.8	1.3	1.0
	not seeking empl	3.8	4.6	5.3	84.9	1.5
	inactive/other	2.9	3.3	6.5	3.2	84.1

		Q4				
	LM category	FT work	seasonal/casual/ temp	seeking empl	not seeking empl	inactive/other
Q3	FT work	90.5	1.8	3.9	1.4	2.5
	seasonal/casual/temp	3.8	60.3	15.9	7.9	12.2
	seeking empl	2.6	4.8	90.0	1.3	1.3
	not seeking empl	3.7	4.4	9.5	74.0	8.5
	inactive/other	1.9	1.0	3.2	0.8	93.2

		Q1				
	LM category	FT work	seasonal/casual/ temp	seeking empl	not seeking empl	inactive/other
Q4	FT work	89.6	0.9	4.2	2.1	3.3
	seasonal/casual/temp	3.5	68.5	20.1	5.4	2.6
	seeking empl	1.5	2.5	92.4	2.3	1.3
	not seeking empl	2.3	2.0	8.9	85.5	1.3
	inactive/other	1.5	2.2	2.8	0.3	93.3

Table A5 provides additional information for the discussion in section 3.2.
Note: Each matrix shows the quarter-to-quarter transition probabilities between labor market categories.

Table A6: Main groups of barriers to employment

shortage of jobs:	Not enough jobs available in Mongolia Not enough jobs available where I live [spatial mismatch]
skills related:	Jobs available, but I don't have the necessary skills Not enough training programs offered No adequate training programs offered
unfair hiring practice:	I am too young/too old Employers prefer to hire workers with experience Employers prefer to hire men Illness/disability
personal factors/ situation:	Need to look after family members: care facilities not avail/too expensive Need to look after family members: I should look after them, not care facilities Have no personal network/connections to search for jobs
work environment/ conditions:	Inappropriate/poor working conditions (workplace safety) Inflexible work arrangements (fixed workplace and/or # hours)

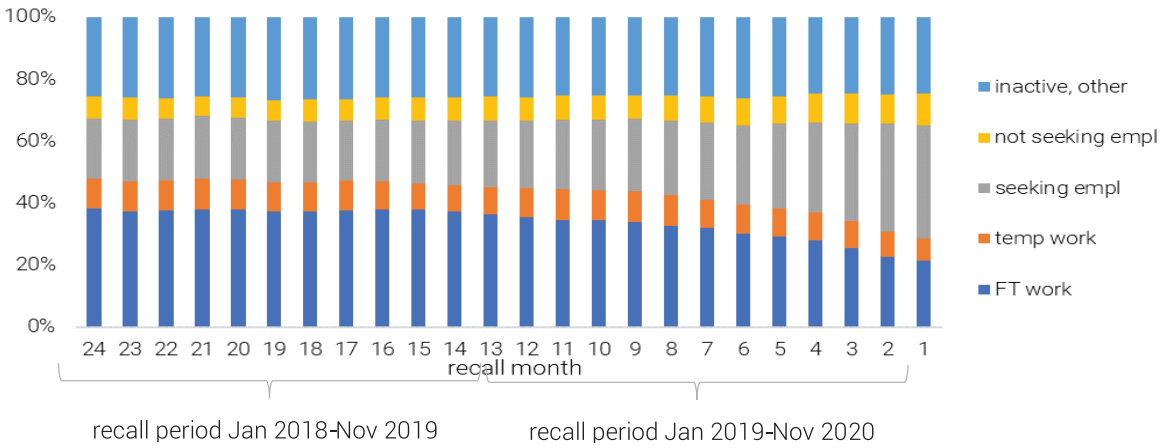
Table A7: Willingness to participate in skills training

	(1) upskilling	(2) reskilling	(3) upskilling AND reskilling: YES	(4) upskilling AND reskilling: YES or MAYBE
female	0.114	0.158*	0.131	0.153*
	(0.0832)	(0.0830)	(0.0802)	(0.0809)
25-54 years	-0.397***	-0.495***	-0.325***	-0.459***
	(0.104)	(0.112)	(0.0983)	(0.106)
55+ years	-0.964***	-1.202***	-0.823***	-1.093***
	(0.186)	(0.190)	(0.195)	(0.188)
completed high school	0.0962	0.349**	0.123	0.242*
	(0.119)	(0.138)	(0.125)	(0.133)
TVET	-0.0899	-0.00468	-0.0445	-0.0527
	(0.114)	(0.129)	(0.119)	(0.126)
tertiary	-0.116	-0.137	-0.211*	-0.149
	(0.120)	(0.134)	(0.125)	(0.130)
urban areas	0.199***	0.135*	0.00627	0.134*
	(0.0723)	(0.0772)	(0.0724)	(0.0751)
did attend training in the past	0.319	0.516**	0.393**	0.465**
	(0.209)	(0.203)	(0.199)	(0.192)
Constant	0.748***	0.601***	-0.0240	0.481***
	(0.123)	(0.152)	(0.126)	(0.143)
Observations	2,109	2,109	2,109	2,109

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table show the results of various regression models to inform about statistically significant relationships between demographic characteristics and the relevant dependent variable.
Notes: Probit regression results shown. [ad-hoc module questions U2.8 and U2.9]
Reference categories: male, 15-24 years old, incomplete secondary schooling, living in rural areas, did not attend training in the past. The numbers with stars indicate the statistically significant results, but the numbers itself cannot be interpreted (other than whether the association is positive or negative).

