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and Tools for Its  
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# Supply, Demand, Forecast of Latvian Labour Market and Tools for Its Development

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## Abstract

Many factors influence situation on Latvian labour market. Employment is one of the core subject to explorer observing changes of labour market supply, demand and forecasts. Focusing on organisational problems concerning labour issues the microenvironment of the organisations ought to be study. The authors would like to compare Latvian labour market forecasts and the real situation for the period starting from the economic crises year 2009 in Latvia to 2015.

Reaching the objective of the study additionally, the data on labour market structure is observed focusing on young participants of the employment process (new enterprises and young employees, job seekers). Describing the forecasts fulfilment and current situation on the labour market in Latvia, some risks were defined connected with future employment situation in Latvia.

In addition, some tools of labour market development implemented in Latvia were evaluated defining their advantages and disadvantages. The main assessed tools are lifelong education, youth guarantee, new enterprises support programs. They are implemented along the European Commission initiative and European Union funds.

This research has an exploratory and descriptive design. The authors develop tentative hypotheses for the future researches. The primary methods used are literature review on employability and labour market topics; statistical data interpretation, statistical data comparison, synthesis, contextual analysis (SWOT). The forecasts about Latvian Labour market done by Ministry of Economics of the Republic of Latvia mainly were wrong. The last tendencies shows that there is a demand for specialists in such areas as trade, agriculture, construction and building, education. The demand of labour for this field is in the top ten rating. However, the forecast was correct about construction field; the demand of the specialists of this field has been decreasing slowly for the last five years. In addition, demand for the specialists of transportation, logistics field is high as it was forecasted as well as demand of medical specialists.

The general tendencies of the employment on Labour market are positive. The unemployment rate has been decreased for last five years and is about 10% during last two years. However, youth unemployment rates decrease does not show positive results as it is still high and is about 20 % during last two years. The main risk that can be urgent for the next five years are: economically inactive citizens, higher education institutions non-cooperation with Latvian government, lack of specialists in engineering fields, medicine, Information Technologies, and some other, surplus of humanitarian and social sciences specialists, young specialist emigration, economy dependence on small, medium and microenterprises business.

The authors propose public administration work more with their stakeholders especially scientists and younger representatives of the society (pupils). Evaluating unemployment data general and youth some factors needs to be taken in to account before the data interpretation. Before propose any eco-



nomically inactive citizens engagement and stimulation activities, it is beneficial to identify and take into account reasons of their inactivity. The authors propose especially public organisations and governmental institutions to work more on youngest generation awareness about new trend on labour market and public organisations' employer brand development.

**KEYWORDS:** Labour Market, Youth Unemployment, Lifelong Education, Youth guarantee.

Many factors influence situation on Latvian labour market. Employment is one of the core subject to explorer observing changes of labour market supply, demand and forecasts. Focusing on organisational problems concerning labour issues the microenvironment of the organisations ought to be study.

The authors' objective towards the research is to compare Latvian labour market forecasts and the real situation for the period starting from the economic crises year 2009 in Latvia to 2015. The authors in many cases focus on Latvian youth issues and people with tertiary education towards the research subject.

The authors seek the new trends on Latvian labour market and describe existing tools of its development as well as outline their advantages and disadvantages. For this purpose, the authors describe Latvian labour market structure, evaluate supply and demand on certain specialists on the market, mark peculiarities of employment and unemployment in Latvia as well as evaluate labour market development tools. As the final point, the authors provide results of Latvian labour market SWOT analysis. This analysis will provide summarized information about the condition on the labour market and will help to define possible best development tools for it. In addition, the authors highlight the main risks that can be urgent for the labour market for the next five years.

This research has an exploratory and descriptive design. The authors develop tentative hypotheses for the future researches. The primary methods used are literature review on employability and labour market topics, statistical data interpretation, statistical data comparison, synthesis, contextual analysis (SWOT).

Reaching the objective of the study additionally, the data on labour market structure is observed focusing on young participants of the employment process (new enterprises and young employees, job seekers). The authors observe the structure of the labour market of Latvia mainly by age, education level and fields of activity.

Since 2009, more than 50% of Latvian population in age from 15 to 74 years are employed economically active people. The percentage of the job seekers has shrunk from 11.50% in 2009 to 7.80% in 2013. The percentage of economically inactive people in Latvia is constantly about 34% during this period. The main reasons of economical inactivity however are the willingness of students and pupils to study; also, it may be hard for them to find full-time jobs, pensioners' disability to work because of weak health and homemakers' necessity to be employed or their difficulties to manage children care while working. Since 2009, about 6% out of economically inactive population in Latvia admit that the reason of inactivity is a loss of hope to find a job. For the Latvian economy recovery period, more than 40% of job seekers are long-term unemployed people. The biggest part of job seekers are young people in age of 15-24. Part-time job is not popular in Latvia and the situation has not changed in this field during the observed period. Less than 10% Latvian men and women are working part-time (Latvijas Republikas Centrālā..., 2014a).

