

SOCIAL DIMENSION OF THE MEASUREMENT FOR REGIONAL DEVELOPMENT

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Abstract

The article addresses the problem of social dimension measurement of for regional development. Authors' discuss approaches of definition of social dimension. There is some discord how social dimension could be understood in more broader or narrowed sense and how it is characterized in international and national social policy documents. Authors focus attention on contiguity of social dimension and social security. The measurement of social dimension demands multidimensional approach. The authors use theoretical analysis and document analysis, as well as analysis of statistical data on key elements of social dimension of regional development (differences of employment rate; GINI coefficient, and the number of people at risk-of-poverty threshold). The main conclusions are that social dimension is more or less covered in development planning documents, but the progress indicators are inadequate. Especially disparities in social dimension of regional development are formally addressed and closer analysis of key indicators shows necessity to elaborate both – policy instruments as well as policy progress measurement.

Key words: social dimension, social security, regional development, social policy.

Introduction

Uneven regional development and high income inequality are recognized as serious threats to successful development in Latvia (Saeima, 2010; VARAM, 2013). The economic disparities result in sharp differences in working and living conditions. There are also considerable differences in provision of social security between regions and municipalities (National Social Report of Latvia, 2014). Are these problems addressed in the policy documents? Are adequate progress indicators developed, especially for monitoring of social dimension of regional development? The aims of the article are: 1) to discuss the definition of the social dimension and to analyze the coverage of social dimension in the policy documents of development planning; 2) to illustrate social security problems by analysis of statistics in order to substantiate the necessity of regular monitoring of social dimension indicators at regional level.

Latvia has elaborated the long-term development planning document “Sustainable Development Strategy of Latvia until 2030 (Latvia 2030)” and the medium-term planning document “National Development Plan 2014-2020 (NDP 2020)”. NDP 2020 is closely related to Latvia 2030 and the National Reform Programme for the Implementation of the EU 2020 Strategy. Because one of Latvia's strategic goals is to join the OECD, the authors of this article will pay particular attention to the measures of social dimension covered by mentioned documents in the context of strategic goals for social security and social sustainability of OECD. Social security plays a key role in provision of well-being and as a base for sustainable growth and development. The social dimension contains elements directly and indirectly connected with social security provision.

The research is done as a part of the project “Elaboration of innovative diagnostic instruments for regional development”, funded by the European Social Fund (No 2013/0057/1DP/1.1.1.2.0/13/APIA/VIAA/065), where the task of authors was to develop the social security index as innovative instrument to measure the coverage of social security provision at different territorial units (national, regional, local).

Materials and Methods

Authors apply theoretical analysis and document analysis. The documents analysed are policy documents of the UN, EU, OECD, ILO and Latvia. The aim is to stress importance of social dimension of development and simultaneously to find contemporary understanding of key elements for social dimension of regional development. Descriptive statistics are used in order to throw light on the regional disparities within key elements of social dimension of regional development. However, during the research the broader range of indicators were analysed in order to develop complex and holistic approach to social dimension of sustainable development, the limitations of article allow to pay attention only to key elements. Even analysis of few key indicators show considerable regional differences and allows substantiate the importance of regular measurements for monitoring and development of better targeted and more efficient social policy.

Results and Discussion

However, the central concept of the article is that of social dimension of development, it is very closely linked to more concrete concept of social security. Social security is a key to secure social dimension of sustainable development. However, there is no real consensus even on the social security concept, as it is

reflected in conceptual documents of the international organizations. Therefore, it needs to be clarified. Social Security is a value that includes a broad view of the human right to dignity and free development, but in a narrower sense it means security in the labour market, income security, health protection, and high quality of social services for all. The United Nations Universal Declaration of Human Rights, Article 22 defines that everyone has the right to social security and the maintenance of self-esteem of their personality and the free development of the necessary rights in the economic, social and cultural fields. The Declaration is also made to ensure legislation for the implementation of international cooperation and support for State Aid pursuant to its resources (UN Universal Declaration of Human Rights, 1948). However, a clear definition of the concept of social security is not given. Also, the scientific literature has a rather descriptive approach, including social security within the meaning range of policy areas, such as employment, health, education, welfare, social inclusion, in tune with the Declaration of Human Rights. Broad approach contains the link between social security, human dignity and free development. Often, however, social security is understood very narrowly based on the income replacement in social risk situations, as defined by the International Organization (ILO) Convention 102 on minimum standards of social security (International Labour Organization, 1952). Employment researcher Wouter Van Ginneken indicates that from a narrow view of social security as income replacement, there is a return to the broader perspective of social security, which is fundamentally linked to human rights (Van Ginneken, 2009). Social security is a human right and a social and economic necessity. It is empirically proven that unfair and unequal societies have slower economic growth, lower gross domestic product, greater instability and mutual distrust (Stiglitz, 2012; Vilksinsons and Pikita, 2009).