Figure A1: Distribution of the employment history target population across main labor market categories, by recall month



Target population of employment history section includes respondents who at the time of the LFS interview:

- Worked less than 40 hours per week (22 percent)
- Were actively seeking OR available to start:
    - unemployed (44 percent)
    - potential labor force entrants (34 percent)

Observations for recall period:

- Relatively static distribution of labor market categories during recall period Jan 2018-Nov 2019
- For recall period Jan 2019-Nov 2020:
    - The closer the recall month is to the survey month, the larger the share of persons seeking employment; share of people not seeking employment is also somewhat increasing (from ~8 percent in Jan 2019 to 10.5 percent in Nov 2020)
    - Share of people in employment (full-time or temp jobs) declines between Jan 2019-Nov 2020
    - Share of inactive population relative constant during the recall period, ranging between 25 and 27 percent

Figure A 2: Obstacles to employment, by sex

Figure A 3: Obstacles to employment, by location

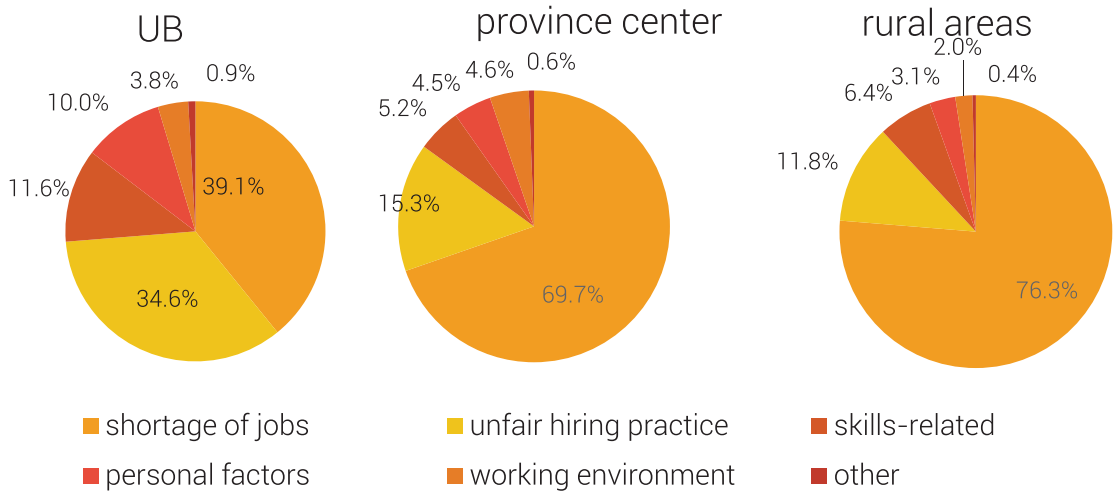
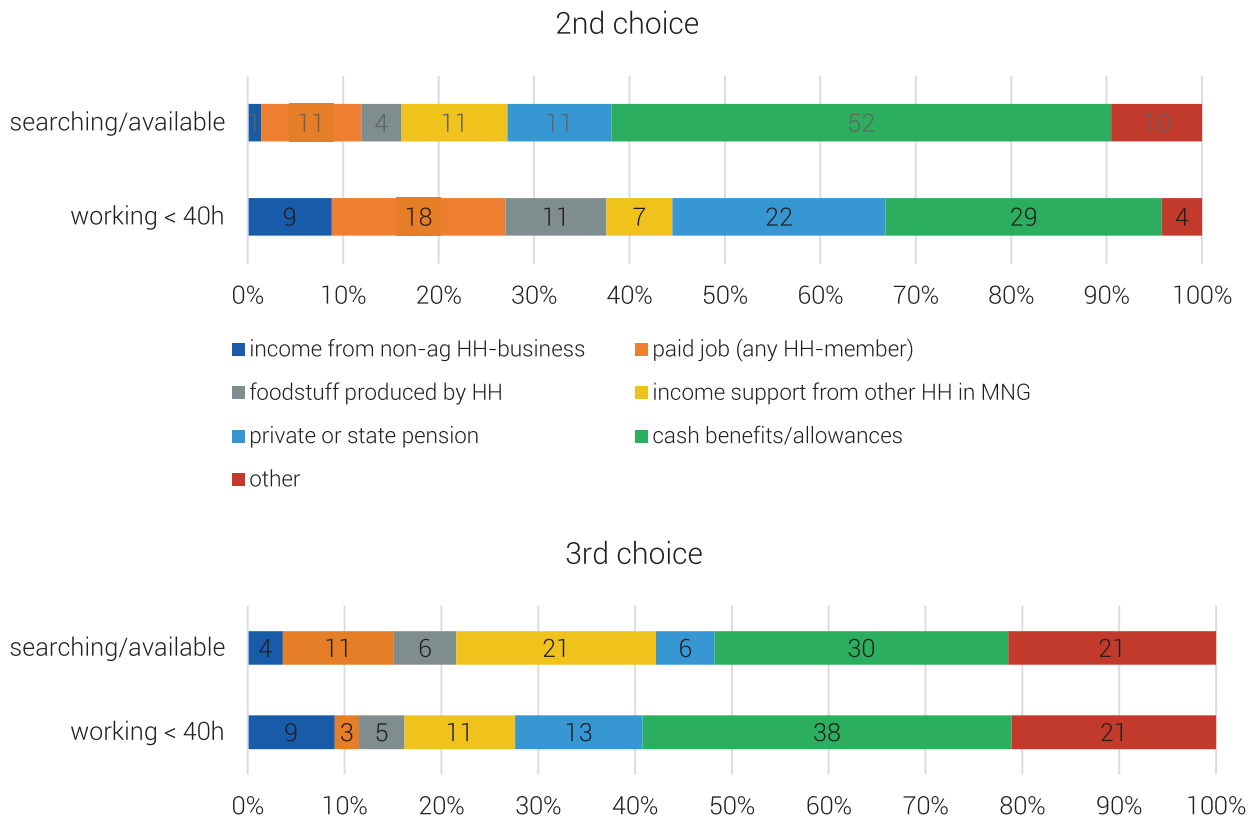


Figure A4: Sources of support during past 12 months



ANNEX OF LABOR MARKET POLICIES

The potential of active labor market policies to improve labor market outcomes: a brief overview of international experience

In contrast to passive labor market policies such as unemployment insurance or income replacement transfers, active labor market policies (ALMPs) aim at increasing employment opportunities for jobseekers and raising the efficiency of labor market matching. Activation measures can be designed to improve jobseekers' employability, or address demand-side barriers and expand employment opportunities. While there is no standardized classification, ALMPs typically fall into one of four clusters: job placement services; job training programs; employment incentive measures; support for entrepreneurship. Some ALMPs promote a 'work first' approach, others focus on 'train first'. Table 1 summarizes the main characteristics of ALMPs. What follows includes a brief discussion of each type and lessons learnt from systematic reviews of ALMPs.[61]