Peculiarities of employed and other economically active people in Latvia prove Latvian transition to the knowledge-based economy. Statistics clearly reflects this fact by data from 2001 to 2013. The most economically active people are with the highest education level i.e. around 82% of people with tertiary education are economically active while only around 32% of Latvian inhabitants

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## Introduction

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## Latvian labour market structure

with basic or lower education are economically active ones. Respectively the places supplied on the labour market are mostly for people with high level of education. The number of employed people in 2013 is lower than in 2009 for 14.6 thousands; however, it is relatively increasing each year since 2009. The biggest part of employed Latvian inhabitants are people in age between 30 and 54, when there are not that many people in age from 55 to 64 and from 20 to 29 among the employed ones (Latvijas Republikas Centrālā..., 2014a). Senior Economist of the Macroeconomic Analysis Division from the bank of Latvia highlight that “young people between 15 and 24 have low economic activity and the proportion of this cohort will continue to contract. The population in the 25-34 age group are characterized by a high level of economic activity and the proportion of this cohort will rise” (Krasnopjorovs, 2014). Young people activity on the labour market is clear – low level of education and lack of job experience as well as focus on education rather than job. There are also some people that can be classified as NEETs – young people who are not in education, employment, or training (Eurostat, 2009). In 2010, 17.80% of youth could be qualified as NEETs in Latvia. In 2013, this proportion was equal to 13.00% (Latvijas Republikas Centrālā..., 2014), however it also depends on the variances in the total number of youth in age from 15 to 24 years during the period. The age of Latvian people’s maturity as well as period of life, when the level of health is usually high is around 25-34. This is age, when Latvian inhabitants prefer to create families, that requires financial income (Central Statistical Bureau..., 2014). People in this age already can have necessary on the labour market level of education and job experience and are likely.

The authors focus on the period from 2009 to 2013. 88-89% of employed people in Latvia are employees, around 4% are employers (owners) and around 6-7% are self-employed, other are volunteers that are working without compensation (Latvijas Republikas Centrālā..., 2014a).

The authors find statistical data that characterize employed people in Latvia and prove that Latvian economy is switching to the knowledge-based content. The proportion of employed people by economic activity sector has not changed a lot since 2009. The biggest group of employed people in Latvia (40-41%) works in trade service sector. The next biggest group (27-28%) – in other services sector, the next group (23-24%) – in manufacturing sector. The smallest group (8-9%) is working in a sector of raw materials extraction and agricultural (Latvijas Republikas Centrālā..., 2014a). Service employees dominate in the economy of Latvia. Therefore, more and more people with higher education are required on the labour market; they simply have the biggest change to find job as supply of these types of vacancies is relatively high in Latvia.

The proportion of employed people by occupation groups in Latvia also has had just a little changes, but the structure remains the same for the observed period. The majority of employed are managers or specialists (39-40%). The next big group of employed people are qualified/skilled employees (25-26.50%). This group is a little bit bigger than the group of clerks and service workers (19-21.50%). The smallest group is a group of simple occupations workers. It was 13.10% in 2009, has it peak in 2011 (14.40%) and reused for 1.80% in 2013 (Latvijas Republikas Centrālā..., 2014a).

