

ANALYSIS OF YOUTH INTEGRATION INTO THE LABOUR MARKET BY THE QUINTUPLE HELIX MODEL IN LATVIA'S REGIONS

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Abstract

In the current context of economic instability, youths are faced with the emergence of a feeling of uncertainty with respect to their own chances of having a good debut on the labour market. The world crisis, the social reality that all societies are faced with, brought again up to the forefront the idea of young individuals' fragility on the labour market (Balan, 2014).

According to Eurostat statistical data, in the European Union young people represent one-fifth of the total population. Today the young people are facing the impacts of economical crisis and globalisation, population ageing and innovation explosion, which affects employability, education and training systems and social development. Successful youth's integration into the labour market is one of the main factors for future development and their inclusion into society. One of the main indicators for youth's inclusion into society is the development of a knowledge-based economy. It is important to aim at the development of a knowledge-based economy in rural regions because the majority of unemployed persons are concentrated in these regions.

The Quintuple Helix Model represents the relationships between universities, firms and governments and, in this case, their influence on youth's integration into the society and labour market in rural regions.

The paper presents a brief analysis of youths' unemployment development and their integration into the labour market in Latvia's regions and an analysis of the factors affecting this phenomenon by using the Quintuple Helix Model.

Key words: youth integration, labour market, Quintuple Helix Model.

Introduction

The downturn on the global financial markets that struck the world economy in the mid 2008 affected the world economy in its whole; nevertheless, it also had a great impact upon the labour force market in the European countries. After several years of economic growth and of relatively high labour force occupation rate, this caused the European Union to register levels of decrease that had not been registered for decades (Balan et al., 2012).

According to the International Labour Organisation, the weakening of the global recovery in 2012 and 2013 has further aggravated the youth jobs crisis and the queues for available jobs have become longer and longer for some unfortunate young job seekers. So long, in fact, that many youths are giving up on the job search and choose to study only. The prolonged job crisis also forces the current generation of youth to be less selective about the type of job they are prepared to accept - a tendency that was already evident before the crisis. Increasing numbers of youth are now turning to available part-time jobs or find themselves stuck in temporary employment. Secure jobs, which were once the norm for previous generations – at least in the advanced economies – have become less easily accessible for today's youth (Global Employment Trends..., 2013).

The typical problem when young people choose to study only is more seen in rural areas, where the unemployment level is higher.

The 94 million Europeans aged between 15 and 29 years face, besides the traditional challenges when

beginning adult life, a life in an era of complete globalization and with the need to cope with the responsibility of an aging population. How these young people have been hit so hard by the economic crisis is very worrying (Balan and Vasile, 2012).

According to the Ministry of Environmental Protection and Regional Development of Latvia, the decrease in the number of pre-school age children (compared with the number of 2008) in 2023 is expected at 25-50%. The authors thought that it is clearly pronounced that Latvia will meet with significant demographical problems especially in rural regions, and it is important to make the economic situation effective for human capital resuscitation.

The aim of the research is to analyse youths' integration into the labour market in Latvia's regions and to identify their main viewpoints by using the Quintuple Helix Model.

The following tasks are set to achieve the aim:

- 1) To evaluate the theoretical findings on youth unemployment and integration into the labour market as well as the Quintuple Helix Model by different authors;
- 2) To analyse the statistical data on youth unemployment;
- 3) To analyse the youth integration into the labour market by the Quintuple Helix Model.

Novelty of the research: The youth integration into labour market is analysed not by using the concept of Quintuple Helix Model but by gathering information on the main influencing indicators and drivers.