Table A8: Overview of active labor market policies

active labor market policy	objectives	desired outcome	comments
job placement services/ public employment services	match workers with vacancies; shorten time spent with job search	shorter unemployment spells	cost-effective policy, does not enhance labor demand, displacement effects
job training programs	enhance workers' skill set; improve employability	access to better-paying job	most effective when targeted for a specific job and started soon after job loss
employment incentives	create private sector employment	promote employment of disadvantaged workers	costly, deadweight effects
support for entrepreneurship	encourage start-ups and micro-entrepreneurs	direct and indirect job creation	suitable for only a small share of jobseekers, high failure rate in short run

Job placement services

Job placement services assist workers with a given set of skills to find appropriate jobs. Through a series of activities, job placement services can shorten the time searching for work and improve the matching of jobseekers with vacancies. Mainly provided through Public Employment Services (PES), typical services include providing relevant labor market information, offering job search assistance and employer-employee intermediation services, counseling, and monitoring.

To enable PES playing a productive role in reducing search time and improving the quality of matches, jobseekers should be encouraged to register and provide essential information on acquired skills, work history, or employment barriers they face. Similarly, employers need to register existing and new vacancies, and provide information about required skill sets and in-demand occupations. While placement services aim to bring people into employment ('work first'), PES can play a vital part in directing difficult-to-place jobseekers to suitable training programs to enhance their skills ('train first') and ensure job readiness.

[61] The overview table and discussion of active labor market policies draw from several sources, including Card, Kluve, Weber 2017; Bertelsmann Stiftung 2016; European Semester Thematic Factsheets 2017a,b; Maguire 2020; OECD 2018; Bown, Freund 2019; Yeyati et al. 2019.

Job placement services are relatively inexpensive and are most effective when introduced as soon as workers become unemployed. Through reducing the time spent searching for work, placement services help reduce unemployment and the pool of long-term unemployed. While improving the general functioning of the labor market, placement services are sometimes found to be more effective during economic recoveries as they can reduce the lag between job growth and economic growth. Job search assistance and placement services can also contribute to lower government expenditures if recipients of unemployment insurance or social welfare are (re-)employed faster.

Despite the positive aspects of placement services, there are some concerns, especially when focusing on longer-term results. Employment services do not increase labor demand and could result in displacement effects. Since the number of available jobs is not altered, the positive effect for placed jobseekers can be offset by other jobseekers not finding employment. Also, matching jobseekers with vacancies does not enhance the supply of skills in the labor force and is unlikely to improve wages and individual employability in the longer run. In case of financial consequences when refusing available job offers[62], disadvantaged workers may accept any form of work to avoid being sanctioned. Accepting precarious jobs may stigmatize workers, reducing their future employment prospects and/or requiring prolonged engagement with employment services to move from unstable to stable employment.

Job training programs

Job training programs seek to improve individual labor market outcomes by helping out-of-work persons to develop their skill set.[63] Training programs take different forms and lengths, provide in-demand skills or train for job readiness, include classroom-settings or on-the-job training. Given their diversity, evaluating the efficiency of training programs can be challenging.

Training programs are most successful when they target disadvantaged jobseekers (women, youth, etc.), transfer specialized knowledge and in-demand skills, start soon after job loss, and are developed in partnership with employers. Recent evidence concludes that individualized coaching or personalized follow-up as well as financial support to participants are key to implementing successful training programs.[64] Efficiency varies over the business cycle, with training programs being more effective during economic downturns. By providing jobseekers with new skills, training programs can have positive impacts on employment probability, duration of employment once hired, and earnings capacity.

Job readiness training activities, including job application workshops and interview practice, are sometimes rated as being less effective, especially when measuring 'hard' outcomes such as the number of participants finding employment. Individuals with weak labor market attachment or multiple barriers to employment may require additional guidance in navigating the jobs market[65], support in managing health problems, or addressing care-related responsibilities. Together with intensive case management and job placement services, job readiness training can play an important role in preparing disadvantaged jobseekers to successfully enter the labor market.

[62] This refers to unemployment or social welfare benefit recipients losing (partly) eligibility to income support transfers.
[63] A skill set refers to the knowledge, abilities, and experience that are needed to perform a job. It includes soft skills and hard (technical) skills that workers acquire through instruction and experience.
[64] Yeyati et al. 2019.
[65] This could include finding out in what profession a jobseeker would like to work in, what skills are required to work in a desired job, or jobseekers needing extra support to apply for jobs they qualify for.

Employment incentives

Employment incentives aim to directly support private sector employment of workers from target groups, stimulating employment and job creation.[66] Employment incentives can take two basic forms, employment subsidies and wage insurance, which – in theory – should have similar effects on employment. Employment subsidies offer incentives to firms to hire disadvantaged workers, expanding the demand for labor at a given wage. Wage insurance compensates jobless workers when accepting a lower paying job. Wage insurance increases labor supply at a given wage.

Employment incentives are costly, but potentially productive measures to encourage employment of disadvantaged individuals. If firms are reluctant to hire jobseekers because of incomplete information about their skills and matching, providing firms with a temporary subsidy to learn about workers' actual productivity at a lower cost may be an effective way to overcome the uncertainty. Positive employment effects are typically found for long-term unemployed and persons with weak labor market attachment. There is some evidence that also workers otherwise engaged in informal activities can benefit from employment incentives.[67]

To be efficient, employment incentives need to be carefully designed and implemented. Without subsidies being well-targeted, they can be subject to deadweight effects. Firms that would have hired (disadvantaged) workers in the absence of the policy, now take advantage of hiring subsidies. Further, targeted employer-based subsidies may lead to stigmatization of the target group among potential employers. During normal times, hiring subsidies can be a significant countercyclical labor market stabilizer and reduce the number of long-term unemployed or people with weak labor market ties. In a high unemployment environment, however, there is the risk of employment incentives leaving jobseekers rotating between subsidized jobs, while employers avoid offering stable employment opportunities.

