Causes and duration of unemployment and social exclusion

Agency of the University of Latvia „Institute of Philosophy and Sociology of the University of Latvia”
Society „Baltic International Centre for Economic Policy Studies”
„Institute of Sociological Research”, Ltd.

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TEXT ABBREVIATIONS

AEFP – active employment facilitating policy

APM – professional retraining and rising of qualification programs for the unemployed persons provided by SEA, does not include modular training programs

B/C – benefit/cost ratio

CSB – Central Statistical Bureau

EC – European Commission

MoE – Ministry of Economics of the Republic of Latvia

ES – European Union

ESF – European Social Fund

MoF – Ministry of Finance of the Republic of Latvia

GMI – guaranteed minimal income

PIT – Personal income tax;

CCDE – The Centre for Curriculum Development and Examinations

MES – Ministry of Education and Science of the Republic of Latvia

JMSI – Joint Memorandum and Social Inclusion of Latvia

LFS – Labour force survey

MoW – Ministry of Welfare

LR – The Republic of Latvia

HBS – household budget surveys

CoM – Cabinet of Ministers of the Republic of Latvia

NACE classifier – NACE 1.1 classifier which is used to find out precise activities of enterprises


NPV – net present value
SEA – State Employment Agency
NGO – non-government organizations
PSU – primary sampling unit
ILO – International Labour Organization
SSB – Social Service Board
SRDA – State Regional Development Agency
SSIA – State Social Insurance Agency
MSIC – mandatory social insurance contribution
DEFINITION OF TERMS

Unemployment benefit – a social security benefit paid to individuals with an insurance history not less than one year and having official unemployment status; to be eligible for the benefit, the person must have had insurance payments made to his/her account in no fewer than nine months during the 12 month period just prior to acquiring unemployment status. An individual is eligible for this benefit for at most 9 months in the 12 month period from the day the benefit was first granted.

Job seekers (both SEA registered and not registered) – persons who are not working and are not temporarily off a job; actively seeking for a job and are ready to start working in case of finding a job.

Discount rate – a rate that characterizes the opportunity costs, that is, the income that would be obtained if the funds had not been invested in the project; it is used to calculate the present value of a flow of investments or income.

Economically active persons – persons who at the time of the survey were employed or were not employed but were actively seeking job and were ready to commence employment within two weeks.

Economically inactive persons – persons who are neither employed nor job seekers (i.e., housewives, non-employed persons with disabilities, students at working age who are not employed and are not looking for a job, non employed pensioners etc.).

Equivalent resident – unit of measurement that allows the comparison of household income, taking into account the size and composition of the household. It is calculated by giving different weights to household members. The first adult is given a weight of 1.0, all other adults are given weights of 0.7, each child has a weight of 0.5.

Financial analysis – assessment of the monetary value of the effects of the project taking into account the direct costs and benefits to the key player; in the context of this study, an assessment of the effect of the project on the costs and revenues for the national budget.

Family living below the threshold of subsistence minimum – a family whose equivalent per capita income is lower than the official subsistence minimum for March 2007, namely, Ls 127.83.

Family living below poverty threshold – a family whose equivalent per capita income is lower than 60% of the sample median, i.e., lower than Ls 96.00.

Resident income tax – tax paid by employee on gross income in a given financial year; the tax rate is 25%.

Cost/benefit ratio – the ratio of the present value of the costs of the project to the present value of the benefits of the project.
Long-term unemployed – registered at the SEA unemployed persons, who have been unemployed continuously for a period of more than 12 months.

Quintile – one fifth of all surveyed households, which are grouped ascending after available income per household member.

Poverty – multidimensional term; as it is pointed out in Joined report on social inclusion, poor are persons who’s income and resources (economical, social and cultural) are limited to an extend which makes their quality of life lower than it is accepted in a society.

Non-taxable income – a part of salary or wage that is by law exempt from tax.

Employed person – refers to a person aged 15-74 years (prior to 2001 aged 15 years and over) who during the survey did any paid work, was self-employed or entrepreneur.

Employment level – in accordance with the SEA definition – rate of employed to the total population.

Matching function – a function that gives the number of new matches between job seekers and employers in a given period of time as a function of the number of eligible job seekers and vacant job positions.

Latent unemployed – persons who were not employed during the survey report week and were not involved in job seeking activities during last four weeks and are ready to start working within next two weeks if appropriate job offer is provided.

Social exclusion risk groups – groups of population, which are in need for special state support:

- unemployed – residents, who are registered in the SEA as unemployed; long-term unemployed – unemployed persons, who are registered in the SEA longer than one year; youth unemployed – unemployed persons aged from 15 to 24; prepension unemployed – women aged from 56 to 60 (including) and men aged from 57 to 61 (including);
- homeless people – persons, who are not able to get permanent dwelling or keep permanent place of residence due to social circumstances;
- former imprisoned persons – persons, who were imprisoned or served a sentence after the year 1991;
- victims of human trafficking – persons to whom physical or moral suffering was inflicted by unlawful actions – trading of humans;
- ethnic minorities – ethnicities which are in minority among population of certain territory. In the research special attention is paid to Roma ethnic minority.
- large families – families with three or more children;
- single parent families – families, in which children are raised by one of the parents;
- disabled persons – persons who, because of physical, mental, or developmental impairment, are
limited in capacity to work.

Social exclusion – in accordance with the National Development Plan – the process when an individual is not able to fully integrate into society and participate in economical, social and cultural life because of poverty, insufficient education and discrimination. Socially excluded person has limited possibilities to exercise his/her rights for sufficient income, essential services and goods.

Social inclusion – the process, which is defined in the European Commission Joint report on social inclusion; it provides groups at the risk of social exclusion with possibilities and resources for participation in economic, social and cultural life of society. Social and cultural life of society is believed to sustain quality of life and welfare, as well as wider possibilities of participation in decision making and accessibility of base values.

Social isolation – lack of social ties and social support obtained from social networks or membership in social groups.

Socio-economic analysis – assessment of the monetary value of the effects of the project taking into account all direct and indirect costs and benefits to all players; in the context of this study, an assessment of the effect of the project on the target groups in addition to its effect on the national budget.

Present value – method for comparative analysis of income flows that is based on discounting the flows with respect to certain point in time, usually the beginning of the project.

Net present value – the future stream of benefits and costs converted into equivalent values today, which is done by assigning monetary values to benefits and costs, discounting future benefits and costs using an appropriate discount rate, and subtracting the sum total of discounted costs from the sum total of discounted benefits.

Deprived family – a family with equivalent per capita income not higher than 50% of the minimum wage, which is Ls 60,00.

Mandatory social insurance contribution – contribution of employers and employees in order to insure the risk of a person or dependants thereof to loss of employment income in connection with illness, disability, maternity, unemployment, old age, and accident at work or the contraction of an occupational disease of the socially insured person, as well as additional expenditures in connection with the death of the socially insured person or dependants thereof. The rate of mandatory social insurance contribution paid by employee is set to 9% of gross salary, and to 24,09% for employers.
INTRODUCTION

Social exclusion is a multidimensional social process characterizing inability of society to provide equal opportunities for each member to benefit from the economical development, to enjoy social and cultural life. On one hand, social exclusion is related with unemployment and lack of material resources. On the other hand, low income often excludes people from participation in important social, political and cultural activities. This aspect of social exclusion is a basis of isolation and alienation.

Unemployment is an essential cause of social exclusion, especially in the group of long-term unemployed. At the same time issue of labour force reserve become more topical. In this context it is important to forecast the proportion of voluntary long term unemployed who could be integrated into the labour market and what are the necessary preconditions for that integration. Therefore this study puts particular emphasis on the causes unemployment and economical inactivity and factors, influencing length of unemployment.

Study “Causes and length of unemployment and social exclusion” (BSAII) is a part of the project “Research of the Ministry of Welfare” of the National Programme “Labour Force Research” of the European Structural Funds. The objective of the study is to contribute to the elaboration of research based programmes of employment and social policy for the well-balanced and sustainable regional development, and to create analytical basis for informed and effective decisions, which favour increase of employment, creation of included labour market and development of Latvian economy. BSAII study took place from March 17 2006 to June 17, 2007.

The direct aim of this study is to analyze causes and length of unemployment and social exclusion, including low level of education as one of the factors of social exclusion and developing proposals and solutions in order to decrease unemployment and social exclusion. In order to reach this aim, the following research tasks were put forward:

- to gather information concerning the factors influencing unemployment, particularly, long-term unemployment, to determine coherence between the risk and length of unemployment and socio demographic characteristics (gender, age, education, experience, profession);
- to assess the probability of losing hope to find a job and to stay out of labour market;
- to clarify the factors, which determine social exclusion (low level of education, age, lack of professional background and experience, low income level, disability, ethnic background, unemployment, incl. long-term unemployment), to analyze the correlation among the factors;
- to identify the factors that promote inclusion into the labour market (education, training, professional knowledge and skills, social skills and abilites, etc.);
- to compose a social portrait of long-term unemployed and to analyze the following factors in relation to length of unemployment: self identification, attitude towards the labour market,
readiness to work, motivation to go for training, re-qualification, to participate in the activities organized by the State Employment Agency (NVA), level of education, professional training, work experience;

- to clarify the situation in the labour market for each group who is at risk of social exclusion. To find out the coefficients (factors) facilitating unemployment and social exclusion, and to find out the possibilities to decrease the risk of unemployment and social exclusion for each group, which is at risk of social exclusion:
  - Households – single parent and with many children,
  - Disabled persons and persons with mental disorders,
  - Persons released from imprisonment,
  - Unemployed (incl. youth, pre-retirement age), long-term unemployed,
  - Homeless,
  - Ethnic minorities (i.e. Roma),
  - Victims of trafficking;

- to put special emphasis to employment opportunities for disabled persons and persons with mental disorders, assessment of employment by representatives of this group and experts – employers, social assistance providers, etc.;

- to clarify the reason causes, which determine non-participation in the labour market of economically non-active working age population;

- to analyze essential changes in the Latvian legislation (during last 3-5 years) and their impact to the situation of unemployment and social exclusion, to compare with experience of countries similar to Latvia;

- to analyze the policy documents, which are used on state, regional and local government level and which are directed to employment facilitation and reduction of social exclusion;

- to analyze the experience and possibilities of local governments to reduce unemployment and social exclusion;

- to analyze the process of retraining and re-qualification process of unemployed, effectiveness of undertaken measures;

- to study the experience and possibilities of NGOs in the reduction of unemployment and social exclusion;

- to study the collaboration of various bodies (institutions) involved in the policy development and realization;

- to analyze the employers’ opinions concerning employment possibilities of unemployed and groups of social exclusion.

In 2004, on the basis of the Single Programme document, Strategy of Economy (Tautsaimniecības vienoto stratēģiju, Vienoto programmdokumentu) (2004–2006), National Employment Plan and other policy documents, a National Action Plan on poverty and social exclusion reduction was developed (NAPIncl). The realization of this Plan was assessed in accordance with the joint European social
inclusion process, which aims to reduce social exclusion and poverty by 2010. In this context, the BSAII study is a basis for the characterization of the situation in Latvia and offers steps facilitating employment and social inclusion.

So far, unemployment and social exclusion research on was done separately. There has been a research of some aspects and risk groups of social exclusion - poverty, access to health care, poverty and risk of social exclusion among women and poor families with children. BSAII study provides much wider perspective on unemployment and social exclusion, analyzing these problems both on macro and micro level. In difference from the previous studies, this study has employed both qualitative and qualitative research methods, and the analyses of the manifestation of social exclusion and unemployment is linked to the social inclusion policy analyses and elaboration of policy alternatives for reduction of unemployment and social exclusion. BSAII study analyzes social exclusion as a multidimensional process, which is characterized from three main dimensions - unemployment, poverty and social isolation. The overall objective of the study is to contribute to employment; therefore the main emphasis is put on analyses of unemployment. However, all the other perspectives of social exclusion are studied extensively.

Taking into account the defined research tasks, BSAII study has employed several interrelated methods of data gathering – expert interviews (n=60), in-depth interviews with representatives from groups of risk of social exclusion (n=200), survey of Latvian working age population (n=8000), survey of registered unemployed (n=800), survey of specialists of social services working in local governments. The listed methods were supplemented by the secondary analyses of previous research, analyses of legislation and policy documents. The secondary analyses of unemployment problems was based on the data of the Labour Force Survey (LFS) in 2002 – 2005 and administrative (report) data on the registered unemployed persons within the period January 1, 2003 to July 31, 2006.

The novelty of BSAII study is econometric analyses and assessment of professional training and re-qualification of unemployed on the basis of individual data of NVA concerning the registered unemployed persons. In this study the original methodology of calculating the index of social exclusion is elaborated and index of risk of social exclusion is defined and identified.
MAIN CONCLUSIONS AND RECOMMENDATIONS
I. THEORETICAL FRAMEWORK

1.1. Analytical review of legislation and policy documents.

As social exclusion is a multi-dimensional process, a set of diverse, coordinated and mutually concerted measures is required in order to lessen social exclusion and unemployment. This broad sphere is influenced and regulated by a very wide range of policy documents and legislation encompassing different fields – employment, education, social insurance, social aid and social services, policy of housing, health protection and care etc.

Taking into account other ongoing researched, only those policy documents and legislation that are crucial for elimination of unemployment and social exclusion and are not analysed in other researches will be discussed further in the research.

In 2000, in Lisbon the Lisbon Strategy was accepted, which defined the most important long-term development goals for the European Union. One of the long-term goals is to substantially eliminate poverty and social exclusion in each Member State of the EU, increase the quality of life for individuals and guarantee high level of social cohesion.

At the end of 2005 the Council adopted guidelines integrating the Broad Economic Policy Guidelines and Employment Guidelines, based on which EU Member States develop national reforms programmes and National Lisbon Programmes for a period of three years. Pursuant to an appeal expressed at the March 2005 meeting of the Council, Latvia has prepared the National Lisbon Programme for 2005-2008, the aim of which is to promote national growth and employment.

In the National Development Plan of Latvia the development of human resources and promotion of employment, as well as elimination of social exclusion are defined as priorities for growth.

Joint Memoranda on Social Inclusion (JIM) is a planning document of long-term policy, which defines the key objectives in terms of solving poverty and social exclusion issues (signed with the EC on 18 December 2003). JIM defines the reduction of poverty and social exclusion as one of the main long-term aims of the social policy of Latvia. The most attention should be paid to the activities aimed at eliminating those factors that cause poverty and social exclusion in different population groups, as well as to the identified activities that would provide support for population groups which are currently more vulnerable to the risk of poverty and social exclusion than others.

With the accession to the European Union, Latvia joined the coordination process of policy of the EU member states in fields of social inclusion and social protection in which the open coordination method for harmonization of the policies is used and national action plans are a component thereof. “The National Action Plan of Latvia against Poverty and Social Exclusion for 2004 – 2006” was
accepted in the Cabinet of Ministers on 23 July 2004.

Further policy documents and legislation are aggregated in accordance with the activities defined in the JIM and the National Action Plan of Latvia against Poverty and Social Exclusion for 2004 – 2006. JIM and National Development Plan of Latvia against Poverty and Social Exclusion for 2004 – 2006 define the following groups being subject to risk of social exclusion:

- families with three or more children;
- single parents;
- unemployed, especially those who are long-term unemployed persons;
- disabled persons;
- elderly persons, especially retired persons living alone;
- persons released from imprisonment;
- homeless persons;
- ethnic minorities, especially Gipsies;
- victims of human trafficking, and others.

Persons with various dependencies (alcohol, drugs), young people coming from orphanages, persons of pre-retirement age whose health condition has declined but who have not qualified for disablement status are also at risk of social exclusion.

1.1.1. Principles of analysis of policy documents and legislation

As numerous research activities are being carried out within the framework of the National Programme “Researches on the Labour Market” of the Ministry of Welfare and those researches also analyse legislation, within the scope of this Research the most crucial policy documents and legislations shall be analysed in order to find out:

- the “overlap and supply” of the existing regulatory provisions concerning those groups of population who are identified as being subject to high-risk of unemployment;
- clarify whether the existing regulatory provisions in the field of social aid and social services are an effective supporting mechanism for 1) inhabitants subject to the risk of social exclusion; 2) inhabitants subject to the risk of unemployment;
- whether unfavourable combination of various legal provisions creates to any groups of population high-risk of social exclusion or unemployment (for instance, persons who have been unemployed for a long time; parents after parental leave, unemployed persons at pre-retirement age, young people having poor education and skills, etc.).
- whether legislation offers protection, gives certain advantage or takes extra measures to the various groups of population which are subject to high-risk of unemployment and social exclusion.

The obtained conclusions and assumptions shall be used at developing further instruments of survey
which at the final stage of the survey will help to bring forward proposals and conclusions, which are attested and based of the survey, for improving regulatory provisions and policy development. The initial analysis of policy documents is necessary in order to establish what social guarantees are provided, what kind of social aid is accessible to inhabitants subject to risk of unemployment and social exclusion, at the same time information which is acquired from inhabitants will let to assess the practical implementation.

1.1.2. Inclusive labour market

In Joint Memoranda on Social Inclusion, the facilitation of an inclusive labour market is defined as one of the policy priorities by extending the range of employment measures in order to improve possibilities for unemployed persons, especially those belonging to groups subject to risk of social exclusion, to acquire new and improve the existing skills. The following groups are identified as being subject to high-risk of unemployment:

- person who are unemployed for a long time;
- young unemployed persons without work experience;
- disabled;
- persons of pre-retirement age;
- persons released from imprisonment;
- women after child-care leave.

The “umbrella” law in the employment sphere is the “Labour Law” (adopted by the Saeima on 20 June 2001, entered into force on 1 June 2002). The law regulates legal relations between employer and employee which are established on the base of employment contract.

The Law on Support for Unemployed Persons and Job-Seeking Persons (adopted by the Saeima on 09 May 2000) defines the active employment measures and preventive measures against poverty, as well as rights and duties of the unemployed and persons seeking employment.

The „National Lisbon Programme of Latvia for 2005 – 2008”, adopted on 19 October 2005, identifies Latvia’s problems and defines the main directions of activities to achieve aims of the Lisbon Strategy, including those in the employment sector.

Employment sphere is regulated by the Labour Law. Employees’ protection against discrimination is crucial regarding groups of population subject to high-risk of unemployment.

Principle of equality is specified in Section 7 of the Labour Law, which provides that equal rights shall be ensured without any direct or indirect discrimination – irrespective of a person's race, colour of skin, gender, age, disability, religious, political or other conviction, ethnic or social origin, property or marital status, or other circumstances.
Amendments to the law made in 2004 are intended to strengthen employees’ protection against discrimination by:

- extending understanding of discrimination by specifying direct and indirect discrimination;
- extending grounds for discrimination by adding discrimination based on grounds of disability and marital status;
- providing a duty for employer to take measures in order to adapt the work environment to facilitate the possibility of disabled persons to establish employment legal relations, fulfil work duties, be sent for occupational training, etc;
- emphasizing legal protection of pregnant women;
- strengthening protection of those persons which are at parental leave.

Labour law prohibits discriminative attitude depending on employee’s race, colour of skin, gender, age, disability, religious, political or other conviction, ethnic or social origin, property or marital status, or other circumstances in case of:

- establishing employment legal relations;
- during probation period;
- during employment legal relations, especially when promoting to a higher position, determining work conditions, remuneration or vocational trainings,
- terminating employment agreement.

In theory the Labour Law protects the risk groups against discrimination in employment relations, however in reality this provision is difficult to implement. As the researches show, employers avoid to recruit groups of population subject to high-risk of unemployment which are defined at the JIM and Action plan (NAP incl), because for an employer it is easier to evade employing persons from those categories rather than to observe the requirement provided by law. As employers at the focus groups have admitted (research “Regional Problems of Labour Market), the discrimination fact is very difficult to prove and court proceedings may take even several years, therefore there is a small number of employees ready for litigation.

Amendments to regulatory provisions were made in order to promote possibilities of the disabled persons to integrate into labour market. For instance, concerning disabled persons Section 108 of the Labour Law provides that in the case of reduction of the number of employees, preference to continue employment relations shall be for those employees who have higher performance results and higher qualifications. This Section specifies ten groups of persons who have a preference to remain in employment if performance results and qualifications do not differ, and disabled persons belong to one of those groups. However, in reality employers pretty often terminate employment with persons belonging to groups of social exclusion.

Employers are often worried also about additional expenses which derive from arranging working
environment for an employee who is a disabled person.