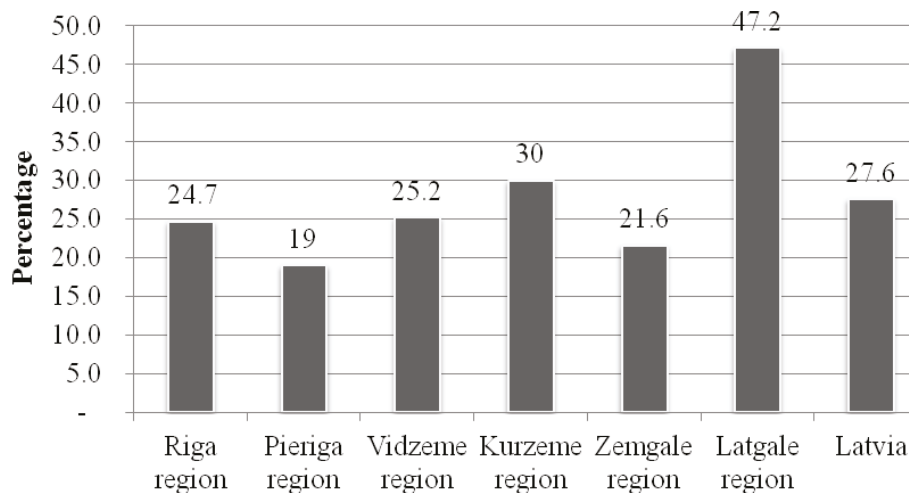


Figure 1. Share of unemployed young people aged 15-24 in total active youth in the 3rd quarter of 2013 by region, %.

Source: Central Statistical Bureau of Latvia, 2013.

Materials and Methods

Research methodology: the monographic and descriptive methods, the methods of synthesis and logical construction, statistical data analysis as well as scientific discussion were applied for fulfilment of the aim and tasks.

Theoretical framework of the research: the research elaboration is based on other scientific researches and findings in the economic field, statistical information provided by Eurostat, the OECD and the ILO.

Results and Discussion

Youth participation in the labour market

The social inclusion of young people issue has always been on the political agenda, but in the last two decades it has received a special attention. Between 2010-2018, European Union (EU) directives regarding youth were gathered in the strategic document “Youth – Investing and Empowering” concerning the policies related to young people in Europe in terms of education, employment, social inclusion, civic participation, entrepreneurship etc. (An EU Strategy..., 2009).

Since economic growth and the number of young people without a job are inversely related, during recession, young people are particularly vulnerable: frequently, they are the first to leave and the last to enter the labour market. To seek for a job, they have to compete with people more experienced professionally in a market that offers very few employment opportunities (Balan and Vasile, 2013).

According to the OECD, the Latvian workforce is well educated. About a third of economically active population has tertiary education, a significant increase from about 20% ten years ago. The secondary education attainment is also high, 80% of the working

age cohort has at least upper secondary education. The education system has undergone significant reforms during the transition and students perform relatively well (OECD Economic Surveys..., 2015).

The labour market participation is described by indicators such as employment and unemployment rates. They provide information on those who already have a job or are actively looking for one. However, basic unemployment and employment statistics do not adequately capture the issue for young people, as those who are students are classified as being out of the labour force (Balan and Vasile, 2013).

The statistics provided by various international statistical institutions about youth unemployment and long-term unemployment as well as information about the situation in the labour market, in all cases, do not accurately reflect the real situation because many of students are only studying and do not want to work, some of them are not registered as unemployed persons with the State Employment Agency, some of them are not studying and are trying to find a job. In that case, it is not correct to represent them as a part of the unemployed, especially young people from age 15 to 24, as a part of them are only students and will study for a couple of years. For that reason, the European Union policy makers are using the concept of NEET, which means that young people are not in employment, education or training. This concept is used for separating these persons from those participating in the labour market. These people are at a higher risk of social exclusion than the employed.

In 2014, 16.9 thousand of the unemployed were young people aged 15 to 24. Their share in the total number of economically active youth declined to 19.6%, which was 3.6 percentage points less than

in 2013. Compared with 2013, the number, as well as the share of unemployed young people aged 15 to 24 in the total number of unemployed persons, decreased by 4.6 thousand or 2.2 percentage points, respectively. In 2014, 40.4% of the people aged 15 - 24 were economically active, i.e. employed or seeking a job. The remaining part (59.6%) was economically inactive mostly still studying and not seeking a job (Unemployment Rate decreases..., 2015). The authors think that the unemployment rate minimally decreases, but there is still the youth unemployment problem, especially in the rural regions.