Support for entrepreneurship

Policies to support start-ups also aim at job creation but their role in tackling unemployment and inactivity is often small. For self-employment initiatives to be successful, a diversity of skills is required from participants. Several country studies[68] estimate that about 3 percent of the unemployed workforce would meet the requirements.

Limited evidence exists on the effectiveness of start-up programs. Successful programs involve both financial and advisory support. While the failure rate is often high[69], positive impacts on employment and income have been found for participants in the long run (5 years or more). Self-employment subsidies have been found to be relatively effective for workers with low employment prospects as they help strengthen labor market ties and increase labor market flows of disadvantaged jobseekers.[70]

[66] Public sector employment subsidies (public works programs) are not considered here as they tend to be ineffective. Being very costly and often associated with only small or negative employment effects, many countries have stopped using direct job creation policies.
[67] Kuddo 2009.
[68] As reviewed in Brown, Koettl 2015.
[69] Recent estimates for Mongolia suggest that more than 50 percent of start-ups went out of business during the first year of operation (Mongolia LFS 2020, ad-hoc module).
[70] Brown, Koettl 2015

Lessons learnt from systematic reviews

Across country income levels, active labor market policies have been widely used by governments to address a variety of labor market problems. Systematic reviews of existing evidence confirm that ALMPs can be effective, but program design, quality of implementation, and country-specific contextual factors (e.g., business cycle, unemployment rate, labor market institutions) matter.

Active labor market policies have the potential to improve workers' employability and earnings. While results are subject to great variability, recent evidence suggest that the impact depends on the time passed since program participation and their general orientation. For programs that aim at increasing employability, the impact measured after 2 years is often larger than gains observed shortly after the end of the program. For example, training programs and private sector employment incentives have, on average, only small effects at first, but larger effects in the medium (1-2 years later) and longer run (2 years and more). Job search assistance programs that emphasize 'work first' tend to have similar impacts in the short and long run.[71] This time pattern is important for program evaluations: to get a complete picture of the program efficiency, participants' labor market activities need to be monitored over a longer time period.

A key challenge in low-income countries is that workers who most likely would benefit from ALMPs do often not participate, simply because they cannot afford it. Recent evidence shows that combining income support for jobless individuals with activation measures is an effective policy tool that can be used to facilitate and encourage program participation, especially for marginalized individuals that face multiple barriers to employment.[72]

Learning from successfully implemented programs to promote youth employment also highlights the need for integrated policy approaches. For example, in the European Youth Guarantee and the New Deal for Young People implemented in the UK, participants benefited from a comprehensive approach that combines training programs, job placement services and employment incentives.[73]

[71] Card, Kluve, Weber 2017; Yeyati et al. 2019.
[72] ILO 2019; Escudero, Liepmann 2020
[73] The reinforced Youth Guarantee - Employment, Social Affairs & Inclusion - European Commission (europa.eu)

SECTION XI: LABOR MARKET HISTORY

Number	Ask questions E01=1, E01=2 OR I01=1			Ask respondents (G01T<40) or who responded to H01a, H01b, H10, H11=1 adults aged 15 years and over																								
	When did you start your first paid job?	What was your education level when you started your first job?	What was your employment status in your first paid job?	Please describe your status in the last 24 months? Please use the below code?																								
	YEAR	Please use the below code?	Please use the below code?	24 month	23 month	22 month	21 month	20 month	19 month	18 month	17 month	16 month	15 month	14 month	13 month	12 month	11 month	10 month	9 month	8 month	7 month	6 month	5 month	4 month	3 month	2 month	1 month
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CODE

Education level (Column U1.2)	No education -1, Primary - 2, Secondary-3, High school-4, Technical and Vocational-5, Specialized secondary-6, Diploma degree-7, Undergraduate-8, Master's degree-9, Doctor-10
Employment status (Column U1.3)	Full-time salaried worker- 1, Full-time self-employment- 2, Full-time farmer or herder- 3, Seasonal/casual/temporary wage worker (hourly job) - 4, Seasonal/casual/temporary self-employed (hourly job) - 5, Seasonal/casual farmer or herder (hourly job) - 6, Don't know-98
Activity status (Column U1.4)	Full-time salaried worker- 1,Full-time self-employment- 2, Full-time farmer or herder- 3, Seasonal/casual/temporary wage worker (hourly jobs)- 4, Seasonal/casual/temporary self-employed (hourly jobs)- 5, Seasonal/casual farmer or herder- 6, In education or training- 7,Not working but was seeking job- 8, Not working and not seeking job- 9, Retired/disabled/not able to work- 10, Not working due to family responsibilities - 11,Military service- 12, Other - 99

SECTION XI: LABOR MARKET HISTORY, jobs held during the past 24 months

Ask questions S1-U1.17 only for months ask the first job in the last 2 years [1.3=01, 02, 03, 04, 05, or 06]. Ask the respondent about first job of the last 3 changed jobs

Number	Have you ever changed your job in the past 2 years?	How many times did you change you job? How many times have you changed your work, and ask for each change to repeat the question U1.5-U1.17 for the last 3 changed job with additional page	What were the main tasks and duties that you performed in this job?		What was the main activity of the business or establishment?		On average, how many hours did you work in that job per week? Average number of hours per week	Where did you mainly work?	Did you work as a sales representative, online salespersons etc.?	What was your organization's legal status?
	YES=1 NO=2 => U1.18		*REPORT MAIN TASKS/DUTIES*	*ISCO CODE*	*REPORT MAIN ACTIVITY*	*ISIC CODE*		*Please use the below code?*	YES-1 NO-2	*Please use the below code?*
A	**S1**	**S2**	**U1.5**	**S1.5a**	**S1.6**	**S1.6a**	**S1.7**	**S1.8**	**S1.9**	**S1.10**
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	CODE
Workplace (Column U1.8)	Regular workplace (factory, office, shop)- 1, Mobile/irregular workplace - 2, At market - 3, At own home - 4, other- 99
Organization's legal status (Column U1.10)	State owned enterprises-1, Local government owned enterprises-2, Budget(state or public) organization -3, Non governmental organizations(church,…etc)-4, International organizations-5, Private entity-6, Personal business and/or individual -7, household entity-8, Don't know-98

SECTION XI: LABOR MARKET HISTORY, jobs held during the past 24 months

Ask questions S1-U1.17 only for months ask the first job in the last 2 years [1.3=01, 02, 03, 04, 05, or 06].