By getting involved in the activities on disabled persons organized by the State Employment Agency (SEA), subsidised workplaces are financed from state budget and additional resources are provided by employers. Employers may receive:

- a single grant (currently up to LVL 200) in order to create a workplace for a disabled unemployed person if the employer has signed an agreement with the SEA on implementation of the activities by undertaking an obligation to maintain the workplace for at least two years;
- a single grant (currently up to LVL 500) for manufacturing and purchasing technical tools (equipment, technical systems) in order to adjust a workplace for the type and level of functional disability of unemployed disabled person, based on the conclusion of the ergo therapist;
- grants for remunerating an unemployed disabled person in the amount of a minimum salary during the first 12 month, in the amount of 75% of a minimum salary during 12 month of implementation of the activity
- subsidies for work remuneration of an unemployed – disabled person in the amount of the minimum salary for the first 12 months, in the amount of 75% of the minimum salary the next 12 months;
- monthly grant in the amount of LVL 40 as an additional payment to the employee for providing supervision of the work.

The above mentioned as well as other active employment measures, scholarships or compensation of housing or transportation fees during professional trainings of unemployed are financed from state budget. However after termination of this period, employer does not receive any sufficient incentives in order to continue employing a disabled person. It would be necessary to work on a system of activities which would motivate an employer to employ a disabled person. Currently such a system does not exist.

Allowances on social contributions made by employers and employees were the only tax rebates available for those Latvian employers who employed disabled persons, as a result of which employer had to spend a little bit less on the workforce. However the allowances were so insufficient that it did not serve as an incentive for companies.

Allowances on social contributions were provided because until 1 January 2006 disabled persons where not eligible to receive unemployment benefits, starting from January 2006 it is provided that disabled persons have rights to receive unemployment benefits (after 9 month in accordance to law), and therefore the allowances on social contributions made by employers and employees shall be abolished.
Therefore employer will have no tax rebates while employing a disabled person. Companies which are founded by the Organization of Disabled Person are the only type of companies in Latvia which can receive company income tax rebate while employing disabled persons. Organizations of Disabled Persons may use the company income tax for pursuing the goals of own organization.

The initially prescribed period of 10 months for maintaining a subsidised workplace turned out to be not sufficient enough for a disabled person to acquire the necessary professional skills and experience, and successfully integrate into labour market. As a result of amendments the length of activities was extended from 10 to 24 months.

However the employment of 2 years within the framework of the activity does not provide a disabled person, who has not been employer before, with a possibility to receive a disablement pension, because a person acquires a right to a disablement pension if the person has an disablement status prescribed by the State Medicine Commission on Expertise and Health Working Capacity, person is insured not less than 3 years, person has not reached the age of retirement.

Problems with employment of disabled persons are caused also by the fact that disabled persons mostly are offered to work for minimum remuneration, this is one of the reasons why many disabled persons choose to receive disablement pension rather than go to work, because the amount of pension is close to a minimum salary.

Employment possibilities of disabled persons are also hindered by inaccessible environment. Persons with motoric disablement have needs – accessible transportation and specially equipped work places. Use of transport is problematic also for persons with sight and hearing disabilities because there is lack of audio and light sensors and others. The existing legislation does not regulate on those aspects.

The existing activities are more focused on solving the problem in a short-term, but there is a lack of systematic approach to complex solution of a single problem. For example, employment of disabled persons – there are short-term measures but there is not a supporting tax policy, education system, access to professional rehabilitation services in the necessary scope, etc.

The Law on Support for Unemployed Persons and Job-Seeking Persons lists for unemployed persons and job-seeking persons active employment measures and preventive measures for elimination of unemployment, it shares the competence between the state and local governments as well as specifies the status of an unemployed person, rights and duties.

Pursuant to Section 3 of the Law on Support for Unemployed Persons and Job-Seeking Persons there are the following active employment measures:

- vocation training, re-training and improvement of qualification for unemployed persons.
- Activities for raising competitiveness, especially activities improving social and functional skills and psychological support, activities in order to obtain the necessary
basic skills and experience for labour market as well as to obtain job-seeking methods, acquire informal education, including learning the official language and choosing continuous education, the employment activities during summer holidays for persons who are obtaining education in general, specialized or professional education institutions, as well as other activities which raise competitiveness of unemployed persons and job-seeking persons in the labour market.

- Paid temporary labour.
- Activities for certain groups of persons, especially for persons from age 15 to 24 (including); for persons who has a disablement status; for persons with mental disabilities (activity called "Supported labour"); for persons within six month after termination of parental leave (child-care period); for persons who have not more than five years left before reaching the age necessary for receiving state retirement pension; for persons who are registered within the State Employment Agency for more than a year (hereinafter – the long-term unemployed persons); for persons released from imprisonment and for other target groups in accordance with the National Action Plan of Latvia for promoting employment;
- Activities to start business or self-employment.

The SEA implement the following activities for certain groups of persons:

- internships for young unemployed persons;
- subsidised work places for elderly unemployed persons (above 55 year-old);
- subsidised work places for disabled unemployed persons;
- activities to promote mobility of disabled unemployed persons;
- social enterprises for employing unemployed persons who are less competitive at the labour market, and others.

Sections 3 and 4 of the Law on Support for Unemployed Persons and Job-Seeking Persons list almost all the identified groups which are identified at the National Action Plan of Latvia for Promoting Employment and National Action Plan of Latvia against Poverty and Social Exclusion, besides the reference “and others” provides for a possibility to include more groups than provided at the Action plan.

Action plan names unemployed persons with Gipsy nationality as one of the groups facing specific hardships for integration in labour force. Their poor education precludes them to take part in vocational trainings designed for unemployed persons, retraining and improving qualification, which usually requires to complete at least primary education. Unemployed persons with Gipsy nationality may participate mainly only at modular training courses, therefore for the future it is necessary to establish cooperation with other institutions in order to broaden and develop target-oriented activities where Gipsy people could take part.
Until now insufficient range of activities has been offered also to persons with mental disabilities.

In order to promote employment, choice of profession corresponding to person's abilities and interests, and increase competitiveness at labour market, any permanent resident of Latvia, as well as unemployed people and job-seeking persons have free access to consultative services provided by the Professional Career Counselling State Agency (PCCSA).

During the past years significantly has increased the set of services provided for unemployed persons belonging to the above mentioned risk groups, however the range of services has not consequently increased to all the risk groups (for example, persons released from imprisonment).

Utilisation of possibilities provided by the SEA depends mainly on social activity and information of unemployed persons and job-seekers themselves. Therefore there is a risk that those groups of population who have been continuously non-active and who are outside the labour market may remain even longer outside the active employment activities.

Appropriate motivation measures and implementation of programmes is one solution how to facilitate involvement in active employment activities of passive persons at employment age belonging to risk groups of social exclusion. Until 2004 these type of programmes, which are target-oriented to passive risk groups of social exclusion, have not been implemented neither in state, non local-governmental levels. Starting from 2004 this type of support is financed by the ESF resources within the grants scheme “Motivation Programmes for Groups Subject to Risk of Social Exclusion”.

National Lisbon Programme of Latvia for 2005-2008 provides that after completion of the first programming period, the SEA will take over administration of these programmes. Certain doubts arise whether currently passive members of socially excluded risk groups will be included in those programmes thereof.

Therefore very crucial is mutual cooperation between the SEA and social services, and coordination of activities among the services, as well as it is crucial to use the potential of partnerships which have been developed during implementation of motivation programmes within the framework of grand schemes (NGO, local governments, private sector).

Article 18 of the Amendments to the Cabinet Regulations of 17 June 2003 No. 309 “Procedures for Organising and Financing of Active Employment Measures and Principles for Selection of Implementing Bodies of Active Employment Measures provides that a person may be repeatedly involved in trainings for unemployed persons not earlier that one year after finishing previous trainings for unemployed.

Before this, unemployed person could involve in training not earlier than 3 year after completion of trainings. The amendments provide the possibility for unemployed to obtain faster other profession or
qualification in case the unemployed person has failed to find a job. Still, this legal provision requires professional cooperation among the SEA, PCCSA, local governments and employers, by providing training in professions for which there is a demand in labour market, taking into account also the mobility limits of unemployed, and which would open the labour market for unemployed person rather than provide annual trainings in professions for which there is no demand in the labour market.

It is also a problem that the use of active employment measures highly depends on activity of recipients themselves. State has not set up any mechanisms in order to avoid a situation that an active unemployed person or a job-seeker receives several trainings, but majority of long-term unemployed persons do not receive any support.

Cabinet Regulations of 20 January 2003 No 25 “Procedure according to which stipends shall be awarded, housing and transportation expenses shall be compensated during professional training, re-training and promotion of qualification for unemployed persons, and amount of stipends and compensations shall be determined” also provides that unemployed person may receive a stipend and compensation for housing and transportation expenses during professional trainings, re-training or promotion of qualification.

However the current practice shows that the amount of support has been insufficient in order to provide that risk groups of social exclusion could make use of the services of active employment, therefore the 2005 amendments in legislation increased the amount of stipends for unemployed persons. The Regulations provide that "amount of a stipend for an unemployed person is LVL 40 per each calendar month of a training period. Amount of a stipend is calculated proportionally to number of days during training period if the training period is shorter than one calendar month". These amendments may facilitate wider access to services for socially excluded groups.

However the stipend is not awarded if an unemployed person attends activities for rising competitiveness (determination of profession suitability, obtaining of job-seeking methods, courses on psychological support and necessary basic skills and practices necessary for labour market), which are crucial especially for groups subject to high-risk of unemployment. Therefore the most problematic groups are in unfavourable situation – persons released from imprisonment, disabled persons, long-term unemployed persons for whom these activities are important in order to make use of professional training or re-training course, or in order to choose type of continuous education.

Unemployment benefit has an important role not only as a social guarantee but also as an instrument having influence on an unemployment person to integrate into labour market. Procedure of providing unemployment benefits is specified in the law On Insurance in Cases of Unemployment. A person is eligible to receive a benefit when it has a status of an unemployed person (registration with the SEA); the overall length of insurance is not shorter than one year and during the last year before obtaining status of an unemployed person the social insurance contributions are made for 9 months out of a
period of 12 month. The amount of the benefit is reduced after every three months (100%; 74%; 50% accordingly).

According to information provided by the State Social Insurance Agency, during period from 2000 until 2005 the average number of persons who have received unemployment benefits is decreasing insignificantly, however the average amount of a benefit is progressively increasing.

The fact that there is a limit to period of the benefit as well as that the amount of it is gradually decreased motivates the unemployed persons to seek for job. In general this benefit should be evaluated as a motivating instrument on active inclusion for those unemployed persons who receive the benefit.

However not all persons being without a job receive an unemployment benefit. Certain members of groups subject to risk of exclusion, for example long-term unemployed persons, young people without work experience, persons released from imprisonment etc, can not receive an unemployment benefit when registering with the SEA and they are eligible only to the GMI assistance. For persons who receive only the GMI assistance the motivation to involve in trainings, re-trainings may be significantly lower, but they are forced to give preference whether to paid temporary public works or survive on accidental jobs, i.e. to work at the unregistered sector of employment.

1.1.3. Access to resources, rights, goods and services

1.1.3.1. Social security

Issue of social security is important for all residents, however certain groups of the society are found in especially unfavourable situation, as they are in need of greater social security and support. The youth (aged 15-24 years) reaching the stage of life when they have to start an independent life are subject to greater social insecurity. Similarly, people reaching retirement age and losing their competitiveness in the labour market or people at retirement age are subject to greater social insecurity. Families expecting children are also more vulnerable to Social risk, as well as persons unemployed permanently face high risk of social insecurity.

The legislation of Latvia defines the main principles of social insurance and covers all above-mentioned groups of the society facing higher risk of security.

Social security in Latvia is provided by making use of the system of social insurance. The purpose of social insurance is to secure a person against the risk of losing income as a result of illness, disablement, maternity, unemployment, age and accident/death. Social insurance includes five types of insurance:

1) state pension insurance;
2) social insurance in case of unemployment;
3) social insurance in respect of accidents at work;
4) disability insurance;
5) maternity and illness insurance.

Social insurance concerns all 15 year-old employees employed by the employers and provides for mandatory contributions to the special state budgets from the employer and the employee. Rate of the mandatory contributions for all above-mentioned types of insurance is 33.09 percent, out of which 24.09 per cent are paid by the employer and 9 per cent by the employee.

The most serious threat to the social security is unemployment. The national legislation stipulates that the persons insured and having a definite insurance duration are provided with insurance in case of unemployment. Persons whose insurance duration is at least one year and for whom mandatory contributions of social insurance have been made for at least 9 months over the last year before acquiring the status of an unemployed are entitled to an unemployment benefit. A special status is given to the persons that have recovered capacity after disablement or to the persons that have taken care of a child with disability until the child is 16 years old – these persons are entitled to receive unemployment benefit regardless of whether the mandatory contributions of social insurances have been made over the last 9 months.

The amount of the unemployment benefit is calculated according to the insurance duration and level of income regarding which mandatory insurance contributions have been made. Longer insurance duration determines greater interest rate from average salary.

For persons employed in the public sector the unemployment benefit is determined in the amount of 60% from the doubled amount of the state social insurance benefit. For other persons amount of the unemployment benefit is calculated on the basis of average salary of 6 months subject to the mandatory insurance contributions. The unemployment benefit can be received for 9 months over a period of any one year. Amount of the unemployment benefit is decreased depending on the duration of unemployment.

The Law “On Unemployment Insurance” creates unfavourable conditions of social security for the employees with smaller employment duration, most frequently those are young people, aged 15-24 years. People having poor qualification and education can also be added to this group of the society, as there is only a small probability that these people would receive salary exceeding the average monthly level of income in Latvia.

Current version of the Law stipulates that over a period of 9 months unemployment benefit for the persons with insurance duration below 10 years that receive the average monthly salary in Latvia will amount to only 50% of the minimum subsistence level.
Social security is especially topical for families with small children, as the budget of the family is reduced by one breadwinner, while children are still small. The Law “On Maternity and Sickness Benefits” stipulates maternity and paternity benefits to those persons who are socially insured. The maternity benefit is granted for 112 days – 56 days for pregnancy leave and 56 days for childbirth leave. Additionally, mothers whose pregnancy-related medical care has been commenced at a medical prophylactic institution up to the 12th week of pregnancy are granted a benefit for 14 days which is added to the pregnancy leave. The maternity benefit is granted in the amount of 100% of the average salary of the benefit recipient that is subject to the insurance contributions over a six-month period.

The father also receives paternity benefit for the period of up to ten days. The paternity benefit is granted in the amount of 80% of the average salary of the benefit recipient that is subject to the insurance contributions over a six-month period.

Families with small children are entitled to receive also child care benefit which can be granted only in case the maternity benefit is not granted. The child care benefit is granted to one of the parents who takes care of the child until the child is one year old. During this period of time amount of the child care benefit accounts for 70% of the average salary that is subject to the insurance contributions if the person is on the child care leave, and 50% if the person continues working. The average salary that is subject to the insurance contributions is calculated for a 12-month period.

However, if a person has not made any social insurance contributions he/she is entitled to receive LVL 50 a month during the first year after the birth of the child. Amount of LVL 30 is granted to a person irrespective of his/her employment status for taking care of the child from age one to two years.

One of the conditions for granting child care benefit was that the child care benefit can be received providing the person is not employed. The person taking care of the child up to the child’s age of 1 year was not allowed to work. This provision was appealed at the Constitutional Court by several young mothers, and on 4 November 2005 the Constitutional Court ruled that this provision was not compliant with Satversme (the Constitution of the Republic of Latvia) and null and void as of 1 March 2006. Such decision should be regarded as a positive one, since it helps parents (women) to get into the labour market after the child care leave more easily, gives possibility to work full-time or part-time and reduces risk of losing skills and abilities necessary for the job. The former provision of the Law to some extent promoted unregistered employment. Both employed and unemployed persons receive the child care benefit amounting to LVL 30 irrespective of the duration of employment.

Families with small children can qualify for childbirth benefit, which is a single payment for each newborn child. Since 1 January 2006 amount of the benefit for the first child is LVL 396 (LVL 296 – the benefit plus an additional payment of LVL 100), for the second child it is LVL 446 (LVL 296 plus LVL 150), and for the third and every next child – LVL 496 (LVL 296 plus LVL 200).
The biggest threats to the social security are faced by women without previous employment or long-term unemployed women who are taking care of children alone. Women without previous employment are usually young mothers. These women can qualify only for the childbirth benefit and child care benefit amounting to LVL 50. Families with several breadwinners are in a better situation, as larger number of breadwinners can reduce threats to the social security.

The social security is also threatened for elderly people that leave paid employment and go into retirement. The legislation of Latvia specifies three levels of retirement pensions:

- state mandatory non-funded pension scheme (prescribed by the Law “On State Pensions”);
- state-funded pension scheme (prescribed by the “Law on State Funded Pensions”);
- private voluntary pension scheme (prescribed by the Law “On Private Pension Funds”).

Retirement age stipulated in the Law “On State Pensions” is 62 years. The retirement age for men has been specified since 2003. The retirement age for women is being increased every year by 0.5 years and on 1 July 2008 it will reach the specified 62 years.

Amount of the pension depends upon the duration of insurance. The first level of pension (the state mandatory non-funded pension scheme) provides retirement pensions for everyone whose duration of insurance is at least 10 years. Persons whose duration of insurance is less than 10 years receive the state social security benefit after reaching the retirement age.

Social insurance contributions are divided between the first and the second (the state-funded pension scheme) levels of pension. Retirement pension is calculated on the basis of the pension capital (consisting of the registered sum and its increase) of the person insured and the period of time according to which payment of the retirement pension is planned. Only the persons born after 2 July 1951 can be involved in the second level of pension. It is mandatory to become involved in the second level of pension if the person had not reached the age of 30 years in 2001. The persons born from 2 July 1951 to 1 July 1971 could choose whether to become or not to become involved in the second level.

The third level of pension (the private voluntary pension scheme) is available for every person willing to create his/her own pension accrual in the private pension funds.

A transitional period is applied to calculations of the retirement pensions in order to compensate those persons with duration of employment accrued before 1996 (when the Law “On State Pensions” was adopted) for the social insurance contributions. In order to calculate retirement pension of these persons a different formula is applied – a pension capital of the person insured is calculated by using the average insurance salary in the previous period and taking into account the duration of employment. The Law “On State Pensions” also stipulates that the minimum amount of the pension
until 31 December 2006 cannot be smaller than the state social security benefit. Until 31 December 2006 the minimum pension in Latvia ranges from LVL 49.50 to LVL 67.50 (depending on the duration of employment), while according to the data of the SSIA the average pension in 2005 was LVL 81.47.

The existing legislation governing pensions presents the biggest social threat to those persons that had not accrued their pension capitals because of the change of social insurance system taking place when Latvia regained its independence. Taking into account the fact that the majority of retired people are in such situation, their monthly income from the retirement pensions is below the minimum subsistence level in 89% of cases.

Apart from the retirement pension the state also grants a disability pension and a provider pension. The disability pension (before reaching the age of 62 years) is granted to the persons insured that have been identified as people with disability and whose duration of insurance is below three years, except cases when the cause of disablement is an accident at work or an occupational disease. The disability pension is calculated on the basis of the disability group, individual duration of insurance of the person insured, the average salary subject to the insurance contributions over any 36 months during a 5 year-period before receiving the status of the disablement and the maximum possible duration of employment. In cases when a person before receiving the status of disablement has not been subject to the disability insurance, the disability pension is calculated on the basis of the state social security benefit and by applying the factor depending on the disability group. The minimum disability pension for a person belonging to the disability group I is LVL 72 (LVL 80 for a person with disability since his/her childhood); for a person belonging to the disability group II it is LVL 63 (LVL 70 for a person with disability since his/her childhood), and the disability pension for a person belonging to the disability group III is equal to the state social security benefit – LVL 45 (LVL 50 for a person with disability since his/her childhood). According to the date of the CSB the average amount of disability pension in 2005 was LVL 66.89, which accounts for 63% of the minimum subsistence level in 2005. So it can be concluded that threats to the social security of the people with disabilities are greater than those to the beneficiaries of the retirement pensions.

The provider pension is granted to the children under the age of 18 and to the members of the family that are unable to work and have been maintained by the person who has died. The provider pension is calculated on the basis of the pension capital paid in, similarly as calculating the retirement pension, however, the amount of the pension granted to each child cannot be smaller than 65% of the state social security benefit.