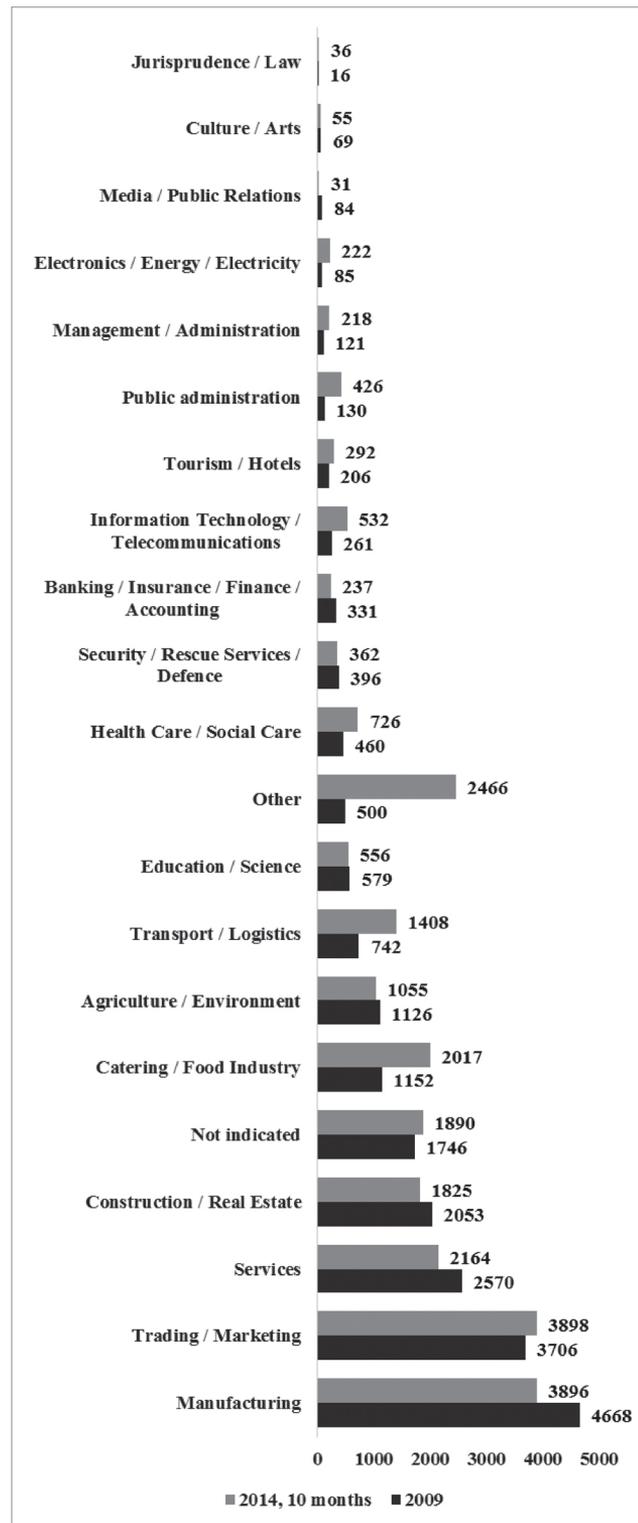
Latvian labour market is mainly for middle age Latvian inhabitants with more than secondary education and at least some work experience for work in service sector as employee. The local labour market did not have crucial changes in structure since 2009. The economic crises in Latvia did not influence structural changes on the labour market in the big extend. The most sensitive group of population that had the biggest problems with employment after the economic crises is youth in age from 15 to 24 years. Sometimes it is connected with the high requirements of the employers and other personal professional development priorities of the youngest generation on the labour market.

The authors focus on exact specialities and areas of professional activities to check the demand on Latvian labour market. Particularly the authors checked the forecasts about Latvian Labour market done by Ministry of Economics of the Republic of Latvia.

According to the State Employment Agency (SEA) data, demand of employees from 2009 to 2014 has slight changes; however demand of the employees in some areas doubled or more than doubled (Figure 1). Increase in demand is marked in law, transport and logistics, management and administration, information technology and telecommunication, catering and food industry, health care and social care (the demand quite doubled in these areas). The slight declines of employees demand was in culture and art area, media and public relations, banking, finance, insurance, security and defence, education and science, agriculture and environment, construction, service, manufacturing on Latvian labour market for the period.

The major increase (more than 50%) of employees demand since 2009 was in such areas as electronics, energy and electricity, public administration and other fields. Manufacturing and trading organisations require the biggest amount of employees among other groups.

The forecasts about Latvian Labour market done by Ministry of Economics of the Republic of Latvia (2009) mainly were wrong. The last tendencies shows that there is a demand for specialists in such areas as trade, agriculture, construction and building, education. The demand of labour for this field is in the top ten rating. However, the forecast was correct about construction field;



## Supply and demand on Latvian labour market

Figure 1

Number of demanded vacancies in Latvia by working area in 2009 and for 10 first months of 2014 (Authors created by SEA unpublished data)

the demand of the specialists of this field has been decreasing slowly for the last five years. In addition, demand for the specialists of transportation, logistics field is high as it was forecasted as well as demand of medical specialists (according to the SEA unpublished data, 2014).

Exploring supply of job seekers with certain background, the authors based on education of Latvian inhabitants. Supply on the labour market create job seekers (economically active inhabitants). The authors focus on the younger generation (generation Y born from 1980) job seekers in the age of 15-35 as they have the certain peculiarities as employees and job seekers and are the major group of the youngest representatives on the labour market in Latvia.

Employment in knowledge-based economy should go along with education i.e. the students should strive for having a job according their background. The youth in Latvia graduate from tertiary education institutions earning specializations in different fields. The most popular ones from 2010 to 2013 were (Latvijas Republikas Centrālā..., 2014):

- \_ Social sciences, commerce and law
- \_ Health care and social welfare
- \_ Engineering, manufacturing and construction.