Number	Please describe your employment status? Salaried worker -1 Self employed - 2 => U.1.14	*Salaried worker => U1.11=1*								*Self employed => U1.11=2*			
		When did you stop working in this job?						What was the main reason you stopped working at that time? *Please use the below code?* *if 1=>U1.13b 4=>U1.13c other all code=>U1.18*	If personal/family reason, what exactly was the reason? *Please use the below code?*	If dissatisfied with pay, what exactly was the issue? *Please use the below code?*	How long did the business exist?? Please use the below code?	What was the main reason the business failed? *Please use the below code?*	Prior to starting your business, did you participate in an entrepreneurship program? *Yes, it was helpful-1 Yes, but it was not helpful-2 No-3*	If you were interested in starting or re-starting your own business, what do you think would make the business more likely to succeed? Please use the below code?
		year /_/_/_/				month /_/_/									
A	**U1.11**	**U1.12a**				**U1.12b**		**U1.13a**	**U1.13b**	**U1.13c**	**U1.14**	**U1.15**	**U1.16**	**U1.17**
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CODE

Reason you stopped working at that time (Column U1.13a)	Personal/family reason-1, Individual dismissal/was fired-2, Temporary work-3, Dissatisfied with pay -4, Did not work in learnt occupation-5, Military service-6, Migration-7, Illness/disability-8, Retired-9, Study-10, Temporary cessation work-11,Organization abolished-12, Job cuts-13, Poor working conditions/work environment not safe or suitable 14, Lost livestock due to natural disaster-15, Found a better job-16, Remittances from abroad-17, Other-99
Personal/family reason (Column U1.13b)	Maternity/paternity leave, maternal vacation-1, Taking care of school age children -2, Taking care of elderly or other family members-3, Other-99
Dissatisfied with pay, what exactly was the issue (Column U1.13c)	Not paid on time -1, Not paid the agreed amount-2, Paid (partially) by barter -3, Wage too low -4, Other-99
Business existed period (Column U1.14)	Less than 3 months-1, 3-6 months- 2, 6-12 months- 3, Longer than 1 year- 4
Main reason the business failed (Column U1.15)	Not enough financial capacity-1, Too much bureaucracy-2, Number of customers too small-3, Limited access to nearby markets-4, Limited skills to run a business-5, Other-99
Business more likely to succeed (Column U1.17)	Improved access to finance -1, Couching and mentoring during initial period-2, technical training-3, Learning about entrepreneurial skills (creativity, innovation)-4, Not interested-5 Other-99

SECTION XI: LABOR MARKET HISTORY, jobs held during the past 24 months

Ask U1.18-U1.27 i) Question (G01T<40) or ii) Question (H01a, H01b, H10, H11 one of them =1) adults aged 15 years and over

Number	Did you participants in a skills training during the last 24 months? Yes-1 No-2=>U1.28	When did you participate in training?		Who provided the training?	Which agency implemented the training?	What was the name of the program?	How long was the training [in days]?	Who paid the fees for this training?	Did you complete the training?	Did you find the training helpful?	What was the main reason you stopped attending the training?
		YEAR	MONTH	*Please use the below code?* *If code 2=>U1.21 and all other codes=>U1.23*	Report answer	Report answer	*Report number of* days	*Please use the below code?*	YES - 1 NO -2=>U1.27	*Please use the below code?* *All code =>U1.28*	*Please use the below code?*
A	**U.1.18**	**U1.19a**	**U1.19b**	**U1.20**	**U1.21**	**U1.22**	**U1.23**	**U1.24**	**U1.25**	**U1.26**	**U1.27**
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CODE

Provided the training (Column U1.20)	Employer/potential employer-1, Training organized through project/program (typically organized by government)-2, private training institution-3, Other-99, Don't know-98
Fees for this training (Column U1.24)	Employer/potential employer-1, Government-2, Self, family, relatives-3, NGO/international development agency -4, Free of charge-5, Other-99, Don't know-98
Training helpful (Column U1.26)	Training helped me find job/start business-1, Training useful, still looking for work -2, Training helpful for personal development -3, Training did not help me find job or learn new skills-4
Reason you stopped attending the training (Column U1.27)	Found job -1, Training location too far away-2, Did not learn anything new-3, Poor work environment -4, Other-99

Section XI: labor market history, Main reason of not looking for work for prolonged period: 6 months or more

Respondents with 6 or more consecutive months not working and not looking for work [if 1.3=09 for 6 consecutive months or more]

Number	Total duration of not working and not seeking job in the last 24 months month /_/_/	What was the main reason you did not look for work during that period?	
		Please use the below code?	If answer to U1.29a=99 write the reason
A	**U1.28**	**U1.29a**	**U1.29b**
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CODE

The main reason you did not look for work during that period (Column U1.29)	Awaiting call from previous job-1, Waiting for the season to start-2, Tired of looking for jobs, no jobs available in the area-3, No job matching skills, lack of experience-4, Considered too young/too old for employers-5, Working in agriculture for family use-6,Don't need to work, have other sources of income-7, Employers prefer to hire men-8, Inappropriate/poor working conditions (workplace safety)-9, Inflexible work arrangements-10, Other-99

Section XII: Job preferences and expectations

Ask respondents i) G01T<40 and G07=1or ii) H01a, H01b, H10, H11 one of them =1 adults aged 15 years and over