The persons not entitled to receive the state pensions or insurance indemnity receive the state social security benefit instead. The social security benefit is granted for life to the persons that are not employed and are over the specified retirement age by five years (they are 67 years old). The benefit is also granted to the persons that have been identified as people with disabilities and are over the age
of 18. However, they are entitled to receive this benefit for the specified period of disablement. The state social security benefit is also granted to the persons that have not reached the age of majority, have lost one or both providers and have not entered into a marriage. In such case the person receives the benefit until the moment he/she reaches the age of majority or the person keeps receiving the benefit until the age of 24 in case this person continues to study. Since 2005 the amount of the state social security benefit is LVL 45 a month.

The state also grants the following benefits:

- The family benefit is granted to the person that takes care of a child who is under 15 or 20 in case this child continues to study. Amount of the benefit depends upon the number of children in the family. Since 2005 LVL 6 a month is granted for the first child, LVL 7.20 a month – for the second child, LVL 9.20 a month – for the third child and LVL 10.80 a month – for the fourth and every next child.

- Guardian benefit for maintaining a child. It is granted to a parent, guardian or a person who is actually taking care of the child under conditions similar to those of the state family benefit. The benefit for compensating transport expenses of the people with disability who have moving difficulties. The benefit is granted to the persons that have been identified as people with disabilities. They receive the benefit twice a year for every full period of six months until the moment the specified term of disablement expires. Amount of the benefit is LVL 28.

- The state social benefit – remuneration for carrying out the duties of a guardian. Persons having guardianship over children are entitled to receive this benefit. Since 2005 amount of the benefit is LVL 38 a month, irrespective of the number of children under guardianship.

- Death benefit. This benefit is granted to the relatives of the person insured amounting to the double average salary of the month subject to the insurance contributions. In case a retired person has died, the person taking care of burial arrangements receives the benefit amounting to two pensions. While persons receiving the state social security benefit obtain the benefit amounting to three state social security benefits.

A part of functions regarding social assistance and social services are delegated to municipalities. These functions are specified by the “Law on Social Services and Social Assistance” that came into force on 1 January 2003. The Law stipulates that the municipalities shall provide a benefit for ensuring the guaranteed minimum income (GMI) level. The municipalities may also grant a one-off benefit in case of emergency and grant other benefits after the benefit for ensuring the GMI has been provided.

Since 2006 amount of the GMI is LVL 24. As a result all families whose income per one member of the family is lower than the set GMI level and who have been identified as poor can receive the GMI
benefit. The family is considered to be poor if over a three month-period its income per one member of the family does not exceed 50% of the existing minimum salary in Latvia (since 2006 the minimum salary is LVL 90). The GMI benefit is granted for three months, however, not for a longer period than nine months a year. The municipality may set the amount of the GMI benefit itself, nevertheless it cannot be less than LVL 24. In cooperation with the municipality a beneficiary of the benefit has to implement cooperation measures in order to improve his/her situation. The benefit can be denied in case the beneficiary of the benefit does not take the cooperation measures (refer to the next section for further information about the GMI).

The “Law on Social Services and Social Assistance” also stipulates that the municipality shall provide social services, including social rehabilitation. The aim of the social rehabilitation is to prevent or lessen undesirable effects on a person’s life caused by disablement, incapacity for employment, imprisonment, addiction or violence and other negative factors. Social rehabilitation can be provided at the place of person’s residence or permanent social rehabilitation institutions.

1.1.3.2. Ensuring adequate income

The JIM emphasizes the political aim of the state – to provide income level that allows a person to live a normal life with the help of work remuneration, taxation policy and social security system by paying special attention to the groups vulnerable to the risks of poverty and social exclusion. At the same time, it is essential to ensure that the work is duly paid and allows a person to get out of the poverty.

Amount of the minimum salary set by the state has an essential role in the set of measures, which stimulates or, on the contrary, does not stimulate persons at the working age representing the risk group for social exclusion to integrate into the labour market.

Legal framework of the minimum monthly salary in Latvia is stipulated by the Labour Law. In accordance with the Labour Law the amount of the minimum monthly salary is determined by the Cabinet of Ministers. In order to develop a system for determining the minimum monthly salary the “Concept Paper on the Minimum Salary” (hereinafter – the Concept) was adopted in 2003. The Concept provides for the 7-year period of transition (2004-2010) to increase the minimum monthly salary to 50% of the average monthly gross work remuneration of a working person for the previous year.

In 2004 the minimum monthly salary was increased to LVL 80. However, in 2005 despite what was written in the Concept the minimum monthly salary was not increased, nevertheless the government agreed upon increase in the non-taxable minimum (from LVL 21 to LVL 26) and allowance for persons dependent (from LVL 15 to LVL 18) in 2005.

The Cabinet Regulations No. 790 “Regulations regarding the Minimum Monthly Salary and
Minimum Hourly Wage Rates” (adopted on 25 October 2005) prescribe procedure by which the minimum salary should be determined in Latvia. According to these Regulations the minimum monthly salary within the scope of regular working hours is LVL 90 starting with 2006. The minimum hourly wage rate is LVL 0.535.

A provision of Article 4 “The right to a fair remuneration” of the European Social Charter prescribes that the minimum level of a worker’s income should amount to 66% of the national income per capita or 68% of the national average salary. In 2005 the minimum monthly salary in Latvia amounted to only 37.9% of the average monthly gross work remuneration of the persons employed in the national economy (41.7% in 2004).

According to the data of the Federation of European Employers the minimum monthly salary in Latvia is one of the lowest in comparison to other member states of the European Union.

Residents with low income feel the impact of inflation and increase in consumer prices most strongly.

If the minimum monthly salary is not increased, the impact of inflation on the standard of living and purchasing power of residents increases, which is already reflected by the data from the Household survey of 2004.

On the one hand, increase in the minimum salary has a positive impact on reduction of undeclared employment; it also ensures social guarantees at least at the minimum level. On the other hand, level of the minimum salary is too low to serve as an important incentive to part of the persons representing the risk group for social exclusion to enter the labour market. The said argument applies to cases when amounts of the social benefits and pensions do not differ significantly from the level of the minimum salary (taking into account that the minimum work remuneration is taxable). For example, the average amount of the disability pension was LVL 60.2 in 2004 and LVL 66.9 in 2005.

The low work remuneration is one of the main reasons for economic migration of residents to foreign countries.

Tax burden of the Latvian residents with low income can be evaluated as being high, and since 2004 the government has made certain changes in order to ease this burden.

Starting with 2005 amount of the non-taxable minimum to which the personal income tax is applied has been increased (from LVL 21 to LVL 26), as well as amount of the personal income tax relief for the persons dependent (from LVL 10.5 to LVL 18). It is planned that they will be increased also in the future. However, amount of the non-taxable minimum is very small, and it can be forecasted that the existing amount of the non-taxable minimum for the persons with low income will not have significant impact on reduction of the risk of poverty. Besides, the number of persons dependent in the family should also be taken into account. As authors of the research “Optimum System of Taxes
and Benefits Promoting Employment” emphasize: tax relief for persons dependent should be considered more efficient means for easing the tax burden and increasing income of the employees with low salaries.

The authors of the research also conclude that “simultaneous application of the non-taxable minimum and tax relief for persons dependent and increase in their amounts should be balanced with the minimum possible monthly salary of a working person. As the level of the minimum salary is very low, categories of residents that are in need of tax relief in order to improve their social status (for example, a working person with three or more dependants) would not be able to make use of the tax relief in full.”

Since 2004 the existing benefits have been increased (childbirth benefit, child care benefit, paternity benefit (paid 10 days, amount of the benefit – 80% of the average salary of the child’s father subject to the insurance contributions); and new benefits have been introduced (remuneration for care of an adopted child, remuneration for adoption). This fact to a certain extent, positively affects specific risk groups for social exclusion – families with 2 or more children, single-parent families, residents with low level of income etc. However, these benefits are universal and not aimed directly at persons vulnerable to poverty and social exclusion.

Gradually the GMI level for the poorest residents is being increased (LVL 18 in 2004, LVL 21 in 2005 and LVL 24 in 2006).

The “Law on Social Services and Social Assistance” stipulates how the guaranteed minimum income (GMI) benefit is granted. The GMI benefit is one of the benefits determined by municipalities that is tested according to the income. The municipalities started granting the GMI benefit in 2003. A person cannot receive the GMI benefit for a period exceeding 9 months, however, a person can re-qualify for the GMI benefit after 3 months.

The purpose of the benefit is not only provide the poorest residents with support but also ensure single material support in all municipalities. In accordance with the Law a municipality is entitled to grant a one-off benefit in case of emergency and grant other benefits pursuant to the binding regulations of the municipalities if the demand for the GMI benefits from the poor residents of the municipality has been satisfied.

According to the information collected by the Social Service Board and the Ministry of Welfare for the period from 2003 to 2005 major part of financial resources for benefits of the municipalities is used to grant different other benefits rather than the GMI benefits. Mainly these are benefits for rent and public utilities payments, benefits pertaining to children’s education and upbringing, benefits for free lunch at schools and kindergartens, medical services and other purposes. According to the collected information available (http://www.socpp.gov.lv) in 2004 the municipalities in Latvia have
made use of less than 20% of the amount of resources used for social benefits of the municipalities to grant the GMI benefits.

Many municipalities do not collect data on the number of persons receiving benefits repeatedly, and this fact makes it difficult to evaluate efficiency or inefficiency of the benefits.

Conditions for granting the GMI benefit include two conditions aimed at encouraging beneficiaries of the benefit. First of all, the conditions for granting the benefit stipulate cooperation duties of a person receiving the GMI benefit. For example, an unemployed person who is able to work is obliged to register at the State Employment Agency. Secondly, the conditions provide for a possibility to decrease amount of the GMI benefit in case a beneficiary of the benefit does not meet his/her cooperation duties.

These conditions are regarded as positive, since they stimulate previously inactive groups of residents either to take part in the active employment measures or participate in the activities organized by a municipality in order to boost employment and promote social activity of these groups of residents. However, in case a beneficiary of the GMI benefit has actively participated in the activities and is still unable to enter the labour market (there is no vacancy appropriate for the person’s skills, knowledge and possibilities, restricted geographic mobility etc.), it can be concluded that the GMI benefit has provided only a short-term solution and does not solve existing problems.

First of all, the small amount of the GMI benefit does no stimulate residents to qualify for it. Secondly, the low level of the GMI benefit excludes a big part of the poor residents that could make use of the benefit not only as material support but also as means for being active, including involvement in the active employment measures.

Activity of the Means of Support Guarantee Fund is a political measure aimed directly at the specific risk group for poverty and social exclusion – single-parent families – that has a direct influence on improving status of these families. The Fund provides means of support, and their amount is pursuant to the court judgement, however, this amount cannot be larger than the minimum amount determined by the Cabinet of Ministers:

- for a child under 7 years – 25% of the minimum monthly salary determined by the Cabinet;
- for a child aged 7 to 18 – 30%.

It is obvious that amount of support for these families is directly depending on amount of the minimum monthly salary determined in Latvia.

Although amounts of the retirement pensions are gradually increased, a serious problem is the large number of persons receiving small pensions. During the period from 2000 to 2004 the risk of poverty has significantly increased among people over 65 (6% in 2000, 23% in 2004). A rise in the index of
risk of poverty from 2002 to 2004 is even sharper in households of one person (65 years old or older). It was 17 in 2002, 28 in 2003 and already 53 in 2004. It indicates that amendments to the Law “On State Pensions” are required in order to promote increase in the amounts of the small pensions.

To guarantee the persons that have been identified as people with disability the minimum means of subsistence if these persons are not socially insured, the social security benefit is granted.

In 2006 the minimum disability pension for a person belonging to the disability group I is LVL 72 (LVL 80 for a person with disability since his/her childhood); for a person belonging to the disability group II it is LVL 63 (LVL 70 for a person with disability since his/her childhood), and the minimum disability pension for a person belonging to the disability group III is LVL 45 (LVL 50 for a person with disability since his/her childhood).

If to compare existing amount of the minimum work remuneration to amounts of the disability pension, it can be concluded that people with disability may have not enough motivation to do a paid work, since increase in income is modest.

Families taking care of a child with disability until the child is 18 years old receive additional payment (LVL 50) apart from the state family benefit that depends on the number of children, i.e. it is from LVL 7.70 to LVL 10.80 a month. People with disability having moving difficulties are entitled to receive the state benefit amounting to LVL 28, granted twice a year in order to cover the transport expenses.

1.1.3.3. Availability of education

Competitiveness of residents in the labour market is directly affected by their level and quality of education, therefore availability of education is a significant factor that helps reducing risks of social exclusion and unemployment within the groups of residents subject to higher risks of social exclusion and unemployment.

Activity of the education system is regulated by:

- The Law on Education (adopted on 29 October 1998)
- The Law on General Education (adopted on 10 June 1999)
- The Law on Vocational Education (adopted on 10 June 1999)
- The Law on Higher Educational Establishments (adopted on 2 November 1995)
- The Official Language Law (adopted on 9 December 1999)

The “Concept Paper for the Development of Education 2002 – 2005” was adopted by the Saeima on 17 October 2002. The Concept stipulates aims of the education development for the said period, as well as directions of action to achieve the aims. The Concept has been developed in compliance with the aims and directions of action defined in the National Development Plan, National Employment

The “Concept Paper for the Development of Education 2002 – 2005” prescribes that by carrying out modifications in the education system one of the basic principles is the principle of availability – all members of the society should be provided with equal possibilities to receive education. However, taking into consideration the existing situation several problems must be mentioned – the problems concerning availability of different stages and types of education to the groups subject to the risk of social exclusion in terms of possibilities to receive primary, secondary and higher education. Possibilities provided for children and adults to receive education differ depending on the region of Latvia; some significant differences between urban and rural areas are also to be noted.

Although both primary and secondary education is free of charge, the costs paid to prepare a child for studying at school – purchase of textbooks and other school accessories – account for significant amounts, and this creates considerable difficulties for poor families. The municipalities are trying to solve this problem partly both purchasing textbooks for school libraries (due to the insufficient national financing) and granting benefits to the poor families with children at school age, however, possibilities to support the poor families vary depending on the municipality.

The “Law on General Education” stipulates that a local municipality shall ensure within its administrative territory preparation of children at pre-school age for the acquisition of basic education. The Law also prescribes that the acquisition or continuation of primary education is mandatory until a child is 18 years old. However, the determined mandatory acquisition can be and is interpreted, in practice, as ensuring that a child is included in the primary education system until he/she is 18 years old. Whether the child completes this primary education or does not finish the school – that is up to him/her.

Disarray in the legislation and incomplete system of registration are the reason why there is such a large number of children that do not attend school (~ 5% according to the data of the MoES). The number of children that do not continue their education after completing primary education keeps increasing. The fact that these children do not continue their education will seriously endanger their opportunities to enter the labour market successfully. Apart from the said problem the large number of children that finish school having low marks should also be mentioned.

Since 2002 in accordance with the amendments to the “Law on General Education” not all students are entitled to receive the corresponding document verifying education. If a student has not gained a mark in some subject during the school year or a mark in some state examination or if the marks have been unsatisfactory in more than three subjects the student receives only a school record. The number of students that have finished the primary school without receiving a certificate and the secondary school without receiving a certificate of the secondary education has doubled during the last two
years.

The number of dropouts leaving both general schools and vocational schools is very large and it shows a tendency to increase.

Availability of the vocational education is limited because of the number of student places financed from the state budget, as well as due to the insufficient material and technical base of the educational establishments.

The legislation provides for possibilities to receive education in pedagogical adjustment classes in case the children have problems while acquiring the primary education, however, it should be mentioned that there is insufficient funding for solving the existing problems effectively and decreasing the number of students that do not acquire even the primary education.

Availability of education services to the children with disability and children from low-income and risk families should be regarded as limited, since there is only a small proportion of integration of the children with disabilities in the general schools. Educators that could work with children with disabilities are prepared at a comparatively slow pace, and their number is not sufficient.

The JIM has defined the establishment of a life-long learning system as a primary task and, first of all, it is the development of the Life-long Learning Strategy, which is a significant factor in increasing competitiveness of an employee in the labour market, as well as reducing risks of social exclusion and unemployment. However, this work is being carried out slowly. In 2004 the National Programme “Development and Implementation of Life-long Learning Strategy” was developed, the result of which will be a unified life-long learning strategy and its implementation programme. The current situation is characterized by insufficient supply and availability of the interest-related and informal education to the groups of residents subject to the higher risks of social exclusion and unemployment.

So far insufficient attention has been devoted to the issues concerning prisoners’ education in Latvia. The poor level of education and skills is one of the main factors preventing former prisoners from integrating into the society and labour market. In 2005 “Basic Guidelines on the Policy of Prisoners’ Education for 2006-2010” were developed and approved by the Cabinet of Ministers on 15 June 2006. The basic guidelines provide for prisoners’ right to education and availability of the general, vocational and interest-related education in all prisons, thus helping former prisoners to integrate into the society.

Section 12 of the Education Law prescribes that for programmes of higher education the state covers the fees for the acquisition of education for a specified number of student positions in accordance with the State procurement specified for the relevant year; for other student positions each higher education establishment may determine the fees for the acquisition of education. A student may receive state-funded loan for studies in higher educational programmes.
The Cabinet Regulations No. 220 “Procedures by which Study Loans and Student Loans are Allocated, Repaid and Redeemed from Resources of Credit Institutions through Surety on behalf of the State” (adopted on 29 May 2001) were amended in 2004 to simplify the process of obtaining and registration of loans.

Despite the fact that the fees for the acquisition of education and number of students paying for their education at the higher educational establishments keep increasing, the existing tax relief ensures that only a small part of the fees paid for the acquisition of education can be recovered (25% of LVL 150 annually).

The current system is not supportive of the persons representing groups vulnerable to the social exclusion and willing to acquire the higher education.

1.1.3.4. Availability of health care

The main laws and regulations that govern organisation and financing of the health care system in Latvia, legal relations between those providing health care services and those receiving them are the Law on Medical Treatment and the resulting Cabinet Regulations No. 13 of 12 January 1999 “Regulations on Health Care Financing”, the Pharmacy Law and the resulting Cabinet Regulations No. 428 of 4 November 1998 “Reimbursement Procedures for the Purchase of Medication, Medical Devices and Goods for Ambulatory Use”.

In general, health indicators of the residents of Latvia can be regarded as unsatisfactory.

Evaluating efficiency of the legislation in provision and availability of health care to the groups vulnerable to the social exclusion, the main attention should be devoted to people with low income, families with children and single-parent families, people with disabilities and former prisoners.

In order to solve the problems in the health care sector, several policy planning documents have been drawn up: “Public Health Strategy”, “Programmes for Restricting the Spread of HIV (human immunodeficiency virus) and AIDS for 2003 – 2007”, “Programmes for Reducing Alcohol Consumption and Restricting the Alcohol for 2005 – 2008”, “Strategy for the Health Care of the Mother and Child” aimed at improving health of the residents in general or improving health of the specific groups of residents, including the groups vulnerable to social exclusion. However, the main problem is to implement these policy planning documents in different action plans and programmes, since the financing allocated is not sufficient.

In the context of the research the high-level incidence of such diseases as HIV/AIDS, tuberculosis and increase in the number of persons having alcohol addiction indicate that there are problems regarding availability of preventive measures and health care services to several groups vulnerable to social exclusion (former prisoners, the homeless, people with low level of income).
The adopted Cabinet Regulations No. 1036 “Procedures for the Organisation and Financing of Health Care” (adopted on 21 December 2004) stipulates the procedure for the organisation and financing of health care, types and volumes of medical services paid from the state budget, as well as the procedure by which centralized queues are formed to receive the planned health care services.

The legislation prescribes a number of allowances provided for children under the age of 18 (exemption from patient fee, dental services free of charge, vaccination programmes etc.), as well as for pregnant women and women during the postnatal period.

The Regulations include a condition that poor persons are exempt from patient fee. This condition makes health care services slightly more available to poor persons, however, there are still problems.

Patient fee is a small part of payments that is to be made by a recipient of the health care services. The high proportion of the direct patient payments puts the most vulnerable groups of residents in the most unfavourable situation and affects them in a negative way. According to the data from research carried out by the Development Institute of Germany (Müller et al. 2005) 47.5% of the total financing of the health care in 2001 were formed by direct payments.

Additionally, existence of queues, high costs of medicine, as well as the existing unregistered payments impede availability of the health care services to the groups subject to risk of social exclusion. “Expensiveness” of the health care services is a problem not only for the poor residents but also those living above the poorness level determined by the government.

The existing procedure by which the poor residents can receive benefits from municipalities for covering their medical expenses (every municipality stipulates the maximum amount of a benefit) creates difficulties for the poor residents, since the benefit can be received after receiving a service, i.e. the poor residents have to collect resources necessary for paying for the service, and only then can they turn to the municipality for assistance.