Potentially these alumni may generate a supply in the mentioned field that could potentially fill in the vacant positions in these fields. Potentially, the supply in the future can generate also students that will graduate from tertiary education institutions. The study fields' biggest number of students accepted for at the tertiary education institutions in Latvia from 2010 to 2014 were (Latvijas Republikas Centrālā..., 2014):

- \_ Social sciences, commerce and law
- \_ Engineering, manufacturing and construction
- \_ Health care and social welfare.

These areas are the same as those that were popular among the graduates at the same period. There are vacancies in these fields on the labour market, however, it is hard to consider, if the graduates will be able to find the suitable ones at least taking into account the factor that not all these vacancies presume job for tertiary education institutions graduates.

Besides employees' education, employers are usually requiring certain job experience (Voronchuk & Starineca, 2014). Unfortunately, not all tertiary education institutions have programs that presume professional experience of the students during the studies. Therefore, it is more probable that youngest generation job seekers with appropriate education will not fully match the Latvian labour market requirements. It is important to make a more detailed evaluation of hard and soft skills etc. required by employers analysing labour market supply and demand.

SEA forecasted that for the period from April 1, 2014 to April 1, 2015 the top demanded professions in Latvia would be (Nodarbinātības valsts aģentūra, 2015):

- |  |   |
|--|---|
| _ Senior Specialist                          | _ Service and sales workers                           |
| _ Qualified workers and crafts men           | _ Clerks  |
| _ Specialists                                | _ Elementary occupations                              |
| _ Managers                                   | _ Skilled agricultural, forestry and fishery workers. |
| _ Plant and machine operators and assemblers |   |

The forecast of the workforce occupations' demand on Latvian labour market for the same period are summarizes in Table 1. After this period, it will be possible to compare forecast and reality, develop new forecasts and calculate probabilities of match on the labour market. In addition, it will be possible to define risks and new challenges on Latvian labour market.

Studente, L. (2014) also outlined that programmers are demanding on the labour market. She also highlighted that there is a risk of lack of specialists. Latvian aging society also is aging in terms of employees in the certain working areas. Such of them are metalworking, mechanical engineering and electronics, transport and logistics, life sciences, health care, green technologies, treatment of foods, etc. Suhonen, T. (2014) emphasises that “completing a university degree in business, law or engineering generally results in higher average earnings than a degree in education or the humanities”. In addition “it may be argued that given the rapid increase in the general educational level observed recently [also in Latvia], individuals’ post-secondary field-of-study choices have become increasingly important determinants of earnings inequality and social stratification” (Wolniak et al., 2008; Suhonen, 2014).

The most demand on the labour market	The least demand on the labour market
Programmers	Social workers
Information technology operations specialists	Gardening workers
Wrappers	Bricklayers and related trades workers
Film, theatre and related areas filmmakers and producers	Sales representatives
Not elsewhere classified commercial professionals	Psychologists
Not elsewhere classified engineers	Insulation work performers
The construction sector executives	Steam turbine, engine and boiler operators
Waiters	Mixed crop growers
Agricultural and industrial machinery mechanics and repair	Telephone switchboard operators
Constructers/builders	Child care workers
Shop assistants and assistants seller	Dairy cattle and other livestock breeders
Not elsewhere classified workers	Agricultural crops farm workers
Geologists and geophysicists	Painters and related workers
Gardeners, garden crops and nursery growers	Not elsewhere classified service areas managers
Not elsewhere classified builders and related workers	-

Source: Nodarbinātības valsts aģentūra, 2015.

There are already lack of young employees and relevantly qualified education institutions’ graduates in some fields. According to the State Education Development Agency’s forecasts, presenting by the Ministry of Welfare the supply of workforce will exceed the demand by 2016. Under the risk will be people with tertiary education especially in social, commerce and law sciences and low qualification workforce (Ministry of Welfare, 2012). In spite of having a degree in the certain areas the graduates may decide not to work by their speciality because of the several reasons that might be law salaries, low prestige of the job or lack of passion and motivation, weak employer brands of the potential employers etc. Sometimes it may cause increase of unemployment among young people as well as their emigration.

Several organisation care about employment on national, regional and cities levels as well as employability of the certain groups of Latvian population. “Unemployment has as its immediate consequence “income poverty” because earnings on the labour market decrease” (Haataja, 1999). The authors are focusing on youth making an overview of employment in Latvia.