In the 3rd quarter of 2013, in Latvia there were 27.1 thousand unemployed youngsters – 22.4% of the total number of unemployed persons aged 15-74. Labour Force Survey results compiled by the Central Statistical Bureau of Latvia indicate that most (86.9%) of them were aged 20-24 (Unemployment of Young..., 2013).

According to Figure 1 for the 3rd quarter of 2013, the youth aged 15- 24 unemployment rate was 47.2% in Latgale region, which was the highest rate among Latvia's regions; this rate was about 19.6% higher than the average level in that period. The second highest

youth unemployment rate was in Kurzeme region, where it was 30%. The lowest unemployment rates were in Pieriga region – 19% and in Zemgale region – 21.6%, but in Riga region – 24.7%. According to this figure, it is clearly seen that the highest youth unemployment is observed in rural regions.

The employment rates of those with tertiary education are high in comparison with top OECD performers. Yet, there is a considerable gap in employment rates of those with secondary and basic education (Figure 2). The gap is smaller for the younger cohorts, which can signal not only difficulties in maintaining appropriate skills, but also that the younger cohorts have better labour market skills (given that the older cohorts acquired education under the centrally planned economy) (OECD Economic Surveys..., 2015).

According to the OECD Economic Survey of February 2015, 13% of youths were not in employment, education and training in 2013. Young men seem to be at a higher risk of so-called scarring (i.e. failing to form a labour market attachment early on in their working life), as they are over-represented among early-school leavers and have lower higher

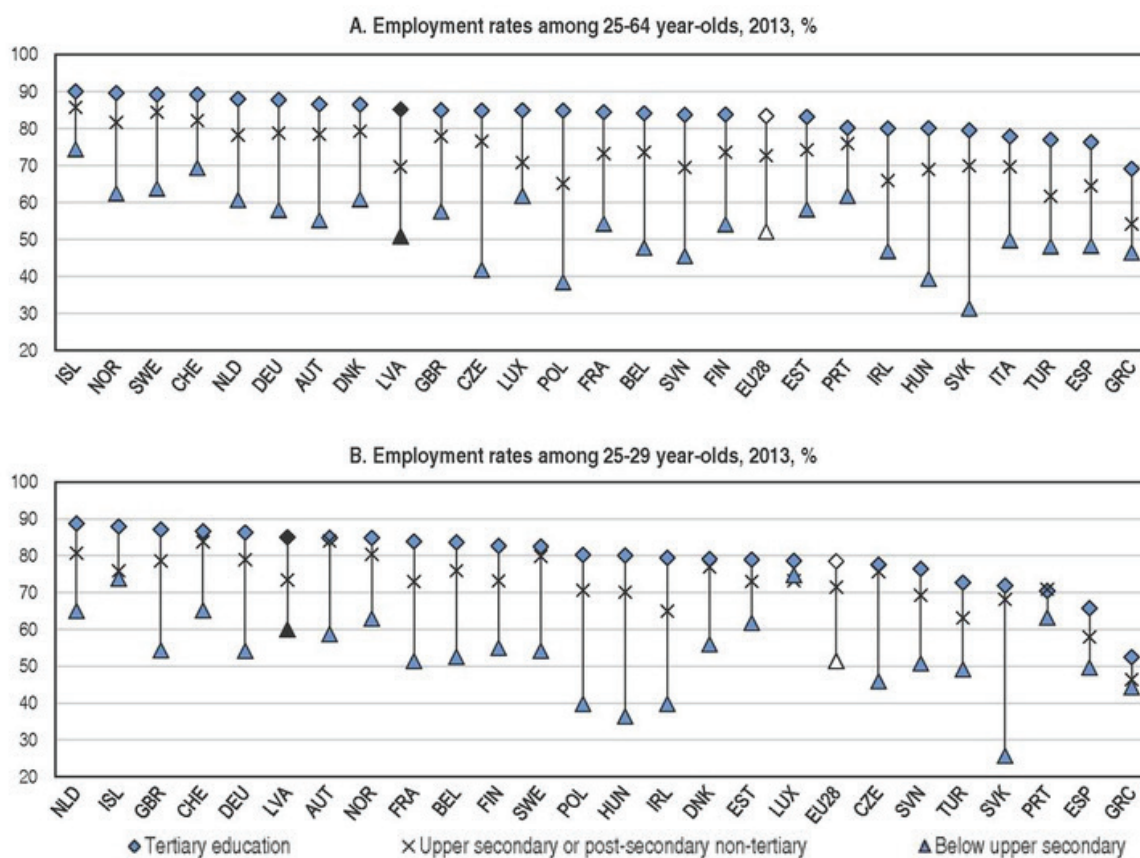


Figure 2. The employment rates of those with lower education attainment lag behind top OECD performers.