Existence of queues in order to receive the health care services paid by the state also creates unequal conditions for receiving the services, since people with higher income receive treatment immediately by paying for the services, while the poor people have to stand in a queue. The poor people also face greater risk of delayed treatment and chronic illnesses.

Availability of the health care services to the groups subject to the risk of social exclusion is also reduced by the fact that patients are not aware of their rights and duties, as well as by their poor awareness of the fees for medical services. The Law on Patient Rights has still not been adopted in Latvia.

Over the recent years a lot has been done to develop a system of the institutions providing emergency medical services and create a single system of information and communications on the basis of
directions set out in the Programme “Establishment of a Single Management for Emergency Medical Services and Disaster Medicine in Latvia”. However, the fee stipulated in the legislation since 1 April 2005 for unjustified call of an ambulance and the fee introduced for the services received (from LVL 7 to LVL 40) created additional problems for groups of the poor residents, since the residents did not have a clear interpretation of the term “unjustified call”, and a part of patients avoid calling ambulance even in serious cases.

The work is carried out on the legislation to supplement the list of medications and medical goods compensated by the state with new diagnoses of illnesses, thus increasing the number of seriously and chronically ill patients that are provided with regular availability of medications. On the basis of directions of action set out in the “Concept Paper on Financial Resources Providing Medication for Outpatient Treatment” the Cabinet Regulations No. 418 “Reimbursement Procedures for the Purchase of Medication and Medical Devices for Outpatient Treatment” were adopted on 14 June 2005. The Regulations and amendments made prescribe reimbursement of medication for new diagnoses, however, quotas have been kept for quite a few medications which can be reimbursed, and they will be paid in restricted quantity that would limit the number of patients to whom medication will be available.

Availability of the health care services to the persons in prisons has been insufficient so far, therefore drafting of the “Concept Paper on Health Care of Prisoners” has been initiated in 2005.

1.1.3.5. Housing

The low income level of residents and high rental and utilities charges are main housing-related problems that facilitate the decline of the economic and social situation of a large part of population and is one of the reasons for social exclusion.

As a significant precondition to decrease social exclusion in the Joint Memorandum of Social Inclusion is availability of an appropriate housing. Two most vulnerable groups in the aspect of housing named in this document are:

- **Families with children.** Owing to lower income levels, families with children are more often subject to debt risks for the rental or utilities payments, which are mainly calculated on the basis of the apartment area or the number of people residing in the apartment. Families with children can take advantage of mortgage loans for housing purchase or for extension and improvements of the existing housing to a much lower extent than childless couples.

- **Elderly, single residents, especially those living in the large cities** are unable to meet the rental charges set by the house owners. Inability to find housing matching their own financial resources for this group is caused by the low level of pensions and inability to earn additional income themselves.
Although building of municipal apartments in recent years has become more active, the supply of municipal apartments is very small in comparison with the needs of socially vulnerable population. “Concept Paper on Long-term Crediting System of Housing Construction, Renovation and Modernization” (adopted by the Cabinet of Ministers on 19 November 1997) that intends to establish the state mortgage crediting system in order to promote the building of private houses in towns and rural areas does not apply to groups at risk of social exclusion that cannot provide the necessary initial payment for obtaining a credit.


The main task of the state housing policy defined in the Concept Paper on Housing Policy (adopted by the Cabinet of Ministers on 30 July 1996) is promotion of availability of a qualitative housing to all inhabitants for acceptable price.

In this political document, it is stressed that the low rental cannot cover expenses of maintenance and management of buildings and problems regarding covering rental and other housing expenses, arising with the increasing number of poor families, also cause inability to maintain and manage the housing stock.

The definition of the social aim of this document includes also the necessity to form social (social benefit) apartments for low-income and socially vulnerable families (persons).

One of the basic principles of the housing policy is to provide poor families (persons) with social apartments or social benefit for housing.

The existing tasks of the housing policy determine:

- Status for and use of particular social objects (shelters, social apartments or houses) for accommodation of poor persons (families).
- Regulation of rates of rent payment in Latvia.

Establishment of a crediting system and mechanism for improving housing quality and availability mentioned in the Concept Paper on Housing Policy in the current situation does not apply to the socially vulnerable groups and does not improve conditions of their housing and availability to it.

The law “On Renting of Living Space” regulates the terms of renting a living space, regardless of its owner, as well as legal relations between a lessor and a tenant, determines their demands and duties, and regulates the procedure of concluding, amending and terminating lease agreements.
There are only few aspects introduced in the law that would improve the availability of housing for groups at risk of social exclusion and reduce the reasons of exclusion.

In the Section 11 of the Law it is defined that the rental and public utilities payments are set by an agreement between parties, still the charge may not exceed the rent “ceiling” determined by the government. The rent “ceiling” is valid until the end of the year 2006. Removing of the rent “ceiling” will substantially worsen the availability of housing and will be one of the main reasons for increase of social exclusion in many groups of population.

Article 29 of the law “On Termination of Rental Agreement on Lessor’s Initiative, Evicting Tenant without Allocating New Living Space” states that a tenant can be evicted without allocating new living space if he/she has not covered rent and public utilities payments for more than three months although he/she had an opportunity to use the living space and public utility services according to laws and regulations of the Republic of Latvia and the lease agreement, and if the tenant is warned at least a month in advance prior to bringing the case to the court.

The grounds of eviction specified in the Paragraph 5 of this Section cannot be applied on lonely disabled persons and lonely pensioners living in denationalized houses and buildings that are returned to their lawful owners.

There are no disclaimers introduced in the law regarding non-application of the law to other groups of population, such as families with minor children, disabled people and other groups at risk of social exclusion, this can substantially worsen the availability of housing for these groups or even cause a situation that these persons stay without a place of residence. In order to fill the gap of the above mentioned law and to solve problems of availability of housing for socially vulnerable groups the law “On Municipal Assistance in Solving Housing Problems” was adopted, which states that municipal assistance according to the procedure stated by the law is provided to low-income persons mentioned in Section 14:

- Persons that have reached the age of retirement or are disabled due to the physical incapacity;
- Persons with at least one minor child, person under guardianship, low-income persons who have reached the age of retirement or low-income persons who are disabled due to the physical incapacity;
- Persons that are evicted from their legally owned apartment in case enforcement proceedings are brought against the property regarding payment for services involving use of the living space, maintenance of the building, exploitation and repair expenses and if these persons are:
  - Low-income persons who have reached the age of retirement or low-income persons who are disabled due to physical incapacity;
  - Low-income persons who have and live together with at least one minor child, dependant
person or a low-income person who has reached the age of retirement or a low-income person who is disabled due to physical incapacity;

- Orphans and children who have remained without the care of their parents and have been raised in a child care and instructional institution, in foster-family or by a guardian;
- Low-income repatriates who have emigrated from Latvia by 4 May 1990 and who have no possibility to take up the living space they had occupied before emigration from Latvia according to the procedure stated by the law;
- Low-income persons who have been released from imprisonment after serving their sentence;
- Other categories of low-income persons determined by the respective municipality (council).

Persons mentioned in Section 14 of the law “On Municipal Assistance in Solving Housing Problems” who are registered to receive this kind of assistance and should be provided with a temporary living space is also provided in Section 22 of this law with a note that temporary living space may not comply with the provisions of Section 16 of this law providing housing that is suitable for living – with central heating and lighting.

Thereby the note introduced in the law actually accepts that the provided temporary housing may be unsuitable for living, without lighting and central heating, wherewith providing socially vulnerable and low-income persons with housing that is inadequate for living and in every aspect encouraging their social exclusion.

Section 26 of the law “On Municipal Assistance in Solving Housing Problems” provides for a one-off benefit for low-income persons to repair the living space or dwelling house they rent or own that should be granted only in cases when a respective municipality cannot provide a person with a living space suitable for living since there is no free living space that is not rented at that moment. Granting of the benefit has to be evaluated as a positive factor to improve housing conditions for risk groups, although taking into consideration the increasing prices of repair work and building materials in reality these benefits make up a small part of the resources needed.

Groups at risk of social exclusion are also subjected to Section 37 “On Maintenance of Living Space for Persons on Temporary Absence” of the law “On Renting of Living Space” providing a possibility to maintain the living space for relatives or a guardian of children consigned to the state-owned children’ house, for persons undergoing medical treatment in hospitals – as long as the person stays there (with an exception when a person is undergoing medical treatment in a mental institution and remains there for undetermined time), as well as for persons sentenced to imprisonment with a note “if there are other members of the family staying in the living space left by the sentenced person”.

Terms “low-income tenant” and “socially vulnerable tenant” are defined in the law “On Privatization
of State and Municipal Dwelling Houses”.

Low-income tenant – a person who according to the law “On the Assistance Rendered by the State and Municipalities in Order to Resolve Housing Issues” has a right to receive a benefit for rent and public utility services;

Socially vulnerable tenant – a person living alone who has reached the age of retirement and has no supporters, a lonely disabled person who has no supporters, a politically repressed person, a family with three or more minor children or a disabled child or in which all adults are retired or disabled people who according to the law “On the Assistance Rendered by the State and Municipalities in Order to Resolve Housing Issues” have rights to receive a benefit for rent and public utility services;

In the procedure determined by Section 21, in which an apartment, which is not rented out, is privatized, gives an advantage to privatize an apartment to families with three or more minor children if they are renting insufficiently large living quarters and are registered in the municipality for receiving assistance for resolving housing issues. This advantage in improving housing of these families should rather be evaluated as theoretical, since in reality the fulfilment of these advantages takes particular financial resources that are rarely available to large families.

The housing issues of socially vulnerable and low-income persons are mentioned in Paragraph 6 of the Transitional Provisions, stating that they should be provided with living quarters and other municipal functions determined in the law in order to guarantee apartments to persons whose living conditions need to be improved as well as carry out other duties determined in the law “On State and Municipal Assistance in Solving Housing Problems”.

Assistant in resolving housing issues to socially vulnerable groups and low-income persons are provided from the national budget. This assistance is considered in the Cabinet Regulations No.237 “Procedure of Granting State Earmarked Subsidies for Resolving Housing Issues”.

When building social dwelling houses, 30% of the building costs are granted from the national budget in a form of earmarked subsidies, on condition that these houses are allocated to municipalities in which there are 30 and more persons registered according to the Section 14 of the law “On Assistance in Resolving Housing Issues”. The authority responsible to granting of earmarked subsidies is the Ministry of Regional Development and Local Government. The requirements for projects regarding earmarked subsidies include the requirement for accessibility of housing (at least on the ground floor of the house) for disabled people with limited movement capabilities.

1.1.3.6. Assistance for the most vulnerable groups of population

The groups of population defined as the most vulnerable in the Joint Memorandum on Social Inclusion are:
1) persons with disabilities (or with special needs),

The integration of disabled people in the labour market is hampered by lack of motivation on the part of employers and unsuitability of the environment (work environment) for the special needs of disabled people. Another factor preventing the integration of people with disabilities in the labour market is the relatively low level of education of disabled people. The law “On Medical and Social Security of Disabled People” (adopted on 29 September 1992) determines the rights of disabled people and obligations of the state and municipalities to disabled people in the Republic of Latvia. This law regulates the procedure of determining disability as well as the procedure according to which disabled people receive medical and social assistance. The main goal of social assistance, as determined in this law, is ensuring the integration of disabled people into society.

Functions for ensuring the living standards and integration into society of disabled people are divided between the state and municipalities:

The programme of medical and social assistance for disabled people is financed from the national budget. The programme is developed and its realization coordinated by the Cabinet of Ministers of the Republic of Latvia.

The lessening of disability, rehabilitation of disabled people are promoted and social measures taken by the district, town and rural municipalities or their institutions using social and municipal budgetary funds.

Section 11 of the Law states that a disabled person has a right to receive social assistance in order to provide a disabled person with a place in society that is adequate to his/her desires and abilities, especially employment.

Section 13 “Assistance to Disabled People in Employment Issues” providing assistance in finding a suitable job or occupation, improving knowledge and acquiring an adequate profession should be evaluated positively. Although the Law states that the costs related to providing above-mentioned assistance are covered by the State Employment Agency, there is nothing mentioned about who or what actually renders this assistance.

The Law stipulates that there is a municipal stock of reserved suitable work places for disabled people. For every disabled person that was not hired the employer pays 24 minimal salaries annually into the national budget. However, proving employer’s fault in such cases is very problematic. It is possible only by judicial process, which is a difficult solution of this issue for a disabled person.

2) ex-prisoners,

whose integration into society is prevented by society’s negative attitude towards them, their lost
social skills and low level of professional training. Although recently due to shortage of human resources, especially of unskilled workers, employers start showing the willingness to hire former prisoners, still the integration or reintegration of these persons into labour market is possible if they have a certain level of qualification, motivation to work and socializing skills. The rights of former prisoners on housing are determined in Section 37 “On Maintenance of Living Space for Persons in Temporary Absence” of the law “On Renting of Living Space” providing a possibility to maintain living quarters for the persons sentenced with imprisonment with a note “if there are other members of family living in living space left by the sentenced person”.

3) homeless persons

number of which is hard to estimate. The only available data is the visiting statistics of the shelters for the homeless. Still it should be taken into account that there are homeless people who do not visit these homes, but live in temporary abandoned houses and garden-houses. Since by now the measures for solving issues of homelessness that would be directed towards prevention of homelessness in national level have not been taken, and the actions in the level of municipalities are oriented mostly on increasing the number of shelters for homeless people, the problem of homelessness becomes even more crucial.

4) vagrant children

Section 59 of the law “On Protection of Children’s Rights” (adopted on 19 June 1998) determines certain measures that must be taken towards vagrant children. If a child has not reached the age of 15 and during the night is found in a public place without the supervision of parents or their substitutes he/she is taken to the police precinct. The specific time is determined by municipalities; lost or abandoned children or under conditions that are dangerous to a child and may harm his or her development. In cases when the police finds a child who is vagrant, beggar or intoxicated with toxic substances or alcoholic beverages, or who has unfavourable environment in family or other conditions that can harm the child, the police informs the respective orphan’s court or parish court.

A child taken to the police precinct may not be placed together with adult offenders and he or she should be provided with constant supervision. A child may not be subjected to any physical or psychological violence and be forced to testify against him-/herself or to confess. Explanations from a child with mental disabilities may be asked in presence of a person who is competent to work with children having mental disabilities. If a child with special needs is taken to the police precinct, the conditions for satisfying the special needs of the child should be ensured.

Section 60 of the Law determines the measures that should be taken in case a child needs help.

5) elderly people is recognized as a group with comparatively lower risk of poverty than other risk
groups due to guaranteed social transfers that is one of the main resources of household incomes. However, elderly people due to the lack of financial resources cannot receive health care services and buy proper medications.

The accessibility of housing for this group is stipulated by the law “On Municipal Assistance in Solving Housing Problems”, providing that assistance from a municipality according to the procedure stated in this law should be provided to low-income persons who have reached the age of retirement or are incapable due to disability. Section 29 on “Termination of Hiring Agreement on a Lessor’s Initiative, Evicting a Tenant without Allocating New Living Space” of the same law states that evicting of tenants is not applied to incapable persons and retired people living alone residing in buildings that are denationalized or returned to their lawful owners. However, there are cases when evicting of tenants is applied also to incapable persons and retired people living alone.

6) **women after child-care leave** is one of the unemployment and social exclusion risk groups. The qualification and professional skills of women during child-care leave are not updated, wherewith they have problems with entering the labour market after the end of this leave. Additional factor preventing the reinstatement of these women is employers’ negative attitude towards women with children as employees, considering that raising of children may reduce their working capacity. To solve the issues regarding gender equality, possibilities and accessibility to resources, the government adopted the Concept Paper for the Implementation of Gender Equality in Latvia in 2001. The main goal of the Concept Paper is to promote gender equality issues in all levels through integrated accessibility of gender equality in the policy-making process. Gender issues are discussed also in “Programme for Gender Equality Implementation for 2005-2006” defining “Reconciliation of Work and Family Life” as one of the most important directions of action. Activities in this direction of action may be divided into three units: informatively educational measures, implementation of flexible working hours and forms and improvement of child-care possibilities. Part of the activities are provided in the framework of EU National Programme projects, therefore their implementation is supported with proper financial resources.

7) **victims of human trafficking.** The Joint Memorandum on Social Inclusion states that “there are no accurate statistics on number of human trafficking victims in Latvia”, however, according to data of the State Vice Squad 1,000 persons a year become victims of human trafficking in Latvia. The Cabinet Regulations No.882 (adopted on 22 November 2005) determines the procedure in which a person who has suffered physical or moral harm from the criminal offence (human trafficking) and who is considered a victim of human trafficking receives services of social rehabilitation financed from the national budget. Although the choice of services provided in the abovementioned Regulations is satisfactory, experts are of the opinion that the greatest problem of these Regulations is caused by Paragraph 4 of Section II providing that “in order to receive services, a person or their representative has to address the service provider or the State Police”. This factor prevents victims
from applying for receiving services since victims cannot preserve their anonymity while using the services determined by the law. This creates a delusion of the real number of victims because many of them, according to the opinion of experts, do not apply for the service since they are afraid to reveal their names that, in case of information leak, could endanger their safety.
1.2. Description of data sets used in the research

1.2.1. General description of the LFS

The main purpose of this study is to obtain information about factors which influence unemployment in Latvia, such as education, experience, marital status, age, gender, ethnicity etc., furthermore to distinguish the effects of different variables on unemployment risk and duration from one another. The empirical analysis is based on the data from the Latvian Labour Force Surveys 2002 to 2005. LFS contains data on individuals’ economic activity (employment, unemployment and inactivity), personal characteristics (gender, age, marital status, number of children, etc.) and professional characteristics (such as educational level, professions, economic activity of the enterprise they work for, etc.).

Every person in the household aged 15 and older is interviewed in the survey, except for those individuals who are absent from the household longer than for a year and are living in public dwellings (such as retirement houses, dormitories, prisons, military establishments etc). Since 2002 LFS are conducted on a weekly basis during the whole year. According to the LFS rotation scheme each household is surveyed for three times with a six-month interval in between. Therefore, every respondent can appear in the dataset one, two or three times depending on whether during the last six month a complete change of tenants has taken place or number of household’s members has changed. The survey questionnaire contains information on household’s members’ demographic characteristics and economic activity.

For econometric analysis to be plausible it is important to have enough observations. This is the reason why we use four years of LFS data. The number of economically active respondents in each year is reported in Table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of respondents aged 15-74</td>
<td>19175</td>
<td>19305</td>
<td>19645</td>
<td>17681</td>
</tr>
<tr>
<td>Out of those:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour</td>
<td>11407</td>
<td>11588</td>
<td>12051</td>
<td>10677</td>
</tr>
<tr>
<td>Jobseekers</td>
<td>1356</td>
<td>1210</td>
<td>1262</td>
<td>972</td>
</tr>
<tr>
<td>Registered unemployed</td>
<td>880</td>
<td>788</td>
<td>780</td>
<td>660</td>
</tr>
</tbody>
</table>

*Source: Calculations based on the LFS data.*


12.1.1. Variables and definitions

In order to analyze factors which influence unemployment risk (i.e. likelihood to become unemployed) and unemployment duration, the question arises which individuals are to be considered unemployed (from now on terms ‘unemployed’ and ‘jobseeker’ are used as synonyms). People can be categorized as paid employees, employers, self-employed or unpaid family members. Also it is important to distinguish different types of jobs. For instance, should we think of seasonal workers as being formally attached to their job outside the season if they are guaranteed to get a job back, or should we consider them as unemployed since they are not paid while waiting? Another example is students and pensioners who are mainly out of the labour force; however, they may spend some time working as babysitters etc. Should we include them into the unemployment pool or add to those out of the labour force? The first step in the analysis, therefore, is to classify employed, unemployed and inactive individuals. In order for obtained results to be comparable to those of the other countries it is important to use international standards and definitions in this study.

LFS characterize economically active individuals as those who are employed or actively searching for a job. Employed individuals are all of those aged 15-74 years (i) who performed any work for pay (in cash, kind of service or profit) during the reference week at least for one hour (including work in a family farm/enterprise); (ii) who spent time in business with the goal to earn profit, even if this business does not earn profit at present; (iii) who are absent from job because of the pregnancy or maternity leave up to 3 months and are guaranteed to get their job back.

According to the International Labour Organization (ILO) definitions, jobseekers are individuals 15-74 years old for whom the following conditions are fulfilled:

1. During the reference week did not work and were not temporarily absent from a job, or were temporarily absent from the job more than 3 months and got paid less than 50% of the salary during this time period;
2. During the last 4 weeks were actively looking for a job;
3. In the case of finding a job were ready to start it in the next two weeks.