The general tendencies of the employment in Latvia are positive. The unemployment rate has been deceased for last five years and is about 10% during last two years (Trading Economics,

**Table 1**

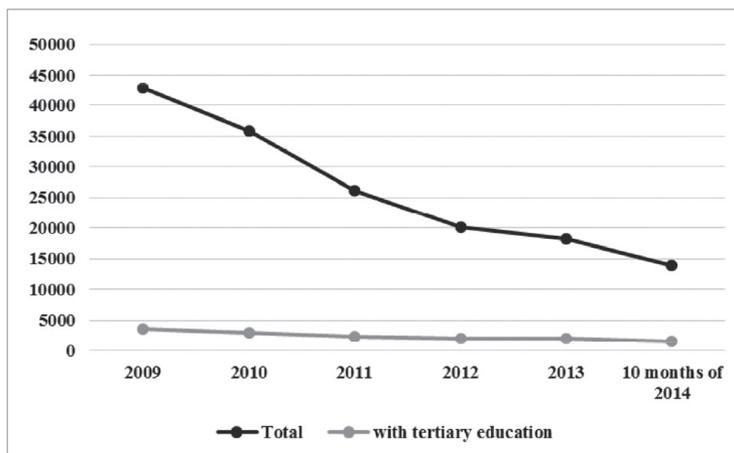
SEA forecast of workforce in Latvia from April 1, 2014 to April 1, 2015

2015). However, youth unemployment rates decrease does not show positive enough results as it is still high and is about 20% during last two years (Trading

Economics, 2015a). Youth unemployed in Latvia and registered by SEA are both with and without tertiary education (Figure 2). Number of unemployed people with tertiary education is constantly low (below five thousands). The majority of unemployed youth are those with low education level. The crises has effected only these young people. The low educated people tendency to get benefits from the unemployed person status (compensations, career services, etc.) can also effect the higher number of low-educated youth among unemployed ones.

**Figure 2**

Number of registered by SEA unemployed youth from 15 to 24 years in Latvia from 2009 to the first 10 months of 2014 (Authors created by SEA unpublished data)



Another aspect to pay attention on the employability of youth with tertiary education. It is possible to earn for example bachelor degree until 24 years in Latvia; however, it is a small chance to get job according to the background until this age especially for the tertiary education students. The low number of unemployed youth with tertiary education does not necessary mean that

all other employed young people with tertiary education have jobs according to their background. They might have low-level jobs holding the diploma from the tertiary education institution. That is another probable issue of efficiency of education institutions and employers collaboration.

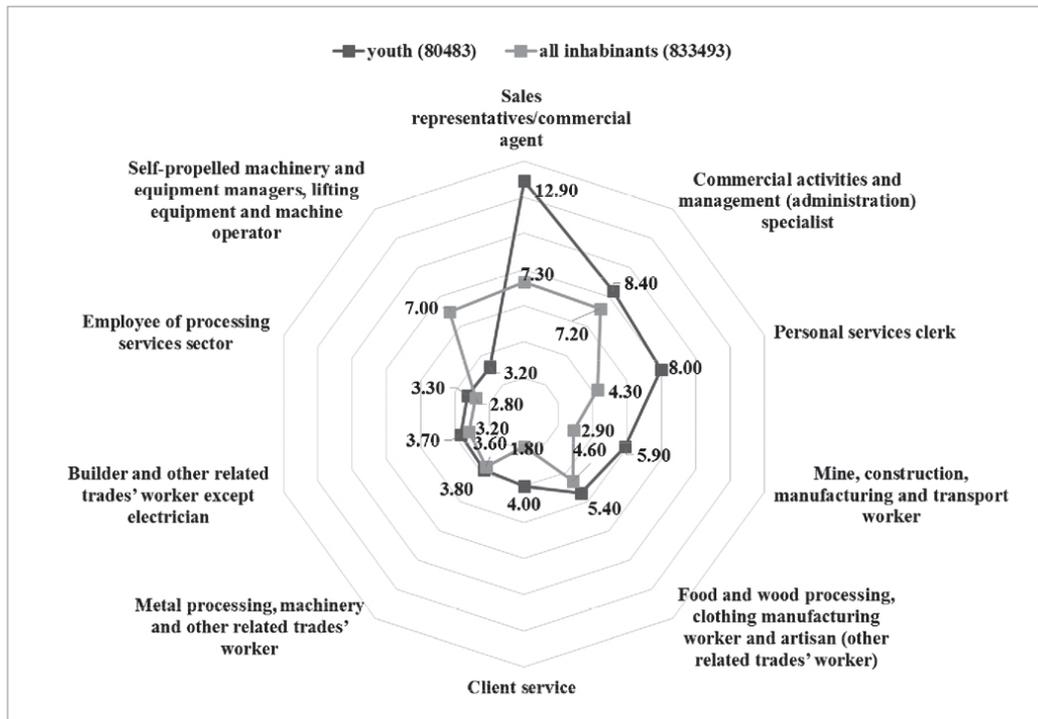
Top ten occupations/position chosen by employed youth with tertiary education in age between 15 and 24 in 2011 were (Latvijas Republikas Centrālā..., 2014):

- \_ Shop assistant (6.80%)
- \_ Senior specialist of policy management (4.20%)
- \_ Preschool pedagogue (2.80%)
- \_ Sales representatives/commercial agent (2.70%)
- \_ Visitor reception and information staff (2.50%)
- \_ Office manager (2.40%)
- \_ Home affairs inspector and investigator (2.40%)
- \_ Accountant (2.10%)
- \_ Secretary (2.00%)
- \_ Programmer (1.90%).