Modern understanding of social risk and their content is not sealed and requires a review of the assumptions that formed in the middle of the previous century. The researchers also point out that main internationally recognized social risks referred to in the 1952 ILO definition of social security (health care, income security, protecting from social risks in old-age, unemployment, sickness, occupational diseases, disability, work accidents, maternity or survivors' case) are nowadays changing as a result of the traditional system of social protection no longer fully conformed with its mission (Beck, 2000; Bauman, 2007). Global change actuality acquires new risks, such as elderly care at home and in institutions or a new relationship in the labor market (for example, agreements of micro-enterprises) (Phillips, 2008; Daly, 2011). Therefore, researchers should not be confined to the narrow

understanding of social security, its regulatory role, but to analyze it in the context of global, international, national, regional and local processes of social change, which is done only with complex, flexibly adapted research tools. ILO recognizes this and is working on the recommendations of the social policy in order to cover new risks and review the existing security system coverage (ILO, 2010). European Union social policy level has been established to the new concept of 'flexicurity', which is embedded in the EU resolution, shifting the emphasis from social security to flexible security, a framework for security in the labor market (EU Commission, 2007).

For analysis of social dimension of regional development the very important is its conceptual link developed by OECD, especially in the context of Latvia's aim to join OECD. Latvia's Road Map to OECD covers a broad range of economic and social policy topics. Regional development is on the front lines of many challenges faced not only by Latvia, but also by many OECD countries today. The guidelines of OECD are valuable for Latvia's regional development measurement. The OECD have elaborated a Framework for Measuring Well-Being and Progress, which proposes to measure well-being through a multi-dimensional approach expanding on capability concept of Amartya Sen's and ideas about social progress of Joseph Stiglitz's (Sen, 1993; Stiglitz et al., 2009). Well-being and social dimension of development are not completely overlapping concepts. Well-being is more individual-centered concept, whereas social security is more policy-centered concept, but their constitutive elements almost overlap (especially with elements of broad understanding of social security and social dimension of development). The OECD conceptual framework for measurement of well-being in regions consists of seven distinctive features: income, health, safety, housing, access to services, civic engagement, education, jobs, environment (OECD, 2014). OECD offers to measure regional differences by seven dimensions, constructing an index with the seven constituents. Each dimension could be measured by 1-2 indicators (for example: jobs: employment rate and unemployment rate; housing: number of rooms per person; health: life expectancy and age adjusted mortality rate; education: share of labour force for people who have, as a minimum, secondary education; safety: homicide rate, etc.). The indicators are selected for measurements by focusing on individual and location based characteristics. OECD concentrates on well-being outcomes as direct information rather than on inputs and outputs, material and non-material dimensions; it looks at the dynamic of well-being over time (OECD, 2014). The OECD measurement framework includes different dimensions of well-

being; it is broader than social security, which is a contested concept.

When selecting the dimensions for measurement of social security of territories, it is important to pay attention to the development of objectives and performance indicators included in Latvia basic planning documents. The authors are eager to find a reasonable balance between the theoretical principles and policy objectives for measurement of social dimension in regional development. The Ministry of Environmental Protection and Regional Development recognizes: "Latvian regional development disparities are still significant and the existing measures have failed to achieve a decisive change in the territorial development indicators in reducing adverse distinction" (VARAM, 2013).

Sustainable Development Strategy of Latvia until 2030 is a key tool for long term development planning in the country (Saeima, 2010). The idea of happy people in the prosperous country is central in this document, security and possibility to attain goals, a person has a reason to value - are mentioned among main strategic objectives. However, among progress indicators the inequality is measured by GINI and regional differences are measured by regional dispersion of GDP. The indicators for employment and unemployment level are not included at all. The OECD recommends focusing attention on employment possibilities as base for social security and unemployment level as a threat for it. The focus of National Development Plan 2020 is on the idea about the necessity of a breakthrough, the establishment and development of businesses that are creative and generate high added value that constitute preconditions for increasing competitiveness to create the effective growth model for Latvia (Cross-sectoral Coordination Centre, 2010). Among priorities there is human security and growth of territories. Social dimension of development and set of progress indicators is better developed in this document. However, the weak point is that authors of NDP 2020 assume that economic growth will automatically resolve social problems. Also, employment, education and health are treated rather instrumentally, as means for economic growth, not as basic human rights and elements of social security.

Latvia 2030 and NDP 2020 constitute the strategic development settings, but do not show the way to reduce the high poverty rates and significant regional differences in income, as well as unequal distribution at the level of local governments. The strategic objectives in social security area have a declarative character, and there is lack of adequate progress indicators.