Note that for the jobseekers definition it is not necessary for a person to be registered in the State Employment Agency.

Those respondents are considered to be discouraged workers (or marginally attached), for whom condition (i) from above holds and who during the last 4 weeks were not actively looking for a job, but are willing to work and are available to start a job in the next two weeks if offered one.

The analysis of unemployment duration requires information on the period of a job search. Precise information on unemployment duration is not available. Instead, the data on length of the period of a job search is grouped in the following eight categories: less than one month, 1 to 2 months, 3 to 5
months, 6 to 11 months, 12 to 17 months, 18 to 23 months, 2 to 4 years and more than 4 years. This question, however, may overstate true unemployment duration in some cases when individuals report longer periods of job searching than they were actually unemployed (for instance, if they worked on the temporary job and looked for a different job while being employed). Hence, additionally we use information on the month and a year when a person stopped working for his last employer (or as self-employed).

1.2.2.2. SEA data aggregated at branch offices level

Econometric treatment of the matching function requires first of all the data on unemployed and vacancy number in the beginning of each time period, as well as the information on outflows and inflows of unemployed and job vacancies from the pool during each period of time. Moreover, in order to evaluate the impact of active labour market policy programs (unemployed vocational training, re-training and rising of qualifications) on the efficiency of the matching process, the data on unemployed participation in the program is also required. Recently published study on matching process and its particularities in Latvia (Dmitrijeva and Hazans [2004]) does not only confirm that unemployed training positively affects the outflows from unemployment to employment, but also stresses the role of labour demand in the process of worker-firm matching. In order to ensure the robustness of the results it is therefore important to control in estimation procedure for the impact of local labour demand. We use for this purpose such indicator as the growth in secondary employment (number of employed at secondary job) in a given region.

Data used in this study come from two sources:

(i) data on the number of unemployed and job vacancies, as well as the data on unemployed participation in active labour market policy programs are reported by Latvian State Employment Agency (SEA) regional offices (filiales);

(ii) data on primary and secondary employment come from Latvian Central Statistical Bureau (CSB).

All data are monthly, cover the time period from 1st January 1998 to 1st August 2006. Data is provided separately for each of 33 Latvian administrative regional units, which include 7 major cities and 26 districts. The aggregated (over individuals) data is thus disaggregated in terms of regions. This allows to determine the differences in matching efficiency across regions of Latvia and to observe how this efficiency changes when the active labour market policy variables are accounted among the determinants of outflows from unemployment.

The description of the data base is given by Table P1 (Annexe 1). Tables P1.2a, P1.2b, P1.2c give provides the descriptive statistics on main variables according to 3 time periods used in estimations (see section 3.2. for details).
The definitions and contents of some variables needs to be clarified. Unemployment data provided by SEA covers only registered jobseekers (there is no information on non-registered jobseekers available on monthly basis). International Labour Organisation (ILO) defines as job seekers all individuals (15-74 years of age), which fulfil the following three conditions at the same time: According to the International Labour Organization (ILO) definitions, jobseekers are individuals 15-74 years old for whom the following conditions are fulfilled: (i) during the reference week did not work and were not temporarily absent from a job, or were temporarily absent from the job more than 3 months and got paid less than 50% of the salary during this time period; (ii) during the last 4 weeks were actively looking for a job; (iii) in the case of finding a job were ready to start it in the next two weeks. Note that for the jobseekers definition it is not necessary for a person to be registered in the State Employment Agency. This dataset is appropriate for SEA active labour market policy program evaluation since:

- First, dependent variable (outflow from to employment) only concerns the outflows from the pool of registered unemployed.
- Second, vacancy data cover job announcements placed through State Employment Agency and thus in the first place available to registered unemployed.
- Third, in order to participate in SEA programs one should be registered as unemployed with the State Employment Agency.

Moreover, the majority of registered unemployed and of job vacancies placed through SEA (over 80% in each case) concern manual occupations (including, among others, service workers, shop and market workers, craft and related trades workers, plant and machine operators and assemblers). Unemployed training programs also regard the above-mentioned professions in major part. From this perspective, the matching function estimated in this study refers to a segment of labour market which to large extent excludes professional jobs.
1.3. Review of researchers carried out previously

1.3.1. Researches on unemployment, poverty and social exclusion risk carried out in Latvia

Regular researches on poverty and social exclusion in Latvia began with a large-scale project in 1998 when on the initiative of the World Bank and UN Development Programme and in cooperation with the Ministry of Welfare there were several sociological researches carried out under the guidance of both the experts of the World Bank (e.g. F. Gassman, K. de Neubourg) and Latvian researchers (group of UoL IPS); several desk researches were conducted as well (e.g. M. Keune, A. Aasland). The goal of these researches was to study the poverty situation in Latvia, define main poverty risk groups and carry out an extended study of poverty phenomena in Latvia on the basis of expertise of poor people that became a foundation for development of poverty tackling strategy thus emphasising the role of research in policy-making process as well as introducing a concept of diversity of poverty and social policy and methods of poverty evaluation.

- Research “How to Survive with Meagre Resources in Latvia” (F. Gassman, C. de Neubourg, 2000) is based on extended analysis of the Household Budget Survey results and provides the extended concept of survival strategies of poor residents as well as the survey data analysis of 3061 households.

- Research “Poverty and Labour Market in Latvia” (M. Keune, 2000) analyses Labour Market Survey results and their connection with poverty of residents.

- Author of the research “Ethnicity and Poverty” (A. Aasland, 2000) concludes that ethnicity is not among the most significant factors influencing poverty. The author emphasises that there are winners and losers among all ethnical groups in the transitional society and that the analysis of data does not provide ground to discuss poverty of a certain ethnical group. The author grounds his analysis on multidimensional approach to poverty analysis using diverse indicators for analysis to be objective and give no ground for subjective interpretation. The analysis is based on the household costs approach of different ethnical groups (opposite to the popular income analysis approach). The author concludes that other factors (education, place of residence – rural/urban area – region, age, size of a household and sometimes gender) are more important when analysing poverty. In general, ethnical Russians and other non-Latvian ethnical groups have better provision of comfort than ethnical Latvians. While analysing data, the author tries to find an explanation for this situation. At the same time he emphasises the sense of economical insecurity of Russians and other non-Latvian ethnical groups, basing this with the facts that Russians and other foreigners more rarely subscribe to local newspapers, more rarely seek social assistance and have worse comprehension of Latvian language. However, in the conclusion the
author repeatedly emphasises that despite ethnical Latvians having more positive opinion about their integration into society, ethnicity may not be regarded as a reason for poverty.

- Research “Who and Where is Poor in Latvia” (F. Gassman, 2000) analyses the main groups of poor residents.

- Qualitative research “Opinions of Poor People: Social Evaluation of Poverty” (coordinated by consultant of the World Bank N. Dudwick, coordinator of field work M. Zirnite) was carried out by Institute of Philosophy and Sociology. This research was based on qualitative analysis of 400 interviews with poor residents and experts for social assistance. This is considered to be a unique research in terms of information collected and analysed. The concept of the research is based on opinion that poor residents are the best poverty experts so they can tell everything about poverty problems, survival strategy, reasons of poverty and poverty risk and problems of different groups of residents. This research includes the definition of the main poverty risk groups in Latvia and analysis of social exclusion risk for these groups and dangers of this risk (Trapenciere et als, 2000).

By 1998 there had been 2 large-scale projects addressing the issue of poverty in the World Bank and UN DP project:

- **NORBALT Living Conditions Project** (FAFO Institute, Norway, 1994) and

- **Social Problems in Baltic States** (NAD, 1995-1999) in which it was first concluded that such social problems as unemployment and poverty are crucial (Trapenciere et als, 1999) and that part of the population in Latvia have poor living conditions (Aasland, 1999). The selection principle applied in this research is used in other poverty researches in Latvia.

**NORBALT Living Conditions Survey (NORBALT II) Conducted by:** Central Statistics Bureau in cooperation with FAFO Institute, researchers of Estonia and Lithuania.

According to the data of NORLAT Living Conditions Survey (NORLAT II, 1999) 45% of respondents are of the opinion that they live in poverty or on the verge of poverty (1999).

In the period of time between 1999 and 2001 the World Bank ordered University of Latvia IPS two more poverty researches, emphasising survival strategies of the poor, using the method of the contact network analysis of poor and rich residents and provision of the poor residents with social assistance, basing on the analysis of subjective cost-fixing and analysis of interviews with experts.

Professional education vs. social exclusion. Latvian National Observatory’s Report of 2000 to the
European Training Foundation.


The objective of the research – detailed and objective analysis of education and social exclusion risk groups in Latvia. Method: desk research.

There are four social exclusion risk groups in Latvia mentioned in the research: children from poor families, young people without education (age of 15-19), ex-prisoners, unemployed, disabled people. Children from poor families can be divided into several categories:

- children from families in which there is only one or both parents and which, despite financial pressure, take care of education of their children;
- children of undereducated parents who themselves had experienced learning difficulties;
- children who are kept home since their development is considered not to be age-appropriate or they have some chronic disease;
- children of alcoholics where parents do not care for education of their children;
- children who have moved to other municipal territory and are not registered there;
- children born in rural areas or cities, whose birth is not registered and who have remained outside the educational system. Children remaining outside the education system is a significant problem.


The objective of the research – detailed and objective analysis of vocational training, employment and social exclusion risk groups in Latvia before Latvia’s accession to the EU.

Methods. Desk research, based on the analysis of policy documents, analysis of statistics, interviews with experts in different regions of Latvia and observations.

Conclusions. The level of youth unemployment in Latvia is high (24.6% in 2002). This is higher than the average indicator in the EU member states (15,1%) and very far from the preferable indicator of EU – 5,6%. According to the research analysis it can be concluded that the number of graduates of vocational education establishments among the unemployed in the period from 1999 to 2002 has increased; 5,3% of the total number of graduates were unemployed.
1.3.1.1. Researches of the State Employment Agency

The State Employment Agency (SEA) has ordered several researches within the activity “Support for Implementation of Labour Market Researches” co-financed by the European Social Fund (ESF) for the total sum of LVL 494 970.79, out of which 75% is financed by the ESF. These researches analyse the labour market and factors that affect employment and development of human resources within separate industries, regions, as well as how social groups integrate into the labour market. The researches analyse information on work motivation of people, including their motivation to leave the region of Riga to go to look for a job in foreign countries, and information on solutions for problems of employment in the Eastern region of Latgale etc. It is planned that the data of these researches will promote reasonable decision making at all levels, as well as formulation and introduction of effective labour force development policy. The researches are carried out by the following educational establishments – Latvia University of Agriculture, Ventspils University College and Vidzeme University College, as well as by municipalities, companies and non-governmental organizations. Six of the researches analyse situation on the labour market in separate regions and in Latvia in general, as well as within separate industries, for example, chemical and pharmaceutical industry, energy and environmental industries, wood-processing and manufacturing industries, and hospitality industry. There are two researches being carried out in regions of Kurzeme, Latgale and Vidzeme, but 7 researches – in Riga.

In 2005 a research “Determination of Human Resources Potential within the Industry of Mechanical Engineering and Metalworking and the Development of Strategy to Attract New Specialists to this Industry with the Help of Promotion Activities and Motivation Schemes” was carried out by the Association of Mechanical Engineering and Metalworking Industries, and it offered information on the ways how to increase interest of young people in this fast growing industry. Researchers suggested employers to inform more extensively about the news within the industry using media that are popular among youth, such as chat, internet forums, as well as programmes for youth on television and similar, and explaining the information in language understandable and friendly to youth.

Employers were recommended to sponsor activities that are especially loved among youth, for example, some of the music festivals, sports competitions and other activities. A special emphasis is put on work with school teachers, who are considered to be important opinion leaders in the work with students when it comes to making choices concerning career and profession.

Several researches on unemployment and risk of unemployment for different categories of population have been done within the framework of the project “Researches of the State Employment Agency” of the ESF national programme “Researches on Labour Market”.

Survey of the Unemployed Graduates
In 2005 two such researches were carried out – the graduates of 2003/2004 and 2004/2005 were surveyed.

**Aim of the survey** was to obtain an information on the choice of education acquired by the unemployed and learning process, job experience, as well as to gain insight into matters that are related to search of employment, reasons why graduates of educational establishments have registered themselves with the State Employment Agency, services of which they have used and plan to use further.

**Method.** A survey at subsidiaries of the State Employment Agency (n1=745, n2=1037 graduates). The unemployed graduates who have graduated from an educational establishment were surveyed.

**Results.** Out of all unemployed graduates, who have graduated from an educational establishment in 2004/2005, 10.6 % have completed elementary education, 29.1% – comprehensive secondary education, 28.3% – vocational education, but 31.9% – higher education.

Conclusions of the research include number and proportion of the unemployed among graduates of different educational establishments. The number of unemployed graduates is larger among the graduates of vocational secondary schools than among graduates of higher education establishments.

In the group of respondents with higher education the largest proportion is made by the unemployed graduates, who have acquired the following educational programmes and professions: business management, profession of economist, teacher on different subjects, lawyer, as well as accountancy, financial management and psychology. While within the group of respondents with professional education the largest proportion is made by the unemployed graduates, who have acquired the profession of cook, accountant, marketing representative, office administrator, tailor and secretary.

More than 80% of unemployed graduates estimated the quality of education acquired as very good or good. The quality of education was criticised the most by unemployed graduates, who have completed elementary education.

49.7% of respondents out of all graduates with vocational and higher education noted that during their studies they did an organized internship at the employer’s company, 18.5% pointed out that their internship was organized at the education establishment, but 8.3% did their internship both ways – at the employer’s company and at the education establishment. But for 23.5% of respondents the internship was not organized at all.

45.1% of respondents want to find a job in the profession that complies with the education they have acquired, 7.8% – to find a job in the profession they have gained experience in, 18.9% – to find a job in another profession, but 31.7% want to find any job (respondents were allowed to mention several answers).
57.5% of unemployed graduates want to continue studies within the next two years, but 19.1% do not plan further studies. Respondents with higher education more often pointed out that they want to continue studies. The most seldom it is planned by the youth with primary education.

Only around one third of respondents have had job experience that lasted more than three months. The proportion of such unemployed graduates is larger within the group of respondents with higher education and among residents living in the region of Riga.

The majority of respondents mentioned that the reason for inability to find a job most often is the lack of required job experience (56.9%), then dissatisfaction with the salary (29.3%) and lack of available work places in the labour market (25.5%, respondents were allowed to mention several answers).

The majority of respondents (60%) have applied at the State Employment Agency in order to participate in different activities offered by the State Employment Agency. A significant proportion of them (43.4%) hope to find a job with the help of the State Employment Agency.

The research might help in the work of the Ministry of Education and Science when planning the funding for different study and training courses in 2006 and 2007.

**1.3.1.2. Researches on social exclusion and different social exclusion risk groups**


Conducted by: Institute of Philosophy and Sociology of Latvian University. Authors: M. Pranka, I.Trapenciere, A.Trupovniece.

The research was carried out on the basis of the research of the Ministry of Welfare regarding development of Joint Inclusion Memorandum and on the grounds of the guidelines of the European Commission. The research includes both analysis of poverty and social exclusion risk. The main aspects of the research:

- to change the perception of poverty, social exclusion and problems within the labour market and social policy (ideology of research),

- to improve the comprehension of social exclusion and poverty with the help of comparative indicators and to follow the current development trends in Latvia by showing the trends of social development (living conditions),

- to pay attention to poverty and social exclusion problems, to develop innovative approaches of
solving these issues. The development of social services and strengthening of municipalities in order to offer new social services by analysing the capacity of responsible parties.

**Organization and Methodology**

There are different methodological approaches used in research, combining quantitative and qualitative methods. The comparative analysis was carried out as well.

This model includes the survey of representatives of poverty and social exclusion risk groups. Constant problem groups are young people and long-term unemployed; the employed working for low salaries; persons with insufficient education and persons who have left school early; illiterate persons; persons with poor health and homeless persons. The possibilities of employment and training as well as care for children, disabled people and persons in need of constant care is the most efficient way of combating exclusion.

Partly structured interviews with experts of different fields provides the characteristics of different aspects of unemployment – traits, the inclusion possibility of different target-groups as well as gives an insight about positive and negative experience in work of municipalities and public organizations with main social exclusion risk groups.

**Used Methods**

1. The analysis of policy documents regarding social policy, e.g. Strategy for Poverty Reduction, the National Employment Plans and other documents regarding social cohesion.

2. Expert interviews with specialists of the Ministry of Welfare, Ministry of Education and Science, Latvian Association of Local and Regional Governments, municipalities, social services, State Employment Agency and non-governmental sector (mostly with those working with population groups subjected to social exclusion risk) (n = 30).

3. Expert interviews with employers of different organisations (large, small and medium) from different regions. Employers are significant “players” or social partners in promoting social inclusion, therefore it is important to know their attitude towards this issue.

4. In-depth interviews with the ex-unemployed who have found jobs (in order to gain information on their action strategies).

5. Discussions in focus groups. Depending on the aim and task of the research, the participants were the representatives of different ethnic groups, age and both genders from different regions of Latvia.

6. The survey of residents subjected to poverty and social exclusion risk (n = 1000). The survey was carried out by meeting respondents from different groups subjected to unemployment risk; disabled
people; young people who have left the formal system of education; single parents; parents in child-care leave; ex-prisoners; young people lacking work experience after graduating from educational establishments; people of pre-retirement age. A part of employed people subjected to social exclusion risk was included in the selection as well. Neither traditional, nor the multistage selection procedure was applied. A region, district and town were chosen first. Secondly, the selection was based on information of municipalities on people who have child-care leave, who are living alone, disabled or have not graduated from school or fall within a different risk category.

The selection was made in Riga, cities, towns and rural areas that are considered to be:

- Highly developed;
- Medium-developed;
- Less-developed.

The division of cities and rural municipalities in these categories was based on recommendations of the Ministry of Environmental Protection and Regional Development.

16 researches, listed in appendix, were carried out after Latvia’s accession to the European Union with the support of the grant scheme “Conduct of Researches on Possibilities of Socially Excluded Groups in the Labour Market” of the European Social Fund (ESF). Some of these researches we will analysed in this report.

“The Opportunities to Create Support Network to Foster Employment of Socially Excluded Groups in Madona District”.

Conducted by: Social Alternative Institute. Authors: M. Pranka, A. Trupovniece, L. Līvmane.

Aim of the project – to find out the opportunities to create Social Support and Cooperation Networks of local level in Madona district, the aim of which is to establish new service system that would foster the integration of groups at risk of social exclusion into the labour market.

Target group of the research are groups at risk of social exclusion, which are represented by: the disabled, long-term unemployed, people at pre-retirement age, parents after parental leave, single parents, large families, youth with poor key competences, persons released from imprisonment living in Madona district.

**Research methods:** a quantitative survey of social risk groups, as well as the expert interviews. Focus group discussions were organized to consider proposals brought forward by partners of the Social
Support Network.

It was concluded, that there is a high level of activity shown by the groups at risk of exclusion to participate in the paid temporary public works offered by the SEA, but low activity in doing advanced training although the range of services offered by the SEA regarding retraining and training is sufficient in the district;

Since there is a small proportion of Russian-speaking residents in Madona district, small groups for learning the official language is recommended that would reduce the unemployment and social exclusion risks due to lack of official language.

1.3.1.3. Undereducated youth

Integration of Undereducated Ethnic Minority Youth into the Labour Market (2005)

Conducted by: Baltic Institute of Social Sciences. Authors: B.Zepa, I.Tomsone, I.Šūpule, L.Krastiņa.

The report provides only the main results regarding the employment and unemployment of ethnic minority youth.

The aim of the research was to promote the national policy of education, employment and integration in order to provide the low-income ethnic minority youth with freedom to chose their way of education and profession, to strengthen the motivation of undereducated youth to increase their competitive capacity and to decrease the social exclusion and unemployment among them.

Target groups of the research: ethnic minority youth of the age from 15 to 35 – unemployed who have registered with the State Employment Agency, students of evening schools and teenagers with irregular school attendance.

Use of different research methods in order to study the issue more properly: quantitative (survey) and qualitative (in-depth interviews) methods. Questioning and direct interviews are carried out in larger cities (Riga, Daugavpils, Liepāja, Rēzekne, Ventspils, etc.). In-depth interviews (n=20) are carried out in Riga with minority youth with irregular school attendance. There are in-depth interviews carried out with employers (n=20).

The study gives an insight in the life strategy of ethnic minority youth defined by the authors as – studies in evening school and work. For part of the respondents finding a job is burdened by insufficient command of the language. Part of the youth does not study and does not work.