Some occupations from the top ten occupations that youth from the same age group chose in 2011 to obtain income are the same as from the list of top ten occupations/position chosen by employed youth with tertiary education. They also in some instance had the quite the same popularity among all inhabitants in Latvia including youth in 2011. These occupations are (Latvijas Republikas Centrālā..., 2014):

- \_ Sales representatives/commercial agent (12.90% - youth, 7.30% - all inhabitants)
- \_ Commercial activities and management (administration) specialist (8.40%, 7.20%)
- \_ Personal services clerk (8.00%, 4.30%)
- \_ Mine, construction, manufacturing and transport worker (5.90%, 2.90%)
- \_ Food and wood processing, clothing manufacturing worker and artisan (other related trades' worker) (5.40%, 4.60%)
- \_ Client service (4.00%, 1.80%)
- \_ Metal processing, machinery and other related trades' worker (3.80%, 3.60%)

- \_ Builder and other related trades' worker except electrician (3.70%, 3.20%)
- \_ Employee of processing services sector (3.30%, 2.80%)
- \_ Self-propelled machinery and equipment managers, lifting equipment and machine operator (3.20%, 7.00%).



**Figure 3**

Top ten occupations that youth (15-24 years) chose to obtain income and their popularity among all Latvian inhabitants in 2011, % (Authors created by Latvijas Republikas Centrālā..., 2014)

Self-propelled machinery and equipment managers, lifting equipment and machine operator is more popular among all Latvian inhabitants (833493) than among youth (80483), however, it has the tenth place in the rating (Figure 3). All other occupations from the list are more popular among particularly youth rather than all Latvian inhabitants. Latvian youth find sales representatives/commercial agents work both gainful and relevant for tertiary education institutions graduates.

The most popular fields that the Latvian youth (15-24 years) worked in were (Latvijas Republikas Centrālā..., 2014):

- \_ Wholesale and retail trade, repair of motor vehicles (22.80% from 80483 in 2011)
- \_ Accommodation and catering service (8.70%)
- \_ Processing plant (14.80%)
- \_ Transport and storing (6.30%)
- \_ Construction (6.20%).

These fields provide working places for youth (15-24 years) and employ them. The biggest field preferred by youth is trading. Wholesale and retail trade, repair of motor vehicles also is the top field that youth with tertiary education work in having the main working place there (12.5% out of 16754 in 2011). The next fields are education (12.50%) and public administration and defence, compulsory social security (9.60%). The next field employed 5.60% of youth in 2011 and it is financial service activities except insurance and pension funding. Other field employed less than 4% of youth each in 2011 (Latvijas Republikas Centrālā..., 2014).

Young people are employed in various fields and hold various positions and these varieties sometimes do not depend on tertiary education. However, for instance financial field as a field for employment is more typical for young people with tertiary education.

## Latvian labour market development tools

Unemployment does not always primarily depend on the supply and demand of labour on the market. Mismatch of job seekers' skills and abilities, and skills and abilities required by employers cause structural unemployment. "Transition costs" of employers and job seekers (especially recent educational institutions graduates or parents after maternity leave that would like to come back to the labour market) cause the frictional unemployment (Dau-Schmidt, 2009; Šenfelde, 2009; Jain & Sandhu, 2010). In case of Latvia, both types of unemployment exist. Frictional unemployment will exist as preferences of job seekers and employees has changing characteristics. Structural unemployment is easier to manage providing different kind of tools to develop the situation on the labour market, to adjust job seekers portfolio to the changing requirements of the employers.

Among the reasons of youth unemployment are a country's poor macroeconomic performance and the absence of the right skills and attitudes within the young generation and the major one - society's failure to create enough jobs for young people. "A more demand-oriented strategy based on social partnership by including workers' and employers' organisations" could help to solve the issue (O'Higgins, 2001; Artner, 2013). "The Manpower Group (2012) suggests promoting economic growth, entrepreneurship development and education among other things" (Artner, 2013).

Several tools are used in Latvia to solve some the labour market challenges. The authors evaluate some of these tools defining their advantages and disadvantages. The authors focus on three this kind of tools namely lifelong learning, youth guarantee and new enterprises support programs as well as some Latvian local career services. The tools are implemented along the European Commission initiative and European Union (EU) funds.

