

YOUTH LONG-TERM UNEMPLOYMENT PROBLEMS AND INTEGRATION INTO THE LABOUR MARKET

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Abstract. *The youth long-term unemployment problem is one of the main tasks to deal with at European Union level. Also that kind of adjustment needs to be at Latvia's government level because in our country, there are demographic problems and more young people are leaving our country with the desire to find a well-paid job. Many young people choose to acquire a profession that can help to carry out the work in foreign countries, such as engineering technicians, doctors, dentists, chemists. After the university graduation, they could go abroad and proceed their master's studies there, thus having more opportunities to find a well-paid job and build career prospects.*

As it is known, the youth long-term unemployment is a long-drawn economic problem in Latvia and in other European countries, for example, in Spain, Greece etc., because there is not paid enough attention for solving problems in a long-term, which promotes the youth's long-term unemployment. A large segment of employers prefers to employ more experienced and educated persons than young people or employ young people, paying them an inadequate salary for the same job responsibilities as an adult worker.

The present research of the authors are directed towards the youth long-term unemployment reduction and provides a detailed analysis of the situation and problems in youth labour demand from employers of different regions of Latvia.

This research is based on theoretical findings, research results of expert interviews, as well as on views on the future vision by employers.

Key words: *youth long-term unemployment, youth integration, social inclusion*

INTRODUCTION

The new generation's successful integration into the labour market, the creation of innovative ideas and the realisation of the business, which will provide the new generation's future prospects internationally, are substantial. The negative aspect contributing to the world's economic globalization is the outflow of youth's intellectual capital to abroad, which actually takes away Latvia's young professionals and decreases the evolution of innovative products and services. Nowadays it is known that the realisation of innovative products and services is one of the preconditions for successful development of business at international level, which provides the greatest part of the company's income [8].

The authors consider that nowadays there are more fields that are not developed in rural areas because of deficiency of financial support. In prosperous European Countries, like Belgium, Germany, France, farmsteads and agriculture and farming are more developed. In these countries, agricultural land is cultivated and profits are made. Also it is one of the possibilities for the Latvian youth, only there are needs to find a business idea, financing and self-motivation.

The authors want to highlight the need of youth long-term unemployment reduction and the importance of identifying potential solutions for alleviating the youth long-term unemployment for a long time.

The research object is the labour market situation for young people in Latvia's regions. The youth integration into the labour market is determined by employer decisions to employ young people regardless of experience and education.

The aim of the research is to understand the importance of youth long-term unemployment problem causation and to establish the view of employers on young people's integration into the labour market.

To achieve the aim, there are set the following tasks:

- 1) To evaluate the theoretical aspects from different authors to understand the necessity of reducing the long-term unemployment of youth;

- 2) To make expert interviews with employers to establish their opinion of young people's possibilities to align with the labour market, especially in rural areas.

MATERIALS AND METHODS

The following materials and methods are used to achieve the aim and fulfill the tasks:

- 1) Theoretical framework of the research: monographic and descriptive methods are used, also the research is based on scientific discussion of different author conclusions on youth long-term unemployment problems;
- 2) Research methodology: the methods of expert interviews, discussion of the results and findings are used to reach the aim.

The authors made the expert interviews to gather information on employers' opinion of young people employment in their institution and difficulties with what they are ready to face. There were made interviews with employers from the public and private sectors, for a wider vision of the labour market. The expert interviews were conducted from September 2014 to December 2014. In this paper, the authors are continuing the previous research discussion and are accomplishing the conclusions.

RESULTS AND DISCUSSION

Explanation of youth long-term unemployment problems and solutions

The potentially important attention to the youths social exclusion is drawn by foreign authors such as Room (1995), Arulampalan (2001), Kieselbach, Beelmann, Strtzel, Traiser (2001) and Hammer (2003) [2],[9],[12]. The political and economical aspects are analysed by the groups of foreign industry experts such as Audas, Berde, Doliton (2005) and Green and White (2007) [1],[7].

Active discussions on Latvia's long-term unemployment trends and issues are made by economists and researchers such as Hazans (2011) and Krasnopjorovs (2012) [10],[13].

According to authors Lee, Sissons, Balaram, Jones and Cominetti (2012), most of the long-term unemployed are significantly more likely to have low or no qualifications [15].

According to authors Gidfrey (1986) and Kwiatkowski (2005), the commonly held conviction that the unemployment is of a multi-faceted nature is an important starting point for the analysis of unemployment. It requires searching its determinants in different areas and economic processes: demand and supply side of the economy, institutional arrangements in the labour market, as well as socio-economic and demographic characteristics of individuals [6],[14].

Author Room (1995) mentioned civic integration and political participation, social protection, integration in the welfare state and interpersonal integration in family and community systems, besides integration in the labour market as core components of social exclusion [17].