The main reason for giving up a job mentioned by the unemployed youth is unsatisfactory salary. Approximately a half of unemployed youth and evening school students have expressed the wish to leave Latvia in order to find better job opportunities.
The employers are of the opinion that there is no essential difference between knowledge and motivation for work of Latvian and ethnic minority youth. The employers are of the opinion that youth unemployment and students of evening schools are able to do just unskilled jobs for which they receive a higher salary abroad than in Latvia. Employers cannot outline the youth career opportunities and this is one of the factors mentioned by the authors of research that prevent the wish of youth to work.

The youth group identified by the authors of the research as the most vulnerable by unemployment consists of the young people with elementary or secondary education and of those who have become unemployed repeatedly. The research data confirm that the duration of unemployment grows if a person becomes unemployed repeatedly.

While summarising and analysing different information the authors have established that about one third of ethnic minority youth of the age from 15 to 35 have a poor command of Latvian language

**1.3.1.4. Researches on opportunities in the labour market for the former prisoners**

In 2005 several researches were carried out on the potential opportunities in the labour market for the prisoners and former prisoners. Three researches, in which similar methods were applied, are analysed here. One research is focused on the perspectives in the labour market for the prisoners of Valmiera prison, another is focused on the opportunities to receive education and social rehabilitation and the necessity to improve the situation. The aims of the second and third research are quite similar, but the applied methods are different. Research on opportunities of prisoners at women’s prison of Ilģuciems are not analysed here.

“*When the prison gates open. Integration of former prisoners of Valmiera prison in the society and labour market*”.


The aim – to gather information about the labour market opportunities for former prisoners. Research methods – survey of prisoners and employers.

- Prisoners survey (n=64) on the attitude of prisoners towards their integration into society. Prisoners of Valmiera prison whose term of imprisonment expires in 2006 were interviewed. Respondents are divided in 2 groups: (A group) prisoners who are serving their sentence for the first time; (B) prisoners who are serving their sentence repeatedly and have experienced the release from prison.
• Questionnaires and in-depth, partly structured interviews (n=60) of employers in companies of Vidzeme region. The companies were selected according to their economic activities in certain sector, taking into account fields in which the prisoners of Valmiera prison are employed, as well the common fields, where is the demand for labour force with no or low qualification.

Several labour market theories are mentioned in the analysis: labour market segmentation theory, network and human capital theory. When analysing employment of former prisoners, one must take into account that labour market is not perfect and open to everyone, one has to face structural conditions, game rules which can substantially increase or decrease the opportunities to get and maintain job for an individual (Piore, 1983). Employees cannot feel safe about permanent job opportunities in future, if their knowledge is not easy applicable to the new and ever changing conditions, for example, work automation, computerization. According to the human capital theory which focuses on the importance of education, work experience, knowledge and skills, the largest part of former prisoners have the said qualities not sufficiently in order to enter into the labour market and be competitive there. The employer will eventually prefer the candidate with the largest human capital, for thus he will avoid from expenditures on resources via training of employee and initially allowing for a lower productivity. Former prisoners, taking into account this theory, are even in worse situation, for their working life has experienced a break, an erosion of human capital – skills, abilities, have taken place, or the required knowledge and skills for the job are very poor or practically there are no such skills and knowledge. In case of former prisoners, their contact in the social support network has been very limited, therefore they have to rely on the strong ties, i.e., to look for help from family members. If the family members are also subject to social exclusion, then the former prisoner – job seeker has very limited opportunities to get the job. This explains why the unemployment is so steady in the former prisoners group.

Attitude of entrepreneurs towards former prisoners

• A part of employers are ready to pay salary, which is lower than the minimum salary and below subsistence minimum for performers of low skilled work.

• The lack of elementary education is a serious obstacle that hinders the integration of former prisoners into labour market.

• Entrepreneurs point out the necessity to help former prisoners to adopt new attitude towards work, people surrounding him, values etc..
Entrepreneurs evaluate former prisoners in a selective manner, judging them according to their sentence. More sympathetic and insightful attitude can be observed towards prisoners who have caused a serious car accident while under the influence of alcohol. Negative and bad attitude is expressed towards recidivists, and also towards those who have been sentenced for theft and murder.

Most entrepreneurs think that society does not care (63%) about solving problems of former prisoners.

The obstacle to hire former prisoners is more clearly revealed in the in-depth interviews. Entrepreneurs frequently do not continue further talks if they find out that the person has been in prison.

Recommendations are well developed and structured in the research.

**Recommendations**

**I. Society and prisoners**

- Mass media should introduce society with the examples of good practice regarding the integration of former prisoners into society via showing particular persons (with their approval).

- To inform society about the actualization and activation of process regarding integration of former prisoners; functions of Probation Service and State Employment Agency as an intermediary in this process. To show an obliging attitude when solving problems of former prisoners for the feeling of alienation can be dealt with and really help in the integration process.

- To stimulate higher education establishments which carry out Law study programmes, to undertake the preparation of human resources particularly for penitentiary system. Potential staff of prison has to study and be competent in the psychology of prisoners.

- To increase the prestige of employees working in the penitentiary system. To develop remuneration system thus creating a competition among employees working in correctional facilities.

**II. Correctional facilities**

- To introduce in prison an easy accessible legal assistance to prisoners and organize a free access to the laws and regulatory acts of the Republic of Latvia. Prisoners have to know their rights and duties in order to be protected against the potential illegality, for example, inheritance law, divorce, etc; as well be informed about requirements and rules of society that are in force.

- To encourage the development of employees’ cultural, psychological and pedagogical level of competence. Specific working conditions and regular contact with prisoners leaves a negative influence on the employees’ psyche, create stress, personal crisis and lead to conflict situations which in its turn lead to aggression.
of prisoners.

- To annul the sticking a prison’s censorship stamp on the letters of prisoners. The correctional institution’s stamp on the envelopes proves the correspondence with the prisoner, which makes society suspicious, particularly, if the addressee lives in a small populated area.

- To reduce the number of restrictions regarding short visits of prisoners. Whenever it is possible, the family members have to be involved in time to prepare the former prisoners for a full life in freedom. The family members are the primary channel to deal with social issues and support in seeking a job. The more relatives and friends visit the prisoner, the closer ties of freedom he establishes which in its turn facilitate an easier integration into society after being released from imprisonment.

- To provide an opportunity for a sentenced person to meet on a regular basis with representatives of different religious denominations. The sentenced persons need spiritual care.

- Prison’s Rehabilitation Service should carry out interviews with the prisoner, as well as circulate questionnaires and tests about personality self-assessment and life priorities in future. This would help to find out and understand the topical issues which the prisoners are concerned about, as well encourage prisoners to think about the aims they want to reach in their life.

- To reduce the number of prisoners in units to 10-20 persons. Head of the unit – instructor has to evaluate the potential of every prisoner to introduce appropriate rehabilitation measures in future.

- Do not place together in a cell persons who have been sentenced for the first time with persons who have been sentenced repeatedly. Unsuccessful integration of former prisoners into law-abiding society leaves a negative impact on the persons who have been sentenced for the first time. If the prisoners are placed separately, it can hinder the establishment and strengthening of criminal ties in prison.

### III. Education

- To provide an opportunity for prisoners to receive elementary and secondary education. The education is one of the most important preconditions to integrate prisoners into society.

- To provide an opportunity to receive vocational training in correctional institutions. It is easier to find a job after being released from imprisonment when the person has received a vocational training.

- To provide interest education in correctional institutions. It is not just a participation in the process of education, but also in the process of self-discipline and growing as a person, for the interest education develops cooperation skills in the group where everyone thinks of others as equal partners.

- To motivate and stimulate prisoners to involve in the training process pursuant to the incentives in legislation. Stimulation is particularly needed in the initial phase.
of the training process and desirable for the whole period.

IV. Employment in the correctional institutions

- To attract entrepreneurs who could ensure employment of prisoners. If the person will work, he will develop his working skills, a sense of responsibility; a growing number of the employed prisoners will motivate the remaining sentenced persons to change their attitude towards a job as a basic need of person and a peaceful life in general.

- To stimulate the employed prisoners pursuant to the incentives in legislation. Stimulation, as well as remuneration, has to be provided on a regular basis.

Research “Availability of education, employment and social rehabilitation services to prisoners and persons who have been released from imprisonment” (2005)

The research has been carried out in the framework of European Community’s initiative EQUAL project “New solutions to foster employment of former prisoners”. The project is implemented within the priority of EQUAL Development of working capabilities. Conducted by: Institution of higher education of Social Work and Social Pedagogics “Attīstība” („Development”), head of research L. Šīpēva, research group (A.Vilciņa, A.Ābele, I.Dambe, I.Trapenciere, J.Osis, M.Trapencieris).

The aim of the project was to collect, compile and update the data on the existing researches, resources, practices, opportunities and obstacles regarding the acquisition of general and vocational education, employment and social rehabilitation of prisoners in correctional institutions and social rehabilitation centres. 4 sub-aims were identified to reach the aim of research:

- to analyse previously carried out researches regarding problems of target audience and come up with recommendations for the problem solutions;

- to analyse the necessity and opportunities to receive general and vocational education in correctional institutions and come up with recommendations for the problem solutions;

- to analyse the existing practices, opportunities and obstacles regarding the employment of prisoners and come up with recommendations for the problem solutions;

- to analyse the opportunities of social rehabilitation for the sentenced persons in correctional institutions and opportunities of social rehabilitation for persons who have been released from imprisonment and come up with recommendations for the problem solutions.

Methods

- 30 researches carried out in Latvia regarding the problems of correctional institution and problems of persons who are serving their sentence or have been released from imprisonment.
• Survey of prisoners in 4 prisons.
• Interviews with prisoners.
• Interviews with representatives of prison administration.
• Expert interviews with specialists and entrepreneurs involved who are involved in the process of solving education, employment and social rehabilitation problems in correctional institutions.

Conclusions

• Political will has to be mobilized in Latvia, int. al. that the understanding of the correctional institution problems will be reviewed in order to reduce the social exclusion of the persons who have been released from imprisonment and stop the reproduction of these problems.

• The results of the analysis regarding opportunities to receive general and vocational education in correctional institutions show the opportunities to receive education while serving one’s sentence are quite limited though this period would be appropriate for fostering education and correction of deviant behaviour via use of all possible means. The education level of prisoners is considered to be low, for more than 20% of the prisoners have unfinished elementary education.

• Education on different levels and directions has to be developed in the correctional institutions: both the offer of elementary and general education, as well the vocational education and the opportunities to receive higher education.

• If the availability of education is envisaged to be increased, then additional funding is required both for the purchase of textbooks and stationery. At the moment the funding is sufficient to provide the said materials only to half of the persons who want to receive education.

• There is a clear tendency that the evaluation of funding for the vocational education is lower. Study programmes of vocational education in prison could be developed for on average 76% of interviewed prisoners would like to receive vocational training.

• In general the main problems regarding education issues in Latvian prisons can be described as follows: lack of funding, insufficient number of premises required in the training process, lack of educational and visual aids, insufficiently provided material basis for the implementation of study programme of vocational education. In some cases, an insufficient number of employees (prison guards) is a factor, which reduces the availability of education to prisoners, hinders provision of education in correctional institutions, as well the lack of interest from the prison administration to develop education in prison. Of course, there are also objective reasons for that which hinders the implementation of study programmes – the short period of time spent by the prisoners in the correctional institutions. Nevertheless, also in cases, when a prisoner serves his sentence for the period which is less than a academic year/term, he should be given an opportunity to choose an education module. Authors suggest that the opportunity to receive education should be given and it should be mandatory for every prisoner, who is capable to receive education. It is possible that prisoners who are studying hard
could receive some additional points for which they could be released from prison before the term of sentence expires or would be given certain regime privileges.

- To provide a further education to teachers for the work in prison.
- To render information in an “easy-to-read” manner, particularly for those prisoners who have attention deficit disorder and problems to understand things on the level of primary elementary education.
- To mutually coordinate programmes to be implemented in different correctional institutions, as well to coordinate programmes to be implemented in different correctional institutions with the programmes, which are implemented in educational establishments outside the correctional institutions, in order to secure continuity and succession of the training process.
- To build up prison libraries. At the moment those libraries resemble old book storage, without professional and appropriately educated librarians, means of communications and information resources.
- Complex measures which are related to changes in legislation, structurally organized changes in the system of LPA and prisons in general are required to be implemented to improve the employment situation in prisons. More than 2/3 of prisoners while serving their sentence are not employed. One of the reasons – obsolete legislation which is also inappropriate for prison conditions.
- Involuntary unemployment in correctional institutions not only fosters the development of psychologically unfavourable environment in prisons, but also leaves a negative impact on the satisfaction of injured party’s civil claim.
- Prison administration lacks an appropriate unified report documentation package, that is also approximate to correctional institutions, of employment measures in correctional institutions (remuneration, tariff rate, material stimulation, time standards and output norms, accounting etc.).
- The employment in correctional institutions depends on the production orders and capital goods in correctional institutions.
- There is a lack of state order system for the production in correctional institutions. The irregularity of orders makes the planning difficult and does not allow to draw up an annual budget of prison to which it would be really possible to stick to. Prison administration is not satisfied with the reorganization of LPA and liquidation of Employment Department. The legal status of correctional institutions does not allow for prisons to earn profit from the production, develop production basis with their own efforts and to encourage the increase of employment rate. There is no close cooperation between LPA and the administration of correctional institutions in solving problems of employment.
- To develop national policy for social rehabilitation of prisoners and persons who have been released from imprisonment via defining responsibility for every ministry and their subordinates (municipalities, institutions etc.).
- Education models for prisoners are proposed depending on the prison type (type
of regime).

Recommendations

- To develop a unified concept for social rehabilitation of prisoners, persons who are serving suspended sentence and persons who have served their sentence. The result of social rehabilitation – integration of an individual into society, can be achieved successfully only if the process of rehabilitation will secure continuity and succession.

- Social rehabilitation programmes in correctional institutions have to be developed and introduced bilingually. According to the research data, 63.9% of all prisoners, who have expressed a will to participate in the process of rehabilitation, are Russian-speakers, but 36.1% - Latvian-speakers.

- To develop a national programme that is approved by the Cabinet of Ministers for the implementation of social rehabilitation in correctional institutions, social rehabilitation centres and in communities or places of residence.

- To provide information to prisoners regarding the available social rehabilitation programmes, via publishing programmes’ advertising brochures which simultaneously will also motivate prisoners to participate in those programmes.

- To analyse collected data in every single correctional institution, state the reasons for the fact that only 7.5% of prisoners have participated in the social rehabilitation programmes, at the moment programmes are implemented in two prisons (35 participants), but 66.7% of prisoners wish to participate and develop a strategy plan in social rehabilitation.

- To organize common regional seminars for social workers who are working with persons who have been released from imprisonment, prison employees who prepare prisoners for release and the employees of probation service, SRC staff “Development of a unified, successive social rehabilitation system: correctional institution, probation service, social service, social rehabilitation centre”.

- To define the level of knowledge, skills and the risk for repeated criminal offences in the correctional institutions, as well for the persons who have been released from imprisonment when introducing rehabilitation programmes.

- To form a body of motivating activities in order to encourage prisoners and persons who have been released from imprisonment to participate in social rehabilitation programmes.

“Research on the opportunities for persons who have been released from imprisonment to integrate into the labour market. European Social Fund project on the opportunities of socially excluded groups in the labour market” Conducted by: Riga Managers School, 2005.

The aim, objectives of the research - to carry out research on the opportunities of former prisoners to integrate into society and labour market. The objective of the research is to resemble the negative and
positive sides of the research situation. The target group of the research are former prisoners.

Methods. 10 experts, 25 former prisoners, 40 employers were interviewed. The employers were selected on the basis that there would be company representatives from different industries and different turnovers (from LVL 10 thousand to LVL 1.5 million). The survey was carried out applying the method of filling in questionnaires.

In order to reach the set aim successfully, the following groups to be questioned was defined:

- representatives of state institutions, probation services, correctional institutions, social services, placement services, public organization “International foundation “Glābšana” etc.;
- former prisoners;
- employers;
- prisoners;

Conclusions

- Persons who have been released from imprisonment lack information on job opportunities, many of them do not have executed documents, are not sure about their further place of residence etc. In this case, support and help from state institutions – probation services, State Employment Agency and other are very important.

- An important advantage is the existence of social rehabilitation centres for former prisoners.

- The legislation system is obsolete and unable to come up with solutions for the problem; no national programmes that are related to the question concerned are developed;

- Insufficient financial basis to solve the problems of integration;

- Former prisoners are considered as a discriminating group in the labour market due to strong prejudices in society;

- The training and vocational education system for former prisoners is very topical, but it is not completed and actually not operating;

- More information about the development of society and the situation in the labour market is required from the persons who have been released from imprisonment, besides all documents that are required for the job placement are not available and there is no information on the persons’ further place of residence;

- Different kind of subjective obstacles are encountered in the process of solving problems, i.e., character of former prisoners.
The following conclusions were made when describing the labour market:

- the unemployment is not high;
- there is a small need for employees;
- there is a sufficient number of job offers in the labour market;
- there is a strong need for unskilled labour force;
- the problem of selection of unskilled labour force is the addiction to alcohol and drugs, there is a reliability risk involved.

The following conclusions were made regarding the cooperation between employers and the persons who have been released from imprisonment:

a) most part of the employers lack such experience;
b) the experience of cooperation with the former prisoners are both good and bad;
c) the good experience is two times greater than the bad one.

The authors of the research have found out that former prisoners:

- the majority of them wish to integrate fully into society;
- are rather lagging behind the modern life;
- have poor motivation to work;
- many of them are not ready to work full-time for they have lost their working capabilities;
- lack responsibility;
- not always have capabilities and skills which correspond to their requirements;
- lack of fully-fledged professional skills;
- training and education play secondary role in their lives due to financial problems;
- have problems in establishing new contacts;
- are addicted to alcohol and drugs, and in most cases do not realize their problems;
- are solving their problems in an aggressive manner;
- have low competency in planning their finances;
- are alone and do not get any support due to fact that they often have lost all of their relatives;
- have many illusions about life;
- have no sense of responsibility and lazy;
- have regular aims to start up a new life;
- an equal financial and moral development can be observed after they have been released from imprisonment.
The results of research show that there are several tendencies when the former prisoners are hired:

- one third of employers are ready to employ former prisoners;
- the lack of employees express a greater readiness to hire;
- tax relief for the employer;
- state subsidized work places;
- if there are national integration programmes;
- to employ via implementation of rehabilitation programme;
- the most suitable work place is the one where the men with secondary education mainly comprise the work team;
- if the person is not addicted to alcohol or drugs;
- if the person is a good specialist and a valuable employee;
- if the person has sense of responsibility;
- if the person has a motivation;
- with the provision regarding sufficient probation period;
- with the provision that the employer receives additional guarantees and recommendations;
- upon the recommendation from a reliable person and on this person’s responsibility.

The authors have expressed several proposals regarding the necessity to change both the national policy and personality of a prisoner. The majority of proposals are similar to ones in the “Attīstība” research, therefore those proposals are not repeated here.

Several researches have been carried out by the Latvian Information Technology and Telecommunications Association - LIKTA, including research “Segmentation of the unemployed in districts” and European Community’s initiative EQUAL project “Training in the use of computer and the Internet for the unemployed persons in Latvia”. Within the framework of this project several projects regarding the segmentation in Preiļi, Valmiera, Ventspils and Krāslava districts. A digital map of municipalities in Krāslava, Preiļi, Daugavpils, Ludza, Valmiera, Ventspils and Talsi districts with detailed information on the public internet access points was drawn up.

The social assistance analysis was carried out mainly within the framework of international project “Poverty, Social assistance and social inclusion: developments in Estonia and Latvia in a comparative perspective. FAFO, Norway, 2003.-2005., project manager: Arne Gronengseters). The poverty situation in Estonia (A.Trum, 2005) and Latvia (I.Trapenciere, 2006) is analysed in this project, as well the provision of social assistance in Latvia and Estonia, defined social policy (F.Rajevska, 2005). This research is considered to be the desk research of secondary analysis of currently available data.

The research on the public awareness about SEA and services rendered by the SEA has been conducted, the research on the unemployed persons whose native language is not Latvian has been
undertaken, as well the research on demand in the labour market is continuing.