Number	What type of employment status would you prefer?	Given a choice, what sector would you like to work in?	What is the minimum monthly salary or earnings (in MNT) you expect when working?	Could you give an example of the main tasks and duties you would like to perform in a job?		What industry/ sector would you like to work in?	Would you prefer a full-time job or a part-time job? [A part-time job is as stable as a full-time job but allows you to work fewer hours with proportionate salary reduction.]	How important is it for you to be able to (partially) work from home?	If you realized that your skills are outdated and making it difficult for you to find a job, would you be prepared to upskill (upgrade existing skills)?	If you realized that your skills are outdated and making it difficult for you to find a job, would you be prepared to re-skill (learn a new profession)?
	Please use the below code?	*Please use the below code?*	*Report answer*	*Report answer*	*ISCO CODE /_/_/_/*	*Please use the below code?*	*Please use the below code?*	Very important - 1 Somewhat important - 2 Not very important - 3	Yes-1 Maybe-2 No-3	Yes-1 Maybe-2 No-3
A	**U2.1**	**U2.2**	**U2.3**	**U2.4**	**U2.4a**	**U2.5**	**U2.6**	**U2.7**	**U2.8**	**U2.9**
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CODE

Type of employment status (Column-U2.1)	Employers in corporations-1, Employers in household market enterprises-2, Owner-operators of corporations without employees-3, Own-account workers in household market enterprises without employees-4, Permanent employees-5, Fixed term employees-6, Short term and casual employees-7, Paid trainees, apprentices and interns-8, Contributing family workers-9, Dependent contractors - 10
Sector (Column-U2.2)	Private sector -1, Public sector-2, NGO/international organization -3, Any sector -4
Industry/ sector (Column U2.5)	Agriculture, forestry, hunting-1, Mining, quarrying-2, Manufacturing-3, Electricity, gas, water, waste management -4, Construction-5, Wholesale, retail trade-6, Transportation, storage, accommodation, food service-7, Information and communication-8, Financial and insurance, real estate activities-9, Public administration, education, human health-10, Other-99, No preference-11
Working hour (Column U2.6)	Full-time only -1, Prefer full-time, would accept job with fewer hours-2, Part-time only-3, Prefer part-time, would accept full-time- 4, No preference- 5

Section XII: Job preferences and expectations

Number	*Ask respondents i) G01T<40 and G07=1or ii) H01a, H01b, H10, H11 one of them =1 adults aged 15 years and over*					
	In your view, what are the most important 3 skills to succeed in finding a job or starting a business:			In your view, what are the most important 3 skills to perform well in a job or successfully run a business?		
A	**U2.10a**	**U2.10b**	**U2.10c**	**U2.11a**	**U2.11b**	**U2.11c**
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Skills (U2.10, U2.11)	Communication skills -1, Time management/workload management -2, Resilience/openness to constructive feedback/conflict management -3, Resilience/openness to constructive feedback/conflict management -4, Work ethics/attitude/motivation -5

Section XII: Job preferences and expectations

Ask respondents i) G01T<40 and G07=1or ii) H01a, H01b, H10, H11 one of them =1 adults aged 15 years and over

Number	Would you accept a job offer that:								
	Requires working at night? Yes-1 Maybe-2 No-3	Pays not so well but offers stability and benefits? Yes-1 Maybe-2 No-3	Pays well but does not offer any benefits like social security benefits, health benefits etc.? Yes-1 Maybe-2 No-3	Would require you to commute a long time every day? Yes-1 Maybe-2 No-3	Would require you to work overtime on a regular basis? Yes-1 Maybe-2 No-3	Given an acceptable job offer, would you be willing to move away from your current place of residence? *Please use the below code?*	Other than an adequate salary, what do you expect from a job? Report most important answer in 2.14a, second most important answer in 2.14b, third most important answer in 2.14c. *Please use the below code?*		
A	**U2.12a**	**U2.12b**	**U2.12c**	**U2.12d**	**U2.12e**	**U2.13**	**U2.14a**	**U2.14b**	**U2.14c**
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CODE

Move away from your current place of residence (Column-U2.13)	Yes, within same aimag or within UB-1, Yes, to other aimag or UB-2, Yes, willing to go abroad-3, Yes, ready to move anywhere- 4, No - 5
Other than an adequate salary, what do you expect from a job? (Column-U2.14a-U2.14c)	Opportunities for personal development (learn new things) -1, Opportunities to be challenged (job should not be boring)-2, Good work-life balance-3, Opportunities to advance career (promotion)- 4, Flexible work arrangements (flexible working hours, home-based work)- 5, Social security and health benefits- 6, Wages are paid on time- 7, Professional/good relationship with employer- 8 Safe and secure work environment- 9, I feel appreciated for what I do- 10

Section XIII: Barriers to work/finding a job

Ask respondents i) G01T<40 and G07=1or ii) H01a, H01b, H10, H11 one of them =1 adults aged 15 years and over

Number	What do you think are the three main barriers for you to find employment? *Report most important barrier in 3.1a, second most important barrier in 3.1b, third most important barrier in 3.1c* *Please use the below code?*			In your opinion, what services should be offered by an employment agency for job seekers to overcome barriers to employment? *Report most important service in 3.2a, second most important service in 3.2b, third most important service in 3.2c* *Please use the below code?*		
A	**U3.1a**	**U3.1b**	**U3.1c**	**U3.2a**	**U3.2b**	**U3.2c**
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CODE

Barriers for you to find employment (Column U3.1a-U3.1c)	Not enough jobs available in Mongolia-1, Not enough jobs available where I live [spatial mismatch]-2, Jobs available, but I don't have the necessary skills-3, I am too young/too old- 4, Not enough training programs offered-5, No adequate training programs offered-6, Need to look after family members: care facilities for young children/elderly not available or too expensive-7, Need to look after family members: i shoud take care by myself without giving children/elderly to care facilities-8. Illness/disability-9, Employers prefer to hire workers with experience-10, Employers prefer to hire men-11, Inappropriate/poor working conditions (workplace safety)-12, Have no personal network/connections to search for jobs-13, Inflexible work arrangements (fixed workplace and/or number of hours)-14, Other-99
What services should be offered by an employment agency for job seekers to overcome barriers to employment? (Column U3.2a-U3.2c)	Skills assessment (identify job seeker's skills profile and strengths)-1, Individual job vocational counseling-2, Mentoring/coaching (mentor = confidant/role model)- 3, Provide career guidance/plan career mobility to find and keep preferred job- 4, Prepare jobseekers for job interview- 5, Organize career day/open day/job fair- 6, Offer ongoing support, even after job placement (be approachable when additional needs arise, support job retention)- 7, Provide local labor market information to high school students/graduates-8