Ignoring the youth employment challenge imposes not only widespread unhappiness and social discontent among youth, but also carries tremendous economic and social costs. Youth unemployment is an immense waste of human resources that could contribute to economic and social progress. An increase in youth employment would have multiplier effects throughout the economy, boosting consumer demand and adding tax revenue [18].

The main factors affecting youth employment are determined:

- Job/employment creation- the main factors that influence job creation, which encompasses aggregate demand economic growth (macroeconomic policies, appropriate regulations and the promotion of entrepreneurship and enterprise creation and development);
- Working conditions – the factors that impact on working conditions such as legislation, regulations and the business cycle;
- Employability – the factors that address employability, such as education and training, work experience, labour market information and services and institutional structures to integrate youth into the labour market [18].

Explaining differences in youths' transition into employment needs to take into account, first, demographic developments and economic growth, and second, the interplay between these dynamics and long-standing institutional patterns, in particular regulatory provisions influencing the supply of flexible or permanent jobs as well as education and training policies. Both general education at schools as well as different forms of vocational education and training, either at schools or on the job or combining both elements

in a dual apprenticeship, are necessary preconditions for the employability and productivity of young people [5].

Youths' unemployment, as well as the situations in which the youths are forced to give up seeking a job, or to work in inadequate conditions have a strong impact on the economy of a society, on the families of these youths, and on their personal and career development, and on the society at large, as well. The lack of a decent job, in particular if it occurs at a short-time after graduating some educational form, can compromise the future of an individual, his/her career perspectives, and very often it can lead to social exclusion [3].

Unemployment among youths generates long-term effects both on the income and on the stability of the job, because youths affected by unemployment have a lower level of credibility and are not as trusting and flexible about employment opportunities and thus, developing with more difficulties from the professional viewpoint [4].

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation in young people [11]. As traditional job-for-life career paths become rarer, youth entrepreneurship is regarded as an additional way of integrating youth into the labour market and overcoming poverty. Supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment [16]. Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized. Entrepreneurship can unleash the economic potential of young people [18].

The authors believe that this statement most applies to potential to reduce unemployment in rural areas.

The authors summarized findings from different authors who researched youth long-term unemployment; the common denominator is that the youth long-term unemployment is directly affected and is related to social inclusion into and exclusion from society and that means also inclusion into the labour market because social aspects affect the individual's financial situation, career possibilities, education level, future developments and progress in society.

Expert opinions of youth's opportunities for integration into Latvia's labour market

To understand the situation of youth employability from entrepreneurs and executives of state institutions, the authors made interviews with 10 experts from different sectors. The previous paper examined the opportunity for young people to adapt to the labour market and the opinions of entrepreneurs and representatives of institutions (hereinafter mentioned as the experts) on youths' employability, their career possibilities, the demanded education level and necessary skills for employment.

This article will cover the views of employers on variety mobility measures for young people for a successful integration into the labour market. In the expert interview, each of the experts was asked 12 questions. The first paper discussed 7 questions. Table 1 demonstrates the information on the respondents' industry and location.

Table 1

Information of the experts from Latvia's cities and rural areas (n=10)

Sector	Represented industry	City/ Rural area
Experts from the private sector:	Auto parts retail	Lielvarde and region
	Retail Business	Lielvarde
	Market and social researches	Office in Riga, working in all regions of Latvia
	Construction industry	Office in Jelgava, working in all regions of Latvia
Experts from the public sector:	Pre-school education	Jumprava, Lielvarde municipality
	Education	Skaistkalne, Vecumnieku municipality
	Social sector and education	Jelgava
	Tourism	Jelgava
	Sewing services	Jelgava
	Research	Jelgava municipality

Source: authors' interview results

The acquired expert answers were summarised in two parts – the public sector (education, the social sector, research and tourism) and the private sector (market and social researches, auto parts retail trade, the construction industry and retail business).

Experts were asked to answer the question – *“What is your assessment of the youth mobility arrangements of the State Employment Agency implemented with financial support from the European Union’s Funds through which part of youths’ wages are paid? providing that the employer employs a young person involved in the project for a certain time period”*. On this question, 5 of 6 experts answered positively. Some of the experts from the public sector mentioned that:

- They have already involved young people in summer jobs;
- In this summer it was not possible to employ young people because there was no well-prepared project;
- They thought that it was an option for a young person to gain experience;
- If a young person is provided with a job and he or she does not have to go to and work in another state, then we are supporting that mobility arrangements.

One of the respondents from the public sector answered that they perceived these arrangements as semi-positive.

The experts from the private sector mentioned that:

- They perceived it as positive because under the State Employment Agency Programme, young people acquire the skills.
- The negative aspect is that it is not intended to reward superiors for conducting practical training.
- We do not use it, but we hire young people, even though they have not yet got certain professions as required for the replacement of staff because many employers are retiring. Current employees are teaching the young people the necessary skills and abilities;
- One of the respondents answered that his attitude is neutral and he has no opinion on this question.