A tool that is promoted by EU initiatives and the Organisation for Economic Co-operation and Development (OECD, 2015) is a lifelong learning. OECD (2015) recommends Latvia to "encourage lifelong learning and training by improving information about training opportunities and adult learning while ensuring the portability of skills". Latvian State Education Development Agency (SEDA) provide information and implement competitions for several EU lifelong learning programmes such as Comenius, Leonardo da Vinci, Erasmus, Grundtvig, Study Visits, Erasmus+ (VIAA, 2015). Some of these programs are focused on students and pupils mobility, some of them focus "on the teaching and study needs of learners taking adult education and 'alternative' education courses", other - on "specialists and decision makers representing various groups of education and vocational training stakeholders" (VIAA, 2015). Latvian State Employment Agency (SEA) provides also information on some lifelong activities. SEA "was launching the implementation of the European Social Fund (ESF) project *Lifelong learning measures for the employed*" (SEA, 2015). For employed people SEA provides lifelong-learning measures for employed persons, besides it also provides measures to increase competitiveness (MIC) and promotion of regional mobility of persons employed by merchants i.e. "financial aid to cover the transport and apartment rent costs during the first four months of the employment legal relationship" is provided (SEA, 2015).

SEA also provides career services for youth, adults and job seekers. On SEA WEB site, it is possible to find various tools under each path that can help to identify each group's needs, help to find assistance services on employment, career development, training, learning, education and motivation. All these career services are free of charge (Nodarbinātības valsts aģentūra, 2014). According to the youth survey, the most useful competences, which can give advantage when entering the labour market, are foreign languages knowledge, communication skills, knowledge gained from non-formal education activities and to the smallest extent knowledge gained at school or during studies (Latvijas Republikas Centrālā..., 2014). SEA works a lot to maintain the contact with employers to be able help employees to adapt to the requirement of employees and try to regulate supply and demand on labour market.

SEA also promotes such an EU tool as the Youth Guarantee. These program activities in Latvia are implementing only for one year. The unemployed youth without any job experience in age from 15 to 24 years can enjoy these program provided activities. The youth from the target group can receive special career consultations; can participate in competitiveness development activities, workshops for youth, informal education programs, and other activities that stimulate inclusion on the labour market. SEA, some educational institutions and municipalities are involved into all these activities implementation (Nodarbinātības valsts aģentūra, 2015a).

One more tool oriented on young entrepreneurs up to 40 years is new enterprises support program. "Entrepreneurship development has a positive impact on many areas, e.g., it stimulates new job creation accordingly leads to the higher employment level. Young people become entrepreneurs and employ other specialists" (Starineca, 2015). Sometimes these new entrepreneurs are young people are those who could not find suitable for them work on the labour market and decided to create it by themselves, this situation can be called "supply creates its own demand" (Dau-Schmidt, 2009). "Introduced in Latvia in 2009, the *New Start* programme has already enabled Latvian entrepreneurs to create 700 new businesses and 1300 new jobs" (European Commission, 2013). To establish a small or microenterprises in Latvia is quite simple and fast as well as get informational and financial support (LIAA, 2015)". (Starineca, 2015)

The Centre of new entrepreneurs (Jobs and Society) also provide free consultancy to new entrepreneurs. It is local initiative and is not supported by EU. The age of new entrepreneurs is not limited (Jauno uzņēmēju centrs, 2015).

The authors emphasises several advantages and disadvantages of the aforementioned tools (Table 2). Some of them are focused on certain age group, however, many of them provide free of charge advices and services. It is important to increase awareness of Latvian population on these tools that in many cases requires people's primer interest and involvement.

These tools and services cover development activities of population on the different development steps i.e. when people are pupils, students, with or without job experience. This is a logical activity as exactly those groups of people has the biggest difficulties with employment. "Unemploy-

Tools	Advantages	Disadvantages
Lifelong learning programs	Are focused on different groups of people by employability and education status as well as age group Provide financial support Help to develop skills important to inclusion and adaptation to the labour market	Some groups of people however cannot use some programs (e.g. civil servants) Some programs are competition based
Youth guarantee	Help to develop skills important to inclusion and adaptation to the labour market	Is focused only on unemployed youth without any job experience
New enterprises support programs/ activities	Provide free of charge consultancy and financial support Engage specialists from the field Help to develop economy	Are mostly oriented to students or people till the certain age Some programs are competition based
SEA career services	Free of charge Adapted for three categories of people (youth, adults and job seekers) Provide advises and self-development tools Help to develop skills important to inclusion and adaptation to the labour market	Require self-engagement i.e. a person needs to find services via WEB site.

**Table 2**

Evaluation of some Latvian labour market development tools

## SWOT analysis of Latvian labour market

ment risk is higher for young people than for adults, and first jobs are often unstable and rather short-lived" (Jacob, 2008). New entrepreneurs support activities and programs do both enhance economy and develop labour market by activating people, who become entrepreneurs, and by increasing number of vacant job places created by those entrepreneurs.