Section XIV: other topics

Ask respondents i) Question (G01T<40) or ii) Question (H01a, H01b, H10, H11 one of them =1) adults aged 15 years and over

Number	Training: desired programs/courses **Ask only person aged 25-54 years**			Access to/usage of modern technology **Ask only person aged 25-54 years**									
								In the past 4 weeks, have you used a computer/smart phone for any of the following activities?					
	What type of training program do you need the most? If code 6 or 98=> U5.1 1,2,3,4=> U4.3 *Please use the below code?*	What type of skills training do you need? *Please use the below code?*	Would you be willing to pay for such a training? Yes, I would be prepared to pay fully -1 Yes, but only prepared to pay partly-2 No-3	Do you have a cellular/mobile phone? YES-1 NO-2=>U5.3	Is your phone a smart phone (can access the internet)? YES-1 NO-2	Does someone in your household have a smart phone that you could use? YES-1 NO-2	Do you have access to a computer? YES-1 NO-2	Search the internet/write an email YES-1 NO-2	Educational activities YES-1 NO-2	Entertainment/social media activities YES-1 NO-2	Economic activities (internet banking, online shopping) YES-1 NO-2	Upload your CV to a job search engine/search for job advertisements through job-boards/search for job opportunities through companies' websites/use social media websites to look for jobs YES-1 NO-2	Register online to go abroad for work YES-1 NO-2
A	**U4.1**	**U4.2**	**U4.3**	**U5.1**	**U5.2**	**U5.3**	**U5.4**	**U5.5a**	**U5.5b**	**U5.5c**	**U5.5d**	**U5.5e**	**U5.5f**
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CODE

Training type (Column U4.1)	Skills training (soft skills…etc) -1, Occupational training (new occupcation) -2, Upskilling training -3, On the job training -4, Improving employability training(computer literacy, foreign language..etc) -5, No need training-6, I don't know-98
Skills training program (Column U4.2)	Training in soft skills-1, Computer skills/programming skills-2, Job interview training-3, Entrepreneurship training-4, Foreign language course-5, No need training-6, Other-99

Section XIV: other topics

	Ask only respondents 15-34 years (youth)						*Ask respondents i) Question (G01T<40) or ii) Question (H01a, H01b, H10, H11 one of them =1) adults aged 15 years and over*					
	When you were 14 years old, who did you live with? *Please use the below code?* *If 3=>U6.4*	Who was the main earner in your house at that time? *Please use the below code?* *If 2=>U6.2a*	While your father was the main earner, did your mother usually work full-time? YES-1 NO-2 Can't answer-3	As far as you remember, what was the highest educational attainment of the main earner? (If joint main earners, report the higher education level.) *(If joint main earners, report the higher education level.)*	Thinking back about your childhood, who was the most influential person for you? *Please use the below code?* *If 1=>U7.1*	As far as you remember, what was the highest education attainment of this person who was very influential to you? *(If both parents were influental report the higher education level.)*	In the last 12 months, which of the following sources of support **did you have**? (Individual level)			In the last 12 months, which of those were the MAIN sources of support of this **household**? Choose up to three sources. (Ask only from head of household)		
A	**U6.1**	**U6.2**	**U6.2a**	**U6.3**	**U6.4**	**U6.5**	**U7.1a**	**U7.1b**	**U7.1c**	**U7.2a**	**U7.2b**	**U7.2c**
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CODE

14 years old, who did you live with (Column U6.1)	One or both parents present (including adoptive/foster parents)- 1, Living with other family members (grandparents, aunt/uncle, siblings)- 2, Not living with my family (foster care, looked after by friends, children's home etc.)- 3
The main earner in your house at that time (Column U6.2)	Mother-1, Father-2, Grandmother-3, Grandfather-4, Joint main earners-5, Other family/household member-6, No-one was earning-7, Don't know-98
Education level (Column U6.3, U6.5)	No education -1, Primary - 2, Secondary-3, High school-4, Technical and Vocational-5, Specialized secondary-6, Higher education diploma-6, Diploma degree-7, Undergraduate-8, Master-9, Doctor-10, Don't know-98
Your childhood, who was the most influential person for you (Column U6.4)	Same as main earner-1, Mother/Father-2, Grandmother/Grandfather -3, Aunt/Uncle-4, Sibling -5, Someone else -6
MAIN sources of support of the individual and household (Column U7.1a-U7.2c)	Income from household farming or fishing-1, Income from a household business (other than farming or fishing)-2, Income from a paid job (held by a household member or yourself)-3, Foodstuff produced by the household from farming, raising animals or fishing-4, Remittances from abroad- 5, Support from other households in the country-6, Income from properties, investments or savings-7, Private or state pension-8, Cash benefits and allowances from social welfare-9, Charity from charitable organizations-10, Other -99

SECTION XI: LABOR MARKET HISTORY, jobs held during the past 24 months

Ask questions S1.5-S1.17 only for months ask the first job in the last 2 years [1.3=01, 02, 03, 04, 05, or 06]. Ask the respondent about second job of the last 3 changed jobs

Number	What were the main tasks and duties that you performed in this job?		What was the main activity of the business or establishment?		On average, how many hours did you work in that job per week? Average number of hours per week	Where did you mainly work?	Did you work as a sales representative, online salespersons etc.?	What was your organization's legal status? (edited)
	REPORT MAIN TASKS/DUTIES	*ISCO CODE*	*REPORT MAIN ACTIVITY*	*ISIC CODE*		*Please use the below code?*	**YES-1 NO-2**	*Please use the below code?*
A	**S1.5**	**S1.5a**	**S1.6**	**S1.6a**	**S1.7**	**S1.8**	**S1.9**	**S1.10**
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	CODE
Workplace (Column S1.8)	Regular workplace (factory, office, shop)- 1, Mobile/irregular workplace - 2, At market - 3, At own home - 4, other- 99
Organization's legal status (Column S1.10)	State owned enterprises-1, Local government owned enterprises-2, Budget(state or public) organization -3, Non governmental organizations(church,…etc)-4, International organizations-5, Private entity-6,Personal business and/or individual -7, household entity-8