1.3.1.5. Research on the integration of persons with special needs in the labour market

“The opportunities for persons with mental disorders in the labour market. The importance of mental illness destigmatization in the process of combating discrimination and shaping an inclusive employment policy” Conducted by: SIA Market Lab. Authors: L. Kāpiņa, O. Žabko, K.Kolesņikova, V.Mihejeva, S.Lemša, I.Narodovska

The aims of the research:

• to find out the opportunities for persons with mental disorders in the labour market and potential models of inclusive employment;
• to find out the good and bad experience regarding the target group’s employment and job placement;
• to define and assess the obstacles and negative prejudices which causes discriminating attitude from employers towards persons with mental problems.

Methods:

• in-depth interviews with the representatives of risk groups;
• in-depth interviews with employers;
• quantitative survey of employers.

Conclusions

52% of the surveyed companies would be ready to participate in the implementation of one of the measures regarding social exclusion and the unemployment risk groups. At the moment only 22% of the surveyed companies have participated in the implementation of such measures. A significant part (58%) of employers wish to be informed about the disability of the employee in order to understand the needs of the employee and, if necessary, adjust working conditions, and almost one third (27%) of employers doubt whether they would like to hire a person with mental disability and think that “it is necessary in order to provide an opportunity for the company to consider and, probably, find someone else for the position”.

The results of the research show that companies do not have an extensive experience regarding employment of the disabled. But the openness of the employers (though only rhetorical) to hire a persons with special needs and persons who represent the risk groups can be assessed positively.

The research shows that the cooperation between different responsible institutions and ministries is
required to foster the formation of support groups, to increase the number of day care centres required for the social rehabilitation and integration, to develop the educational and vocational training–rehabilitation programmes for the disabled, to cooperate with the employers and health care employees to ensure a gradual return to work after the rehabilitation period are required as well. An important conclusion is the necessity to promote the destigmatization of mental illnesses, to establish relations which are based on cooperation with the employer. The most important thing one should do when encountering the discrimination is do not hide and shut oneself off, but to talk about the situation with the employer or, if it is necessary, to ask for help a NGO and to protect ones own human rights.


The research has been carried out within the framework of EQUAL project “Klusās rokas” (“Silent hands”) of the Latvian Association of the Deaf. Conducted by: Latvian Association of the Deaf. Author – Z. Ungurs.

The aims of the project – to gain information that is required to successfully implement separate pilot projects. Information about the range of questions to be answered about the Latvian deaf multidisabled was gathered:

- the situation in the labour market: what is hindering to get a job, what is helping to get a job;
- how the respondents’ health status and their situation in the labour market are mutually influencing each other;
- what are the working conditions and relations with the colleagues;
- what are their education and professional skills;
- what kind of assistance they are receiving from the state and municipal institutions;
- how they assess their competitiveness in the labour market and is this assessment objective.

The target group of the research - 100 deaf women living in Latvia, which have not only hearing disorders, but also other health disorders. Such women are defined in this research as the multidisabled.

The applied surveying method – a direct structured interview with the respondent, during which the interviewer interpreted the questions in the deaf’s sign language and received precise answers. A mandatory precondition for the interviewer’s work was a good command of the deaf’s sign language.

The questions in the questionnaire and the possible answers were drafted in such a manner in order to
receive detailed answers on the range of questions set in the aims of the project.

The research results

Only 40% of the all questioned deaf multidisabled persons are working, incl. as tailors, charwomen, janitors, pedagogues, etc. 47% of the employed women have found job through help from relatives or friends, 43% have got their job on their own, and only 10% - through the help from state or municipal services.

During the research the integration of the deaf multidisabled persons in the work team, working conditions, vocational qualification document, competitiveness in the labour market have been found out.

The multidisabled women need the services of a sign language interpreter more frequently than the other deaf women when seeking a job. Nevertheless the main obstacle that hinders them to get a job is considered to be the employers’ negative attitude. A part of the respondents admit that they lack proper education or vocational training Almost every fifth respondent (24%) stated that the biggest problem is the lack of information about the vacancies. The majority of the surveyed women (82%) think that it is much harder to find a job for the deaf multidisabled person than it is for the deaf women, frequently they have to stop working due to their health status: on the initiative of the company’s management – 6.3%, on their own initiative – 52.6%.

As the multidisabled persons actually need multiattitude, a question was posed regarding the fact – how has the employer defined his/her interest about the health status of the multidisabled person and her readiness to do the envisaged work. As it is well known, the Labour Law prohibits the employer to question the employee about the specific illness the person is having. However, 4.1% of the questioned women still admit that the employer has questioned them about this.

Research “Deaf Young People of Latvia. Statistics. Problematic Issues.” Conducted by: Latvian Association of the Deaf, the research is performed as a follow-up research according to the order of the partnership organization of the project “Silent Hands”.

Aim of the research – to obtain the required data base of statistical information. Target group – deaf young people between the age of 16 to 35.

Method. A survey based on a questionnaire that is designed for every age group. n =200, division into 5 subgroups. An interviewer explained questions of the questionnaire in the deaf sign language and made sure that respondents had understood the questions.

Conclusions:

- Lack of information on opportunities for the deaf to obtain vocational education;
• The necessity for additional classes in vocational schools and higher education establishments to learn terms;
• Hearing aids of higher quality are required;
• The preferable type of training – a separate group for the deaf;
• Insufficient number of sign language interpreters;
• Low level of state language acquisition in Russian schools that does not allow the deaf graduates to study in vocational schools and higher education establishments.

**Research “Integration of the Disabled Wheelchair Users into the Labour Market” 2005 – 2006**
Conducted by: Baltic Institute of Social Sciences; Authors: B. Zepa, I. Šūpule, I. Tomsone, L. Krastiņa.

Aim of the research is to find out which are the most significant drawbacks that does not allow the disabled wheelchair users to obtain complete education and to find a job.

**Methods:**
• Quantitative – a survey (n=301);
• Qualitative – in-depth interviews with the disabled wheelchair users (20 interviews);
• Qualitative – interviews with employers (20 interviews).

Combination of several methods allows selecting the most appropriate methodology for each target group.

The research reveals that next to such objective conditions as movement difficulties and inaccessibility of environment also subjective factors are very significant. On the one hand, it is lack of understanding and presence of stereotypes in the society and especially among employers of the disabled as “different people”, but on the other hand it is the disabled putting themselves under the pressure of society’s stereotypes and being passive or even refusing to participate in the working life.

The research shows that successful integration of the disabled wheelchair users into the labour market requires understanding from institutions and the society, as well as a moral support.

The research reveals various aspects of problems encountered by the wheelchair users and the risk of social exclusion and points out what should be done to reduce segregation of the disabled wheelchair users.
1.3.2. Researches on Unemployment and Social Exclusion Carried Out Worldwide

Poverty and Social Exclusion in Great Britain

A research undertaken by the researchers at the Universities of Bristol, Loughborough, York and Heriot-Watt reveals the extent of poverty and social exclusion in Britain. The research was financed by the Joseph Rowntree Foundation, which is the largest independent supporter of social researches and development in Great Britain. It is the most comprehensive and scientifically rigorous research of this type ever undertaken. The research provides unparalleled detail about the material and social deprivation and exclusion among the British population at the close of the twentieth century. It reveals a variety of measures of poverty in addition to income and subjective measures. The research is also the first national study to attempt to measure prevalence of social exclusion. Although the research is aimed at the examination of the British population living conditions, it is also planned to use the instruments of the survey both at European and global level.

Aims of the research:

• To acquire the latest data using the same methodology employed in the Breadline Britain Survey in 1983 and 1990 undertaken by the Office for National Statistics (ONS);

• To assess number/amount of household groups that live in different social conditions or belong to different social classes;

• To study direction of poverty – in and out of it;

• To look at differences in genders and age when coming across poverty and reacting to it.

Three sets of data from researches carried out by Social Survey Division of ONS were used:

• The General Household Survey (GHS) for 1998/1999 provided data on the socio-economic circumstances of the respondents, including their incomes.

• The ONS Omnibus Survey – in June 1999 questions to find out from the general population what items and activities they consider to be necessities were included in it.

• A follow-up survey to the 1998/1999 GHS where respondents with low income were singled out as a special target group. In September/October 1999 sub-sample respondents were interviewed to establish how many lacked items identified as necessities and also to collect other information on poverty and social exclusion.

The follow-up survey of respondents provided corresponding data on household structure, income, pensions and consumer habits, which were collected during GHS interviews. Therefore the current research could pay more attention to issues not covered by the GHS, for example, opinions on
poverty, membership in social networks and attitude against neighbours. The follow-up survey, taking place at 6- and 18-month intervals, provided possibility to evaluate changes occurred in household structure during these periods. Respondents were asked to update/add information about what kind of the main changes have occurred in the household structure and income since the last interview. Respondents were not asked about their income in details in the form of GHS questions.

In order to characterize different concepts of poverty used in the research, people with high and low income levels were interviewed, however, selection was mainly based on those with lower income.

Rowntree started his work related to the poverty when he doubted the long existing belief that people are poor only because of their laziness. This work, written in 1936, formed a base for Beveridge’s Welfare State, basic principles of which nowadays are used by the Income Support Structure.

The research covered questions on children poverty, and these questions were used in the study “Little Destinies”, which revealed that children live in poorer conditions than it was considered before. These data were used to change benefits for children, for instance, Income Support was increased.

- The survey confirms the notion that poverty rates have increased rapidly. In 1983 14% of households lacked three or more necessities because they could not afford them. That proportion had increased to 21% in 1990 and to 24% in 1999. (Items defined as necessities are those that more than 50% of the population believes all adults should be able to afford and which they should not have to do without.)

- By the end of 1999 26% of the British population were living in poverty, measured in terms of low income and multiple deprivation of necessities.

- Roughly 9.5 million people cannot afford adequate housing conditions. About 8 million cannot afford one or more essential household goods. About 7.5 million people are too poor to engage in common social activities considered necessary by the majority of the population. About 2 million British children live without at least two things they need. About 6.5 million adults live without essential clothing. Around 4 million are not properly fed by today's standards. Over 10.5 million suffer from financial insecurity.

- 17% considered themselves and their families to be living in an “absolute poverty” (according to the definition given by the UN).

- Over 90% of the population think that beds and bedding for everyone, sufficient heating at home, a damp-free home, the ability to visit family and friends in hospital, two meals a day, and medicines prescribed by the doctor are necessities which adults should not have to do without.
Less than 10% of the population sees a dishwasher, a mobile phone, and an Internet access or satellite television as necessities.

Conclusions

Lack of paid work is an important factor in both causing poverty and social exclusion; nevertheless, even paid employment does not eliminate poverty and social exclusion. Income can be too low if there are not adequate child care benefits and other allowances, which complement the income, and if there are no appropriate benefits for pensioners and all disabled people. People who cannot work require adequate income to meet their needs. High quality, affordable services in every part of the country is also needed if poverty and social exclusion are to be eliminated.

In 80ties levels of income significantly differed and at the end of 90ties there were evidences that this income difference increased again. It is caused by problems of dislocation and insecurity, diverse deprivation, conflicts, versatile loyalty and having several jobs. Main questions are devoted to the future of social cohesion. The high level of poverty and social exclusion negatively affect health, education, skills in the volatile labour market, and mutual relationships in the family, relationships between ethnical groups and in the society in general.

The structural problem must be related to a coordinated national strategy. Development of scientific consensus – to improve measurements of poverty, explain the poverty rate and reasons for that, to formulate appropriate policy and show how the sector of public and private services can be expanded, to lay the foundations for residents’ life – is the key step to achieve goals set by the government.

Poverty and Social Exclusion in Northern Ireland (Bare Necessities: Poverty and Social Exclusion in Northern Ireland)

In 2002 – 2003 the first main survey on poverty and social exclusion was carried out in cooperation with a team of academics from the Queen’s University, University of Ulster, Democratic Dialogue and Northern Ireland Anti-Poverty Network. The research was funded by the Office of First Minister and Deputy First Minister, the Department of Finance and Personnel and the Treasury’s evidence-based policy Fund.

The research involved two stages. In June 2002 the ‘Necessities’ module was included in the Northern Ireland Statistics and Research Agency’s (NISRA) Omnibus Survey. This survey was based on a random sample of 2000 addresses, from which 1790 respondents were selected and 1070 complete interviews were taken.

A list of nearly a hundred items and activities was presented to each of respondents with a request to mark the ones they consider being necessities. For the purposes of the research, a necessary item was
defined as something everybody should be able to afford and should not have to do without. The list of items and activities was drawn up using the long experience of poverty studies in Britain and Europe and it included many items that people would not regard as necessities.

In the second stage of the study a sample of 3490 addresses was drawn. This survey was also carried out by the Central Survey Unit of NISRA and the fieldwork took place between October 2002 and January 2003. In this survey households were asked a range of questions about their incomes, household possessions and lifestyles. In particular, respondents were asked if they could afford the items identified in the first survey. The information was used to determine the numbers of people living in poverty in Northern Ireland.

Aims of the research were:

- To provide a baseline for early 21st century measurement of poverty and social exclusion that can be updated periodically in the future.
- To provide data on the extent to which poverty and social exclusion vary across the nine dimensions of equality specified in the Section 75 of the Northern Ireland Act 1998.
- To compare data from Northern Ireland with the results of the research on low incomes, poverty and social exclusion in Great Britain (Poverty and Social Exclusion Survey) and the Republic of Ireland (Living in Ireland).

The obtained data provides a benchmark for poverty measurement in Northern Ireland in the future. It uses the measure of poverty based on low income and the extent to which households are deprived of basic necessities. The research therefore can be seen as measuring “consensual poverty”. There was a broad consensus on the necessities of life for both adults and children, with few differences between subgroups of the population.

Main findings:

1. 29.6 per cent of Northern Ireland’s residents were poor in 2002/03.
2. 12 per cent can be described as vulnerable to poverty.
3. 37.4 per cent of all children in Northern Ireland are growing up in poor households.
4. 185,000 of Northern Ireland's households are in poverty.
5. 502,000 people live in poor households.
6. 148,900 children are living in poor households.

Results of the research are surprising, and they prove the obvious that is shown also by the social
insurance data and other researches – a high level of poverty and social exclusion exists in Northern Ireland.

There are two main approaches for measuring poverty: one of them is based only on income, but the other one combines income and other indicators of deprivation. The second approach that is much more extensive is used in both Great Britain and Ireland, although there is a difference in selection of deprivation indicators.

In the last research of Great Britain indicators were selected according to a simple majority of answers (consensual poverty rate), but in Ireland the list of deprivation items was selected by experts on the basis of statistical methods (consistent poverty rate).

Identification of poverty margin requires scientists to chose, for example, which equivilisation scale should be used. However, the most objective, democratic and independent poverty rate at the given moment is provided by the consensual method, and this method was adapted also for the research of Ireland.

Between June 2002 and January 2003 two researches were conducted. During the first research the selection was based on random sample of 2000 people, and they were asked which of the material things and social activities they consider to be the most important in life. During the second research that included 3104 interviews given by the respondents older than 16 years, households in need of particular good or a service were identified. Data were collected also on variety of other factors, including income, employment, health condition and social participation, in order to clarify the issues of inequality and aspects of social exclusion. To determine poverty rates of Northern Ireland, deprivation data of the research were combined with household income and thus the poverty margin was calculated.

Poor households were those which did not have access to at least three required goods and services and had low income. The average equalised amount of household income was GBP 156.27 per week.

**Poverty and Social Exclusion in England and Scotland** (Monitoring poverty and social exclusion, 2005)

The description puts emphasis on poverty among children and people with limitations.

Poverty affects different groups of the society and is related to other factors, especially level of education, health problems, criminality, living conditions and geographical situation. It can also be seen by looking at the map of Great Britain and dealing out England, Wales and Scotland separately.

The main indicator of income poverty used in the research was household income that is 60% or less
of average household income in that year. In 2003/2004 this rate was the following: GBP 180 per week for the household with two adults; GBP 100 per week for the household with one adult; GBP 260 per week for the household with two adults and two children; GBP 180 per week for the household with one adult and two children. This is the calculated amount that remains after paying the income tax, social insurance, and municipal tax, as well as rent, mortgage and water bills. It means this is the amount that remains for other needs of the household, starting from food and heating to travelling and entertainment.

Determination of the poverty margin in accordance with the income in the particular year characterises so called “relative” poverty rate. However, in some respect this is a misleading term, because usually any poverty rate is relative, and it is important to examine changes in both relative and fixed indicators.

The mapping of poverty in England and throughout the Great Britain that resulted from the poverty research provided an opportunity to conclude that:

- Distribution of people who are at their working-age and depend on benefits is very similar to the distribution of dependent pensioners and all of them live in both urban and rural areas, as well as coastal areas.
- People who live in rural areas of England, in the middle and West of Wales and in the South of Scotland mostly receive low salaries. Residents of London, cities in the North, Glasgow and Edinburgh are below the average proportion of low salaries.
- In all regions of Scotland the premature infant mortality rate is higher than average rates of Great Britain. Elsewhere these rates are higher in central regions of a city and the South Wales.
- Local governments that help elderly people living outside cities the least, mostly are situated in South England, East England and Yorkshire;
- Although London and Northeast side has the worst situation regarding issues of homeless people, also in other cities and rural areas this is a topical problem.

**Bulgaria’s Research on Poverty**

In 2003 a research on poverty was conducted with the financial support of the World Bank. Similar researches were conducted in Bulgaria in 1995, 1997 and 2001. These researches reveal a tendency for poverty to reduce in the country since 1997. However, it has happened mostly due to the control of inflation after the introduction of a “Currency Board” (fixed exchange rate and restrictive monetary mechanism) in the middle of 1997 and achievement of annual economic growth at the level of 4% to 5% during the last six years.
Further these data will be used to develop and implement the anti-poverty policy. Using the poverty margin set at 52 Euros per month, it was discovered during the research that every seventh resident of the country is poor. Trade unions emphasize that the used poverty line is too low, but employers consider it to be realistic.

In 2003 3,715 households from the whole country were included in the selection for the World Bank’s research. Performers tried to adjust the amount and model of the selection, as well as methods and tools used so that the data are comparable with the data from previous researches.

The expert team analysing the research data examined 45 definitions of the “poverty line” made from various combinations: definitions of total consumption expenditure and net income; ceilings – e.g., 50%, 60% or two-thirds of average net income or total monthly consumption expenditure; and attitude of members of the household.

The selected poverty line was 60% of the average total consumption expenditure per one person according to the OECD equivalent scale (it expresses the proportion of household’s first adult as 1.0, the proportion of household’s second adult as 0.7 and the proportion of every child as 0.5). It created margin of 52 Euros per respective person monthly. Using this definition the poverty line, i.e., that part of residents whose living conditions were below this margin, was 14% in 2003. Expressed in absolute figures it is 409,000 poor households and 1,113,000 people within them.

The research examined also other poverty indicators: depth and burden of poverty, rate of differentiation and polarisation. In total, in 2003 all these indicators showed positive tendencies compared to the data of 2001. According to the group of researchers in 2003 the rate of poverty, social differentiation and polarization is lower, as well as the poverty was less deep, i.e., in 2003 the poor are not as poor on average as they were in 2001.

Using the mentioned poverty margin the research revealed different poverty rates for different groups of residents. For example, the poverty rate among the representatives of the ethnic minority Romanians is 64.3%, while for Bulgarians it is the lowest (9.4%).

According to the research main factors causing poverty are the level of education, employment status and demographic structure of a household:

- Along with acquirement of elementary education the risk of poverty is reduced twice, after acquiring secondary education – reduced 2.3 times, and approximately 3 times if secondary vocational education or higher education is obtained (45.6% of the poor are without any education, but only 3.6% – with higher education);

- Each employed household member reduces the risk of poverty for the household by 33%, whereas each unemployed person increases the risk of poverty for the household by 50% (29.5%
of the poor are unemployed, 40.3% out of whom do not receive any benefits); one fifth of the poor are pensioners;

- The risk of poverty is twice greater for the households with two or more children, single-parent households with children and households without children than for those with one child (there are 47.9% of the poor among families with three or more children, 26% of the poor among single mothers and 28% among single fathers within single-parent households).

Data of the National Statistical Institute (NSI) in relation to international comparable researches done by the Eurostat indicate that the poverty margin in Bulgaria exceeds 70 Euros per month and reaches even 180 Euros if the “purchasing power parity” (PPP) is used.

The poverty margin suggested by an employer is realistic looking from the economics perspective at anti-poverty policy and definition of a new minimum income level. A higher poverty margin would raise too high hopes for rapid increase in income especially among poor people and could overrun the abilities of entrepreneurs to pay higher salaries taking into consideration the existing level.