In order to identify the views of the experts on specially educated youth employment for their industry, the experts were asked to answer the question – *“Do you prefer to employ the young people specifically prepared for your industry if a young person is specially prepared for the job duties? The young people will be trained for performing the specific job duties within European Union projects”*. The respondents from the private sector mentioned that in our industry it is not possible to train and prepare young people in projects, we are requiring the education at university level. A respondent from the public sector answered that in theory “yes”, it is possible, for example, during the summer, when there are more tourism activities, but we need to understand if our budget allows it. Other respondents from both the private and public sector responded positively.

In the previous paper, the authors asked the *experts to mention the most important measures for state institutions to stabilize the youth labour market situation in the future*. Some of the experts mentioned that the tax preferences for employers and the tax preferences for young people who are studying or having social instability and also additional bonuses for employers would promote the employment of employ young people in their institution or enterprise.

According to previously mentioned measures, the authors asked a direct question – *“Are incentives in the tax area could affect your decision to accept the young candidates for the vacant job instead of experienced applicants?”* An expert from the public sector answered negatively, principally, the skills of young people need to be in line with the requirements of industry. Other 9 experts from both the public and private sector responded positively.

It is well known that according to European Union planning documents, one of the possibilities how to deal with youth long-term unemployment is to develop the young people participation in projects directed to entrepreneurship development in rural areas and self-employment. To find out what are the opinions of employers, the authors asked the experts to give answers to the question – *“What is your assessment of the potential of young people to start their own business in today’s economic situation?”*

- If the young people have an idea, knowledge, desire, energy, necessary resources, then there are possibilities;
- To start a business it is not difficult, but to stay on the market, to grow and make a profit it is very hard;
- The business start-up opportunities do not depend on the economic situation, but are dependent on the personality type;
- They thought that there are options, such as a bike rental in Jelgava district, which could be the beginning of entrepreneurship;
- In Jelgava, there is a good opportunity, there is a business incubator, a center of expertise, an active trade association and a knowledge and technology transfer center in Latvia University of Agriculture.

- The possibilities are wide-ranging, but are the young people able to use them, that is the question. Is there sufficient understanding?;
- Not enough support.

The authors consider that in general the employers are positively disposed to youth entrepreneurship development, as the main emphasis is placed on the youth's desire to start a business, using a variety of support tools, on the individual's personal traits and understanding and knowledge of the area in which to pursue and develop the business.

According to the previous question, the authors wanted to understand the expert opinion of business support in Latvia. All of the experts were asked to answer the question – *“Do you think that the business support instruments for start-ups are provided at a sufficient level in Latvia (for example, micro-credit programmes, start-up programmes, mentoring, business incubators, etc.)?”*

The experts from the public sector considered that:

- It is possible to get the main support from a programme provided by “Altum” (The remark of the authors- in past it was Hipoteku Bank, which was responsible for crediting business start-up programmes, micro credit programmes and rural support programmes);
- Not completely thought out, it is for young agriculturists, but there is need for more support for other fields;
- For university students, yes, but for students from professional schools with professional education- not;
- Young people are afraid to start a business, elderly too;
- There is need for tax relief for at least the first 2 years;
- If there are a few new enterprises that are working and keeping in the market for a long time, then there is not providing with all instruments.

The experts from the private sector were reluctant in relation to this question. One of them considered that these instruments were already like a big step forward, 10 years ago there were not such possibilities, maybe not every young individual was informed of these instruments and did not use them enough. On this question, 2 of the experts answered positively and one negatively.

The authors summarise that in Latvia in general, the main problem is financial support and insufficient information on business support instruments and possibilities contributing to insecurity of young people to start his/her own business.

CONCLUSIONS

According to different author scientific researches, attention is paid to the youth long-term unemployment problem in all European countries. There was not found the common determinant from industry experts how to deal with that kind of problem. There are mentioned several activities and realized unemployment support programmes, such as training, practice, social benefits if youths are attending courses etc., but all these instruments make an impact in a short-term period.

The youth integration into the labour market is very important for young people's future options; also, it has a significant role in the country's revenues, competitiveness and development.

There is need to determine long-term instruments to struggle with youth long-term unemployment and to provide the future possibilities for young people. To realize this protracted problem in a long-term, most of the experts emphasize that governments and state institutions need to provide young people with exhaustive information on support instruments, for example, one of the kinds of support can be a cohesive environment between universities, professional schools and employers. According to the expert interviews, it is understood that if young people have motivation, practical skills and want to work, employers are ready to employ them, but with one note, also entrepreneurs and state institutions need financial support for new work places.

According to the survey results, the authors consider that young people have potential if they are ready to study, to struggle with administrative and financial problems, and to struggle for clients, as well as the volume of service and product sales.

ACKNOWLEDGEMENTS

The preparation of the paper was supported by the National Research Program 5.2. Economic Transformation, Smart Growth, Governance and Legal Framework for the State and Society for Sustainable Development-a New Approach to the Creation of a Sustainable Learning Community, Project EKOSOC_LV.

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