The next problem is the fragmented responsibilities for social dimension at governmental level. The

responsibility for social security matters is divided between ministries at the national level and local governments at the local level. The Ministry of Welfare is responsible for the social policy planning, for social insurance, social assistance and social services and demographics. The Ministry of Education is competent in the issues of inclusive education, but the Ministry of Economy - in employment. The social integration and anti-discrimination field refers to the Ministry of Culture, but health care policy - to the Ministry of Health. The Ministry of Justice and Ministry of Finance are involved in solving financial and legislative problems of social dimension. Six ministries are involved in division of the responsibility for social dimension in Latvia. It is difficult to harmonize the understanding of social security and elaborate universal instrument for measurement of regional differences in social security. Local governments provide social assistance and social services, pre-school, general and basic services, access to health care, as well as assistance to people in resolving housing issues (National Social Report of Latvia, 2014). The problem is that each local government can decide to increase the minimal level of assistance. Certainly, the local governments with higher income levels are able to provide higher levels of social security and measures for social inclusion. The Ministry of Welfare of the Republic of Latvia recognizes disparities in amount and availability of social services in different local municipalities - „two persons with identic needs receive very different services according to the place of living” (National social report of Latvia, 2014). Here again regional disparities come to the forefront.

Authors offer to substantiate the importance of social dimension for regional development by selecting and analyzing here just key elements of social security: employed population, inequality (GINI) and persons at risk of poverty (%). Employment serves as basis for social security expenses, and work is one of the most important values in life, as well as an element of basic human rights. The social inequality shows the distribution of income differences in Latvia regions. Higher GINI coefficient value means not only higher income inequality, but also higher risk of insufficient social security for lower income groups and greater sense of social injustice in the larger part of population. The proportion of people at risk of poverty constitutes less protected and more vulnerable part of population. The problem is especially serious in the context that the local governments operate in diverse socio-economic environments and are rather autonomous in solving social issues. Social inequality is a crucial factor for sustainable social development according to guidelines adopted in the UN, OECD and EU. That is why authors have chosen

Table 1

Difference of employed population (15-64) by labour status in statistical regions against average % in Latvia

	2009	2010	2011	2012	2013
Rīga region	+2.4	+1.8	+3.3	+4.1	+4.5
Pierīga region	+2.3	+1.2	+1.1	+2.1	+1.7
Vidzeme	-2.9	-0.7	-0.6	-3.9	-3.3
Kurzeme	-0.4	+1.0	-1.6	-0.9	-0.6
Zemgale	-1.4	-2.9	-1.3	-1.1	-1.1
Latgale	-3.7	-3.2	-5.6	-7.2	-7.4
Urban	+0.9	+1.1	+1.8	+1.5	+1.7
Rural	-1.7	-2.4	-2.9	-3.1	-3.5

Source: CBS, recalculation according to Employment rate in Latvia statistical regions, CSB (2015).

differences of employment rate in different regions as key components; GINI coefficient, and the number of people at -risk-of-poverty threshold (60% of the national median equalized disposable income %). The importance of reduction of social inequality as major challenge is pointed out in Sustainable Development Strategy of Latvia until 2030.

The authors consider employment differences (as calculation of employment rate against Latvia average) show outcome of labour market trends and are clear and illustrative. There are clear differences between employment rate against Latvia average in rural (only negative values) and urban areas (only positive values). Employment differences show distinct trends in Latvia regions in 2009-2013. The employment rate in Rīga (capital city), Pierīga (Rīga metropolitan area) are higher than in other regions. The fluctuations of employment rate in the interval are high (-3.9; +4.5). An employment possibility, the number of work places is the basis for economic and social stability and security. And it is the source of resources for social security implementation. Low level of employment means that a large part of population is unemployed or even economically inactive.

Gini coefficient is broadly used for international comparison and is recommended by OECD and EU advisors. It is proposed as an indicator in Sustainable Development Strategy of Latvia until 2030. Sustainable Development Strategy of Latvia until 2030 has defined strategic indicators for 2030 - Gini coefficient must decrease below thirty (<30). At present, Gini coefficient is above defined limit in all regions. Latgale and Zemgale regions are the only areas where social inequality has evidence of decrease after crises and in 2013 is lower than in 2009. Both regions have rather large part of population living and working in rural areas (agriculture).

The fluctuations of Gini coefficient size in different regions show lack of clear progress in elimination of social inequality. The Gini coefficient was slightly higher in 2013 in Rīga and Pierīga region. It is higher than in the EU on average (Eurostat, 2013).

In 2013, each fifth of the Latvian population were subjected to the risk of poverty, which is more than in 2012. There are evident differences between regions (Latgale >30%; Rīga < 15%). The higher proportion of people below threshold of poverty is in Latgale – the Eastern, mostly rural part of Latvia.