Source: OECD Economic Surveys, Latvia, 2015.

education attainment. Most of these young people are from rural regions.

According to Figure 2, the youth employment rates among 25-29 year-olds in Latvia in 2013 are higher than in European Union 28 (EU 28) countries. In this context, the tertiary educated young people are 85% in Latvia and in the EU 28 only 79%; youth with upper secondary or with post secondary non-tertiary education in Latvia -73% and approximately the same in EU 28 - 72%; young people employed with education below upper secondary in Latvia are 58%, while in the EU 28 only 50%.

A lower employment rate than in Latvia and the EU 28 is in Estonia – young people who are with tertiary education- 79%, with the secondary or post secondary non-tertiary education- 73% and with education below upper secondary- 73%.

According to Figure 2, which shows employment rates, it is seen that the employed people from the age 25 to 64 in 2013 in the EU 28 with the tertiary education are more employed than young people from the age 25 to 29, most of them have already finished their studies and are working only, of course, some of them are studying and working. Employed people aged from 25 to 64 years with tertiary education in the EU 28 were 83 %, in Latvia – 85%, in Estonia – 83%. According to that statistical information, the difference between tertiary educated people aged from 25 to 64 and 25 to 29 year olds in Latvia does not exist. The authors determined that in Latvia the problem with employability was with young people with education below upper secondary.

According to the OECD Economic Survey of 2015, the educational attainment and skills have a strong influence on labour market outcomes and effective investment in youth skills determines the capacity of countries to face various shocks and get the most out of globalisation, technological changes and innovations. The education system has undergone significant reforms during the transition and Latvian students perform relatively well by international comparison.

One of the recommendations for Latvia from the OECD is to raise productivity and ensure robust convergence to develop incentives for international cooperation in local research and innovation as well as a regular external evaluation exercise. The authors think that cooperation at international level with research institutions and also with entrepreneurs and state institutions is one of the main incentives that can help to improve our quality of education and position our state internationally. These relationships can help to provide young people with experience from other countries as well as to develop their future possibilities. It is important to improve that kind of practice in universities from rural regions.

As one of the main solutions for youth employability in European Union Planning documents are mentioned self-employment and business support, but according to the OECD Survey of February 2015, Latvia is positioned as one of the states that had higher barriers for entrepreneurship in 2013. In Latvia, the index of barriers for entrepreneurship in 2013 was 2, the OECD average index was 1.7, but in Estonia the index was smaller than the OECD average – 1.5.

In 2030, according to the research under the ESPON 2013 Programme, Latvia is positioned as a “depressive” region with an insufficient population of young people. Consequently, Latvia as a country with a friendly environment for business development will not be competitive in relation to other European countries and the flow of investment will be at risk as well as passed on other regions, which are more competitive and more developed.

The Quintuple Helix Model for youth employment

Knowledge in a *Quintuple Helix Model* is the pivotal force and driver for progress. The *Quintuple Helix* is a model which grasps and specializes on the sum of the social (societal) interactions and the academic exchanges in a state (nation-state) in order to promote and visualize a *cooperation system* of knowledge, know-how, and innovation for more sustainable development. The specialty of the *Quintuple Helix Model* can thus be described in the following way: the Quintuple Helix Model is interdisciplinary and transdisciplinary at the same time: the complexity of the five-helix structure implies that a full analytical understanding of all helices requires the continuous involvement of the whole disciplinary spectrum, ranging from the natural sciences (because of the natural environment) to the social sciences and humanities (because of society, democracy and the economy) (Figure 3) (Carayannis et al., 2012).