The authors identify SWOT – strengths (internal origin and helpful), weaknesses (internal origin and harmful), opportunities (external origin and helpful) and external origin and harmful threats (Pahl & Richter, 2009; Ferrell & Hartline, 2014) of Latvian labour market to identify its possible risks. The list of SWOT aspects has been developed summarizing the made overview of the case and other possible aspects, which had not been covered within this particular research.

Strength of Latvian labour market can be defined as:

- \_ High percentage of highly educated labour from different age groups
- \_ High percentage of youth with tertiary education and studying in the tertiary education institutions
- \_ Level of employability is high
- \_ Attracts entrepreneurs (especially from the countries with the workforce less beneficial for their businesses).

Weaknesses of Latvian labour market can be defined as:

- \_ Frictional unemployment
- \_ High percentage of youth with tertiary education and studying in the tertiary education institutions
- \_ Mismatch of labour qualification/background and requirements of positions
- \_ Young people (job seekers) migration/emigration
- \_ Regional labour market misbalance (the majority of work places are provided in Riga and Riga region)
- \_ Lack of local job seekers with certain specialities and qualification
- \_ Local labour market unattractiveness for required local and foreign specialists.

Opportunities of Latvian labour market can be defined as:

- \_ Labour market development tools
- \_ European Cohesion Policy and EU funds and programs that are focused on employment and entrepreneurship development
- \_ Outsourcing of labour from abroad.

Threats of Latvian labour market can be defined as:

- \_ Easy labour force mobility opportunities (especially for young people)
- \_ Attractive foreign labour markets (including EU labour market)
- \_ NEETs and a high percentage of economically inactive population.

High percentage of youth with tertiary education and studying in the tertiary education institutions can be both a strength and a weakness of the Latvian labour market. Most probably vacant positions that require tertiary education will be filled in future, however the employer will have difficulty with filling other lower qualification required positions.

The main risks that can be urgent for the next five years can be caused by:

- \_ Economically inactive population
- \_ Higher education institutions non-cooperation or weak cooperation with Latvian government and employment regulatory state institutions
- \_ Lack of specialists in engineering fields, medicine, information technologies (IT) and some other

- \_ Surplus of humanitarian and social sciences specialists
- \_ Young specialists emigration
- \_ Latvian aging society
- \_ Economy dependence on small, medium and microenterprises businesses.

The lack of some specialists on labour market can be one of the risks. Latvian society is aging; some specialities workforce is aging too, however, there will be the demand on these specialities workforce in the nearest future. These specialities require fundamental background e.g. tertiary education that takes time to get. Some of these specialities are not popular among youth. The next risk is associated with difficulties to replace some aging workforce towards outsourcing. Latvian labour market in some instance is not attractive even for the local workforce; there is small chance that the highly qualified foreign workforce will be attracted by Latvian labour market. Furthermore, there is language barrier that in some cases can be a reason of some difficulties in foreign labour employment.

The authors compared Latvian labour market forecasts and the real situation from 2009 to 2015. Describing the forecasts fulfilment and current situation on the labour market in Latvia, some risks were defined connected with future employment situation in Latvia.

Some risks identified can be connected to the mismatch on the labour market. In addition, risks can cause economically inactivity of local population. From one hand, they do not participate in development of economy by ignoring participation on labour market. From another hand, many economically inactive people are young people, who are studying that is a positive moment. Another risk can be associated with field of studies of these pupils and students. Sometimes they are not aware of the education connection with the employability. Higher education institutions cooperation with Latvian government and employers could help this situation. Otherwise, Latvian labour market will suffer because of the lack of specialists in engineering fields, medicine, IT etc. and surplus of humanitarian and social sciences specialists.

The authors also crystalized few hypotheses for the future studies. These hypotheses are:

- \_ A part of Latvian employed young people with tertiary education does not have jobs according to their background rather the low-level jobs
- \_ The low educated people have a tendency to get benefits from the unemployed person status and this effect the number of low-educated youth among unemployed ones
- \_ Some young and older people probably has weak awareness of career development and some tools that can help them to build career rationally and adjust their professional skills, abilities and knowledge to the employers requirements.

The authors propose public administration work more with their stakeholders especially scientists and younger representatives of the society (pupils). Evaluating unemployment data general and youth some factors needs to be taken into account before the data interpretation. Before propose any economically inactive population engagement and stimulation activities, it is beneficial to identify and take into account reasons of their inactivity. In addition, the authors propose especially public organisations and governmental institutions to work more on youngest generation awareness about new trend on labour market and public organisations' employer brand development.

## Conclusions

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