SECTION XI: LABOR MARKET HISTORY, jobs held during the past 24 months

Ask questions S1.5-S1.17 only for months ask the first job in the last 2 years [1.3=01, 02, 03, 04, 05, or 06]. Ask the respondent about second job of the last 3 changed jobs

Number	Please describe your employment status? Salaried worker -1, Self employment - 2 => S.1.14 (Added question)	*Salaried worker => S1.11=1*									*Self employed => S1.11=2*			
		When did you stop working?						What was the main reason you stopped working at that time? *Please use the below code?* *if* *1=>S1.13b* *4=>S1.13c* *other all code=>U1.18*	If personal/family reason, what exactly was the reason? *Please use the below code?*	If dissatisfied with pay, what exactly was the issue? *Please use the below code?*	How long did the business exist?? Please use the below code?	What was the main reason the business failed? *Please use the below code?*	Prior to starting your business, did you participate in an entrepreneurship program? *Yes, it was helpful-1* *Yes, but it was not helpful-2* *No-3*	If you were interested in starting or re-starting your own business, what do you think would make the business more likely to succeed? Please use the below code?
		year /_/_/_/				month /_/_/								
A	**S1.11**	**S1.12a**				**S1.12b**		**S1.13a**	**S1.13b**	**S1.13c**	**S1.14**	**S1.15**	**S1.16**	**S1.17**
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Reason you stopped working at that time (Column S1.13a)	Personal/family reason-1, Individual dismissal/was fired-2, Temporary work-3, Dissatisfied with pay -4, Did not work in learnt occupation-5, Military service-6, Migration-7, Illness/disability-8, Retired-9, Study-10, Temporary cessation work-11,Organization abolished-12, Job cuts-13, Poor working conditions/work environment not safe or suitable 14, Lost livestock due to natural disaster-15, Found a better job-16, Remittances from abroad-17, Other-99
Personal/family reason (Column S1.13b)	Maternity/paternity leave, maternal vacation-1, Taking care of school age children -2, Taking care of elderly or other family members-3, Other-99
Dissatisfied with pay, what exactly was the issue (Column S1.13c)	Not paid on time -1, Not paid the agreed amount-2, Paid (partially) by barter -3, Wage too low -4, Other-99
Business existed period (Column S.14)	Less than 3 months-1, 3-6 months- 2, 6-12 months- 3, Longer than 1 year- 4
Main reason the business failed (Column S1.15)	Not enough financial capacity-1, Too much bureaucracy-2, Number of customers too small-3, Limited access to nearby markets-4, Limited skills to run a business-5, Other-99
Business more likely to succeed (Column S1.17)	Improved access to finance -1, Couching and mentoring during initial period-2, technical training-3, Learning about entrepreneurial skills (creativity, innovation)-4, Not interested-5 Other-99

SECTION XI: LABOR MARKET HISTORY, jobs held during the past 24 months

Ask questions T1.5-T1.17 only for months ask the first job in the last 2 years [1.3=01, 02, 03, 04, 05, or 06]. Ask the respondent about third job of the last 3 changed jobs

Number	What were the main tasks and duties that you performed in this job?		What was the main activity of the business or establishment?		On average, how many hours did you work in that job per week? Average number of hours per week	Where did you mainly work?	Did you work as a sales representative, online salespersons etc.?	What was your organization's legal status? (edited)
	REPORT MAIN TASKS/DUTIES	ISCO CODE	REPORT MAIN ACTIVITY	ISIC CODE		Please use the below code?	YES-1 NO-2	Please use the below code?
A	**T1.5**	**T1.5a**	**T1.6**	**T1.6a**	**T1.7**	**T1.8**	**T1.9**	**T1.10**
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	CODE
Workplace (Column T1.8)	Regular workplace (factory, office, shop)- 1, Mobile/irregular workplace - 2, At market - 3, At own home - 4, other- 99
Organization's legal status (Column T1.10)	State owned enterprises-1, Local government owned enterprises-2, Budget(state or public) organization -3, Non governmental organizations(church,…etc)-4, International organizations-5, Private entity-6,Personal business and/or individual -7, household entity-8

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Number	Please describe your employment status? Salaried worker -1, Self employment - 2 => T.1.14 (Added question)	*Salaried worker => T1.11=1*									*Self employed => T1.11=2*			
		When did you stop working?						What was the main reason you stopped working at that time? *Please use the below code?* *if 1=>T1.13b 4=>T1.13c other all code=>U1.18*	If personal/family reason, what exactly was the reason? *Please use the below code?*	If dissatisfied with pay, what exactly was the issue? *Please use the below code?*	How long did the business exist?? Please use the below code?	What was the main reason the business failed? *Please use the below code?*	Prior to starting your business, did you participate in an entrepreneurship program? *Yes, it was helpful-1 Yes, but it was not helpful-2 No-3*	If you were interested in starting or re-starting your own business, what do you think would make the business more likely to succeed? Please use the below code?
		year /_/_/_/				month /_/_/								
A	**T1.11**	**T1.12a**				**T1.12b**		**T1.13a**	**T1.13b**	**T1.13c**	**T1.14**	**T1.15**	**T1.16**	**T1.17**
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Reason you stopped working at that time (Column T1.13a)	Personal/family reason-1, Individual dismissal/was fired-2, Temporary work-3, Dissatisfied with pay -4, Did not work in learnt occupation-5, Military service-6, Migration-7, Illness/disability-8, Retired-9, Study-10, Temporary cessation work-11,Organization abolished-12, Job cuts-13, Poor working conditions/work environment not safe or suitable 14, Lost livestock due to natural disaster-15, Found a better job-16, Remittances from abroad-17, Other-99
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