Knowledge has become in growing extent a potential product that can be exploited on the market, which means the industrialisation of the production of scientific knowledge (Jacob, 1997).

The development in the information and the telecommunication technology that took place in the 20th century basically changed the economic and social relations in the world of globalization. The industrial capital became the main direction. In the history of nowadays, which is also called as the newest history, the knowledge centres are the economic and political centres, the base of the society is the knowledge society, and the direction of the capital investments is the knowledge capital. The institutions dealing with the production, the distribution and the reproduction of knowledge became the most important institutions of the knowledge-based society. Nowadays this role

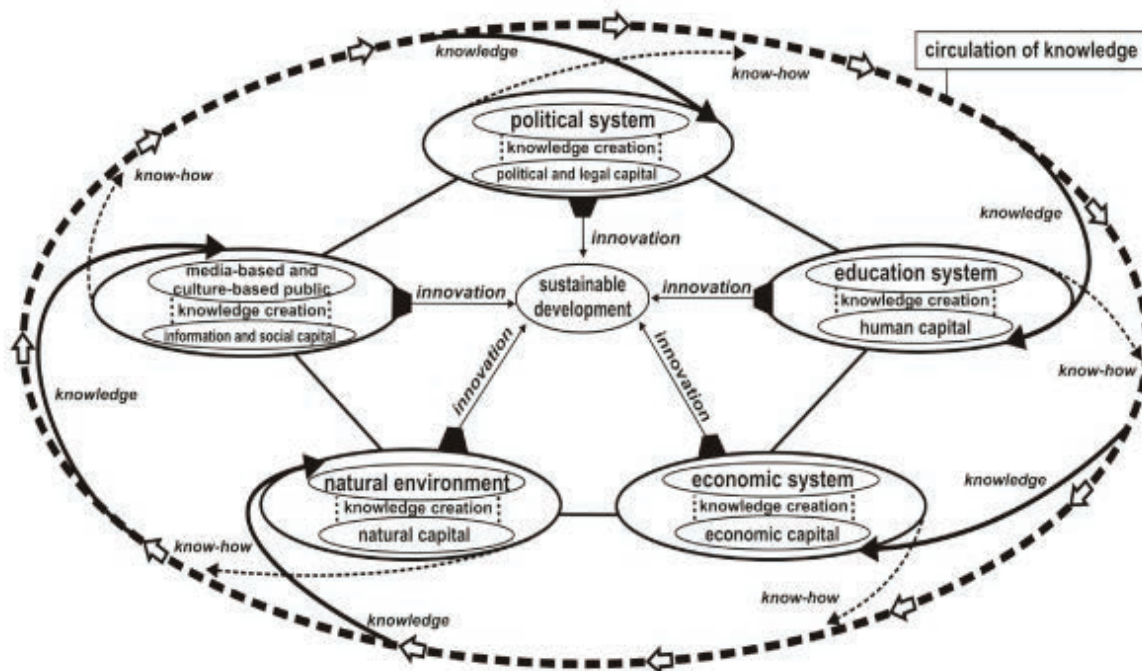


Figure 3. The Quintuple Helix Model and its functions.

Source: Carayannis et al., 2012.

is increasingly occupied by the education institutes, among them the higher education. The role and the function of higher education institutes have been reevaluated worldwide nowadays and consequently a new aspect of economic and social roles and functions have appeared (Filep et al., 2013).

The society based on knowledge is the condition of all transfer of knowledge on an individual and an organizational level. We live in a network-oriented society, where the development primarily depends on ability to cooperate. Earlier the condition of development were the more and more specialized research and education, therefore we should penetrate deeper and deeper into the certain fields of science (Filep et al., 2013).

Investment in human capital is a key factor in facilitating transitions from school to work and putting youth on promising career tracks. Indeed, an access to productive and rewarding jobs improves as the level of educational attainment increases (The Challenge of..., 2012).