Table 2

Gini coefficient in Latvia regions (%)

	Rīga	Pierīga	Vidzeme	Kurzeme	Zemgale	Latgale
2009	34.9	36.0	32.8	33.4	36.3	34.5
2010	34.9	34.3	33.4	32.3	33.6	33.4
2011	34.2	38.1	33.6	34.9	34.8	31.6
2012	33.7	36.9	35.2	33.2	32.1	31.9
2013	34.3	37.1	33.7	33.6	32.0	31.9

Source: authors' calculations based on CSB data (CSB,2015a).

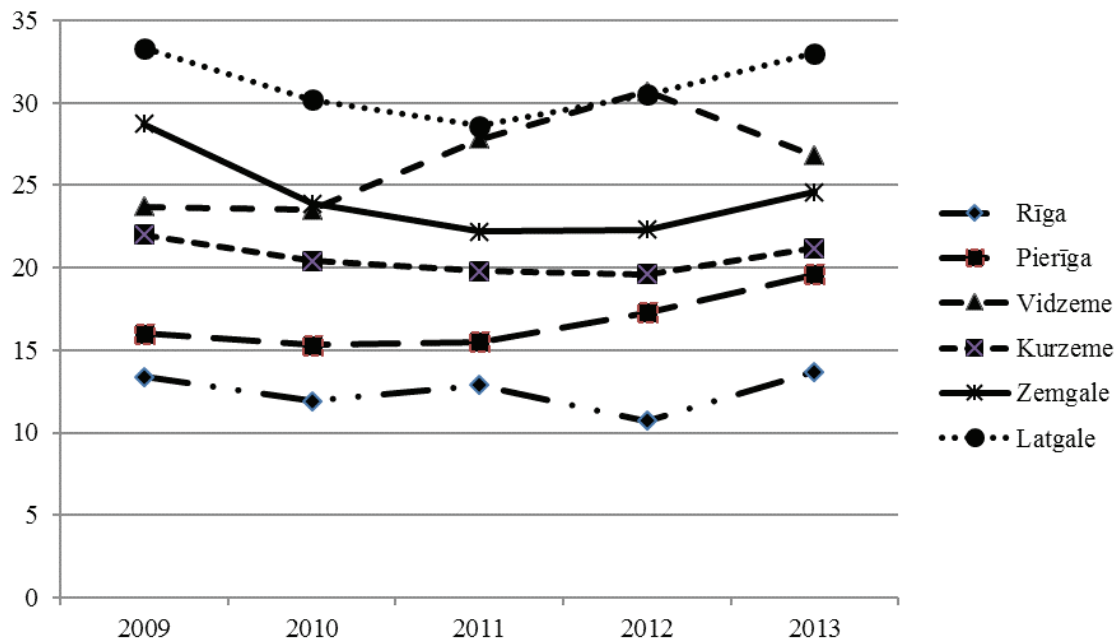


Figure 1

Figure 1. At-risk-of-poverty (persons with disposable income below at risk-of-poverty threshold - 60% of the national median equalized disposable income %).

Source: authors' calculations based on CSB data (EU-SILC survey) (CSB, 2015b).

But less people below poverty line are in Riga and Pieriga regions where employment and income levels (Table 1) are higher (Bela and Rasnača, 2015). However, the relatively successful economic growth does not guarantee social development for all (in Riga and Pieriga, numbers of persons under risk poverty are still high, and these districts have the most unequal income distribution in Latvia). In five years (2009-2013), the number of people at risk of poverty or social exclusion has slightly risen in three regions (Riga, Pieriga, Vidzeme), but slightly diminished in others (Kurzeme, Latgale, Zemgale). The authors suggest that particularities of local political initiatives could be at the bottom of such changes.

Conclusions

Latvian government should establish a clear social policy that would strengthen Latvian move towards a welfare state functions and purposes. 'The Sustainable Development Strategy of Latvia until 2030' and 'National Development Plan 2014-2020' have designed more general regional and social development aims, but complex and networked implementation is necessary. Welfare policy actors see the social security in narrow and fragmented perspective. The analysis of regional disparities and inequality indicators, which do not show tendencies toward decline, substantiate a great need for a unified social policy planning document as a mid-level

document (between Latvia 2030, the NDP 2020 and the lower level planning documents), which would help to improve coordination between different policy implementation levels and sectors. The extent to which income inequality varies within regions and districts is very relevant for policy decisions and monitoring. The economic growth without social security coverage failed to ensure well-being and social security for all population.

The contribution of this paper is to show the importance of social dimension in context of international perspective on social security measurement for regional development evaluation. Latvia must seriously work on complex solutions for social inclusion, reduction of poverty and inequality, as well as on other social security issues, including more equal living and working conditions in all local governments. The innovative instrument for measurement of social dimension of regional development is a necessary precondition for regular monitoring of policy objectives for sustainable social development in all regions.

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