It is clearly seen that in a network-oriented society, it is easier for young people to adapt to the labour market in the case when there is need for people with knowledge of internet technologies or where work with a computer and basic knowledge with various computer programs are required. In this case employability problems are for older people without that knowledge. Also, a very significant obstacle is that employers do not want to pay young people a wage, which is the average wage in that profession; a

large proportion of employers are paying the minimum wage only. And it is a serious problem and one of the reasons why young people are leaving Latvia's rural regions in search of an adequate wage in other country and, in most cases, working a low-skilled job being inadequate for their obtained professional qualification.

The authors think that the main principles the Quintuple Helix Model are directly related to successful youth integration into the labour market. The youth employability and inclusion into the labour market are affected by the young person's level of education, living conditions in the family, quality of life in childhood, social affiliation to the public, life vision and plans for the future, the possibility of finding a well-paid job, the opportunity to build his/her life and many other indicators. To clearly understand the interaction between the youth and the systems for successful integration into the labour market, the authors determined the main system rates (Table 1).

With reference to the literature analysed in the paper and the views of foreign economic literature, the authors in advance, the authors understand that there is an opinion that there is not a strong enough linkage between industry, the government, enterprises, research institutions and universities. If there is no strong connection between all these public and private sectors, the future development for young people will be endangered, especially for those from rural regions, because of today's economic situation and the effect of globalisation. That kind of problem is specific not

Table 1

Interaction between the types of systems of knowledge creation for youth's integration into the labour market

Type of systems of knowledge creation	Interaction between system rates
Human capital	<ul style="list-style-type: none"> • Secondary schools, high schools, professional schools, Universities • Research institutes • Investments in scientific field • Education level • Education quality • Knowledge of teachers, professors • Future development, tendencies
Economic capital	<ul style="list-style-type: none"> • Gross domestic product (GDP) • Export, import volume • Taxes • Banking system • Employment • Standard of living, social risk • Inflation • Payment, average level of wages • Entrepreneurship development, self-employability
Natural capital	<ul style="list-style-type: none"> • Resources (wood, coal, minerals, ore, gravel etc.) • Geographical location
Information and social capital	<ul style="list-style-type: none"> • Innovation • Information technologies • Knowledge based technologies • Cultural environment • Cultural characteristics • Social inclusion, exclusion • Social integration • Society
Political and legal capital	<ul style="list-style-type: none"> • Legislation • Political field • Regional economy • Economic situation of the European Union • Globalisation • Integration into society • Relations with the European Union • Relationships between the government and entrepreneurs, society

Source: authors' construction.

only in Latvia, but also in other European countries.

The authors accent that the knowledge based economy and the successful interaction between human capital and the development of technologies are one of the key factors for the state's economic growth at the world level.

The authors think that there are significant differences in the youth labour market across the European Union Member States. These differences vary from one state to another, and youth employability is directly associated with a state's economic growth, technological development, level of business development and human capital.

Conclusions

The youth unemployment and integration problem is one of the central focus for the European Union

to deal with, because in some European region's countries there is a very high youth unemployment, especially long-term unemployment, rate in rural areas, according to data of ESPON (2012) for Greece, Spain, Italy etc.

According to the information mentioned in the paper, the scientists think that at the moment, one of the unsatisfactory elements in the European system has been that the linkages between universities and industry, the research and business worlds are not strong enough. There is a need for closer interaction between these elements.

The key obstacles for economic growth nowadays, when a knowledge-based economy plays an important role for development and competitiveness, are unsuccessful interaction between the public and private sectors, as the interaction between these two

groups are one of the preconditions for the national economy's successful development.

According to the research results, the highest unemployment rate of the youth aged 15-24 in Latvia was in Latgale region (47.2%), the second highest rate was in Kurzeme region (30%), while the lowest rate was in Pieriga region (19%) and Zemgale region (21.6%). It is surprising that in Riga region youth unemployment was higher than in Pieriga region and Zemgale region because most enterprises registered in Latvia concentrate in Riga.

As it is known, future development is unimaginable without the young generation's successful integration into the labour market. The young people are the most important national capital for the state's future development. It is important to build for young people

a successful transition from their school to their job in order not to subject the new generation to poverty and social risks, and to help them to successfully integrate into the labour market. The young people are the cornerstone of future technological development and these people are those who will use their knowledge for developing the national economy of rural regions.

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