Experts are ready, regarding both information and technical matters, to calculate the poverty line for a long period of time. It could be done on the basis of monthly surveys on household budgets. Researches similar to that financed by the World Bank are of great importance since extensive additional information on this matter is aggregated that allows to start a panel research with more detailed information, for example, it would be very important in relation to “secondary poverty” that is not rare in Bulgaria. “Secondary poverty” relates to such occurrences in households (even in those with a good level of income) that lead to major negative changes in the structure and volume of expenditure and make it impossible to remain above the poverty level. Such risks are greater in a society without well-established and functioning social insurance and social protection system. It will be exceptionally useful to examine health status and its impact on poverty. This will not only provide information on secondary poverty, but will send a clear message to the health insurance system, insuring companies and the state social protection network.

**Poverty and Social Exclusion in Cyprus** (Poverty and Social Exclusion in Cyprus, Panos Pashardes, 1997)

There is an attempt to find out whether government policy to alleviate the poverty is effective. Unfortunately it cannot be assessed based on the previous data due to lack of regular researches on poverty and social exclusion in Cyprus.

The level of unemployment has been comparatively low in Cyprus over the past two decades and economic growth has rapidly spread over the whole country. Furthermore, Cypriots still appear to
uphold the family values where family members help other family members and members of the community; however, there are categories of people not adequately protected by the “safety net” of the state, extended family or the community. Mainly, those are immigrants. It could even be said that a hidden poverty exists in Cyprus. Though, poverty and social exclusion may become a more widespread phenomenon in the future due to social and economic developments causing fading out of the extended family bonds, small family business closing down due to increased international competition. It is also necessary to increase funding for the pension system to meet needs of the ageing population. More and more funding is required for social and health insurance system, where big changes are planned within the EU harmonization process.

The government of Cyprus has introduced legislation in order to fight poverty and social exclusion and secure a minimum standard of living for all persons legally residing in Cyprus, at the same time taking action to encourage to avoid long-term dependence from public provision and to take part in training and labour market.

Unfortunately, lack of data on introduced policy hinders the assessment of its effectiveness. Only a small part of the EU indicators of social exclusion are compiled by the government and there is a lack of updated information to sum up those indicators.

In the Family Expenditure Research of 1996/1997 it was found that the highest level of poverty was among the elderly, the divorced, singles, people with low level of education, and single parents. The total proportion of poor people was 25.5%.

Those data cannot be compared with the previous years since there were no such researches carried out, but the data show a negative correlation between the poverty and the size of the family.

The relative poverty line before 1996 was 50% of the average income of all households, whereas after 1996 – 60% of the average national equalised income.

Cyprus has always had a very low level of unemployment – in 1992 the unemployment rate dipped bellow 2% but rose gradually to 3.6% in 1999 that considerably differs from the unemployment rate in other EU countries though.

The research also showed necessities and their availability to people. The availability of main necessities between 1992 and 1996 has grown and the most important indicators have reached nearly 100% (tap water, toilet facilities, kitchen facilities, bathroom facilities, hot water).

Comparing the poverty of people in relation with the level of education, it can be seen that almost all residents with higher education are above the poverty line, while almost 2/3 of the illiterate people are below the poverty line.
1.4 Theoretical basis of the study

1.4.1 Social marginalization

1.4.1.1 The understanding of social marginalization

The initial use of the idea of social marginalization is linked to Rene Lenoir who stated in 1974 that every tenth resident of France is left outside the national economical and social development. Hence the initial meaning of the term – to be left outside, to be on the margin. To some extent this publication will mark a turn away from the post-war (1945-1975) developments in the Western countries communicating the beginning of a new phase (Gallie 2004).

The discourse of social marginalization has developed with an aim to understand and to explain social divide or gap, that emerged in society at the end of the 20th century and is linked to the development of globalization processes, changes in the work characteristics and employment as well as in the social policy of a welfare state. One of the arguments for the development of this discourse is that the society has lost its class characteristics and that the only clear division exists between the “poor” and the “rest of the society”. The idea of social marginalization has emerged from the realm of poverty studies and has been used to explain the mechanism through which a person enters the category “poor”. In contrast to poverty that is viewed as a condition, social marginalization is viewed as a process and attention is focused on mechanisms that work to marginalize a group of persons from social majority (Gidens 1998). The discourse of social marginalization underlines that this is a new theme, new social divide, new kind of poverty, i.e., the kind of poverty that has developed in the transformation process of the modern society. Social marginalization can be a result of social phenomena as well as that of individual circumstances. Even though there are explanations viewing individuals as those who are responsible for their social status, the majority of authors in the area argue that social marginalization must be viewed as a social problem and individual attempts to eliminate it may only have a very limited effect. Social marginalization may result from such socio-economic factors as poverty and unemployment, discrimination; it also possesses a cultural aspect – it may shape the identity of a group that would lead on to have an impact on relationship between various social groups.

The process of social marginalization is multi-dimensional, it includes a variety of aspects or dimensions of social marginalization. A number of researchers have offered different approaches to looking at it. One of the popular takes on social marginalization is that of German sociologist Martin Kronauer (1998) – he has classified social marginalization in six dimensions: marginalization from employment market (long-term unemployment), economical marginalization (poverty), cultural marginalization (from the key vales and behavioral models), isolation (limited social contacts, relations, group identity), special marginalization (the concentration of the marginalized persons in a
Social marginalization is a cumulative process. The cumulative nature of the process means that one person could be subjected to several different kinds of marginalization. The above mentioned dimensions of social marginalization exist in combination, one kind of marginalization may transform into another and this would, most likely, exacerbate the problem.

During the European Council in Laeken (2001) common statistic indicators for poverty and social marginalization were approved. These indicators include four areas: financial poverty, employment, health and education.

The triad theory of individual welfare by Finnish sociologist Eric Allart is best known in Latvia and most widely applied in life quality as well as social marginalization studies (Trapenciere 2006); his theory relies on three dimensions for analysis, namely, material resources – labeled as “to belong”, emotional support and social relations, labeled as “to love” an social integration, labeled as “to be”.

Feliciana Rajevska has singled out fours sub-systems in her analysis of social marginalization and social inclusion. The functioning of the sub-systems accounts for individual’s belonging to the society: “1) democracy and legal system promoting civil integration, 2) employment market promoting economical integration, 3) welfare country provision that works on behalf of the so-called integration, 4) family and local community system, that promotes the integration of individual exchange” (Rajevska 2006).

1.4.1.2. The key dimensions of social marginalization

To avoid duplicating studies already carried out in Latvia and to make the multi-dimensional and multi-meaning concept of social marginalization easier to study:

key dimensions of social marginalization were defined, namely: unemployment, poverty and social isolation as well as the risks for social marginalization associated with the mentioned;
on the basis of these dimensions the groups of population that would be most likely subjected to the risks of social marginalization were identified;
forms of manifestation of social marginalization were analyzed that are linked to limited access to various social resources.

In identification of the key dimensions of social marginalization [the authors of this document] relied the approach of Duncan Gallie (2004), Oxford University (Nuffield College), was used. Gallie holds that even though definitions of social marginalization and approaches to the studies thereof are different, they are united by three key components: unemployment, poverty and social isolation. These three factors are mutually linked and interplay one with another creating a “vicious circle”. A classical stance of theory of social marginalization is that the beginning of the “vicious circle” is the loss of a job which on its turn leads to lower living standards and increases the risk of poverty. This
situation then results in limited resources that would be required for the subsequent search for employment and prevents an individual from finding employment as well as make on limit the scope and intensity of social connections. The lack of financial resources limits social activities and results in promoting social marginalization.

**Unemployment** within the EU context is viewed as one of the key reasons for social marginalization. Hence – the building of inclusive job market is viewed as a major factor of decreasing social marginalization. Salaried employment for the most of society along with being the source of income and is a tool of giving shape to one’s identity, to forge belonging, social feelings and it is also a factor to build self-esteem. Studies show that people who have been unemployed for an extended period of time tend to trust less other members of society and society at large, public institutions and they suffer from low self-esteem in contrast to those who have not been unemployed (Glorieux 2000). The link between unemployment and social marginalization is not unequivocal, for instance, Van Kooten (2000) has pointed out that being out of job leads to social marginalization but a job does will not guarantee not being marginalized, i.e., the job must yield enough income and present sufficient perspective for the future. Studying the Dutch job market Van Kooten has found that the unemployed, particularly, the persons in long-term unemployment are subject to higher risk of social marginalization while there are exist exceptions – family support could decrease the risk of social marginalization. The group of socially marginalized persons could consist of poor unemployed parsons while it just as well could include employed persons in case the job fails to provide sufficient income to sustain oneself and the dependents of the person.

**Poverty** just like social marginalization is not a simple idea. It is essential to discern between absolute and relative poverty. The first refers to life quality below the subsistence minimum – below the level required to survive – and this is viewed as an objective indicator. The relative poverty bears upon comparative evaluations, i.e., poverty is not determined on the basis of whether a person has access to minimum required resources to survive but rather on that how well off the person is versus the social majority. This approach was developed by P. Taunsend who thought that any one is poor who cannot afford the goods, services and activities that match the general standard dominant in society. Poverty most often is linked to social marginalization or is even used as a synonym while it would be only correct to argue that poverty would enhance social marginalization while it is not the same as social marginalization bears upon the lack of wider resources than just economic resources or the lack of income. Poverty may lead to social marginalization while it cannot be said that persons less well off by default are socially marginalized – people can find ways to maintain social, cultural and political ties with the rest of society.

**Social isolation** refers to the lack of social contacts, it characterizes the lack of social support that social relations and involvement in various social groups provide. Social isolation would enhance the ways social marginalization could become apparent resulting from poverty and unemployment.
D. Gallie (2004) has classified three levels of social isolation: the primary, that depends on social relationship within a family or household, secondary – that depends on relationship in community with friends, neighbors, distant relatives; and tertiary – based on participation in social life and involvement in various social groups.

Referring to studies in the countries of the EU and on the basis of several kinds of evidence D. Gallie argues out that the identified factors of social marginalization – unemployment, poverty and social isolation – are not unequivocally linked.

Firstly, he holds, the consequences of unemployment are difference in various European countries. It ensues from the above that the process of social marginalization has different origins – it is not just the moment of becoming unemployed, but is rather influenced by every society’s institutional mechanisms of social insurance and assistance. In courtiers with high financial support level the unemployed relate to unemployed as to financial hardships (for instance, in Denmark) while in the more liberal European countries (for instance, in Great Britain) unemployment is linked to poverty. However, in all European countries unemployment is more or less linked to deteriorating financial ability.

Secondly, social isolation is not just linked to unemployment because the level of social isolation in various European countries differs – only the tertiary level isolation indicated similar trends in European Union. All the other levels of social isolation were lower in the southern countries where the role of the family is stronger in the system of social support and higher in the Nordic countries where the state plays larger role in the system of social assurance.

Thirdly, social isolation has major role in increasing the negative experience from unemployment. Socially marginalized persons have lesser chance to gain emotional and financial support as well as to find assistance. Social isolation has a great impact on individual’s social welfare.

1.4.1.3. The risk groups of social marginalization

The group of people subject to social marginalization is not a uniform one and not a stable one as there are several factors in the basis of social marginalization – unemployment, poverty, homelessness, the level of territorial development, ethnic background, linguistic (in-)ability, health status, low education level and other factors. Since social marginalization is identified to be a process instead of being a condition, the social groups are compared on the basis of their risk of being socially marginalized. Those groups of residents that face larger risk of being socially marginalizes or that are subject to several risks simultaneously are called risk groups for social marginalization (see chapter 1.1). In the course of qualitative interviews with representatives from the social marginalization risk groups those social marginalization risk groups were taken in consideration that are defined in the KIM and in the Latvian National Action Plan for reduction of social marginalization (2004-2006).
Analyzing the data of quantitative survey the index for social marginalization risk was calculated and later – analysis of various social groups was performed. This was done in order to verify, whether there are social marginalization risk groups that may have been left out of the overall focus until now.

1.4.1.4. Sociālās atrumtības izpausmes un to mazināšana

Social marginalization in the sense of limited access to social resources refers to various areas of social life, therefore there are sufficient grounds to refer to various forms of manifestation of social marginalization. Due to the far-fetched definition of the idea of social marginalization it is difficult to separated the causes of marginalization from its consequences. for instance, a low level of education may be the cause of unemployment and foster marginalization from the job market while the unemployment of parents may manifest in the sense of material limitations of a family thus limiting the invested resources in children’s education. In such a case opportunities for children vis-à-vis education would manifest as the consequences of social marginalization and as such should be treated from the point of view of reproduction of the factors for social marginalization. Given the variety of aspects of social marginalization, the access of various social resources and institutional services for the residents of Latvia was analyzed. This approach was useful in identifying the areas of social life where risk groups for social marginalization were in a worse position in contrast to majority of society; it also allowed to better identify the problems of these groups.

The guidelines for reduction of social marginalization in Latvia are outlined in the Common Memorandum on Social Inclusion and in the National Action Plan for reduction of poverty and social marginalization (see chapter 1.1). Feliciana Rajevska, Associate Professor of the University of Latvia has termed productive the approach to analysis of social marginalization policy of the British scholar Ruth Levitas. R. Levitas has singled out three key approaches that the governments apply to overcome social marginalization: balancing of division approach – the focus is on poverty reduction and income generation; social integration approach – the focus in this is on employment promotion and the moral approach – accentuating the moral and cultural causes of poverty and social marginalization and focusing on the development of dependency from assistance (Rajevska 2006).

Analyzing possibilities for social marginalization, the key theoretical standpoints of the study were taken in account within the limits of the study. On this basis the key directions for reducing social marginalization were identified:

- promotion of employment as one of the key methods for reduction of social marginalization. Here the focus was on reducing the risk of unemployment, on inclusion of social marginalization risk groups in the employment market;
- provision of social assistance to those risk groups of social marginalization whose risk for social marginalization could not to be reduced by employment promoting measures (for instance – persons with special needs, large families). Timely receipt of social assistance could decrease the risk for social marginalization for families (with disabled family members or large
families) that have been suddenly overcome with financial hardships;
Informal assistance – support from family members, friends, community which is also an
important means for reducing social marginalization, but that is not defined as policy;
Individual capacity that would manifest as the ability of an individual or that of a family to reduce
the risk for social marginalization. Professor T. Tisenkopfs from the University of Latvia in
his study „The Quality in Life in Latvia” defined capacity as the ability of an individual to
lead ones life in acceptable direction. It would include a scope of characteristics, abilities and
activities enabling the person to create an acceptable model for living and self-realization
(Tisenkopfs 2006). The opportunities of persons subject to risk of social marginalization with
regard to life and self-realization are limited; however, one may talk of strategies for living on
daily basis that people tend to apply to reduce various risks for social marginalization.
Psychological discomfort and feeling of helplessness are experiences that characterize persons
under the risk of social marginalization to a larger extent that those who are not in the
respective risk group. Therefore working on reduction of social marginalization one may not
rely entirely on the ability of persons in the risk group for social marginalization, this capacity
must be strengthened using the above mentioned tools.
II. METHODOLOGY

2.1. Methods of econometric analysis

2.1.1. Unemployment risk factors

The concept of unemployment risk can be specified as follows:

Unemployment risk is probability that a given (randomly chosen) individual is a jobseeker.

We estimate probit models (see Maddala 1983, StataCorp. 2005) where dependent variable $y_i$ takes a value of 1 (respectively, 0) if respondent $i$ is (respectively, is not) a jobseeker, and unemployment risk $Pr(y_i = 1)$ is determined by unobserved latent variable $y_i^*$ (propensity to become unemployed), that is

$$y_i^* = x_i \beta + \varepsilon_i,$$

where $x_i$ contains a constant and all individual characteristics which can affect unemployment risk; $\varepsilon_i$ is normally distributed error term with mean 0 and variance 1. Vector $\beta$ is a parameter vector to be estimated by the maximum likelihood method using data from a sample of individuals in the labour force.

Thus,

$$Pr(y_i = 1|x_i) = \Phi(x_i \beta),$$

where $\Phi$ is standard normal cumulative distribution function, and $Pr()$ is probability of an event.

Estimation results allow calculating the effect of each variable on individual’s unemployment risk, other things equal. These effects are referred to as marginal effects. Data for several recent years will be used for estimation, thus allowing to identify trends in the effects of each of the factors of interest.

Unemployment risk models are estimated on the LFS sample of all economically active individuals, as well as separately for men and women, Latvians and non-Latvians. To achieve comprehensive understanding, we estimate several different specifications: for instance, one, intended to find the overall effect of education, will include education related variables but not the ones related to person’s occupation, while the other will include both education and occupation (in the latter case persons without work experience will be excluded). In addition, we construct a number of charts displaying different dimensions of unemployment risk (e. g. age - unemployment risk profile for each level of education). Results of this part of the project substantially extend previous work by team member Hazans which refer to the period from 1997 to 2002 (Hazans 2005).

Both from the workforce perspective and in the context of social exclusion, it is important to understand hidden unemployment risk factors; that is, to find out which groups of population are
exposed to the risk of losing hopes to find a job and leaving the labour force, although still willing to work (*discouraged workers*). The study addresses these issues by estimating effects of education, age, and experience on the risk of discouragement, thus extending previous work done by the team member M. Hazans for Lithuania and Estonia (Hazans 2004). For this purpose, two types of models are evaluated:

(i) *Probit* model of probability to be a discouraged worker, estimated on the subsample of economically inactive respondents. Essentially, this model evaluates factors that determine availability of out-of-labour-force individuals to start working.

(ii) *Multinomial logit* models (Maddala 1983) of choices between employment, unemployment, hidden unemployment and inactivity, estimated on the whole sample of all respondents of working age.

According to multinomial logit model, probability that individual \( i \) with a vector of covariates \( x_i \) chooses alternative \( j \) (\( 1 \leq j \leq m \)) over \( 1, \ldots, m \) available alternatives is equal to

\[
Pr(y_i = j | x_i) = \frac{\exp(x_i \beta_j)}{1 + \exp(x_i \beta_1) + \ldots + \exp(x_i \beta_m)}.
\]

Here, \( y_i \) is dependent variable, which indexes alternatives \( 1, \ldots, m \), and to each alternative \( j \) corresponds a vector of parameters \( \beta_j \) (\( 1 \leq j \leq m \)); \( \beta_1 = 0 \). Multinomial logit method is widely used to model labour market outcomes (see Wooldridge 2002, Hazans 2005). The parameters of the model are estimated by the maximum likelihood method.

**Labour flow analysis**

Another approach to the concept of unemployment risk is related to labour market flows between employment, unemployment, and inactivity. Accordingly, we are going to estimate multinomial logit models of

- *outflows from unemployment*: the model will explain how education, age, experience and other characteristics of individuals affect the following three probabilities
  
  (i) probability for a given jobseeker to be employed a year later;
  
  (ii) probability for a given jobseeker to become discouraged a year later, i.e. to be willing to start working but to stop looking for a job;
  
  (iii) probability for a given jobseeker to be out of labour force a year later, i.e. not looking for a job and not being available to start a job.

- *outflows from employment*: the model will explain how education, age, experience and other characteristics of employed individuals affect the following three probabilities
  
  (iv) probability for a given worker to become a jobseeker one year later;
  
  (v) probability for a given worker to be marginally attached after a year;
  
  (vi) probability for a given worker to be out of labour force a year later, i.e. not looking for a job and not being available to start working.
2.1.2. Unemployment duration analysis: methodology

The empirical analysis of duration variables has become widespread since the early 1980s. There are several reasons for this development. First, theoretical duration models have become more popular. These models include the analysis of dynamic behavior of individuals, such as movements between labour market states, return migration, marriage durations, strike durations and others. Secondly, longitudinal data covering more than one spell per respondent became available.

Recent treatments of duration analysis focus mainly on the *survival function* and *hazard functions*. Unemployment duration $T$ is considered to be a continuous random variable. Survival function $S(t)$ is defined as the probability of ‘surviving’ (i.e. staying unemployed) past time $t$. Whereas, the hazard function $h(t)$ is the probability that the unemployment spell will end in a short period immediately after $t$, given that it has lasted till $t$. Much of the current terminology in duration analysis comes from medicine, which may be misleading with respect to the unemployment duration analysis (for instance, hazard rate measures the risk of leaving unemployment and therefore is actually ‘opposite’ concept to the unemployment risk).

When the hazard function is not constant, we say that the process exhibits duration dependence. For instance, if probability of leaving unemployment decreases in the unemployment period’s length then the hazard function is said to possess negative duration dependence.

The theoretical framework typically used for the analysis of unemployment duration is a job-search model (Mortensen (1986), Lancaster (1990)). Briefly, the model assumes that for the individual entering the unemployment, the expected duration of unemployment spell is determined by two probabilities: the probability of receiving a job offer and the probability to accept it. Given that workers are heterogenous, both probabilities may be affected by individual characteristics of the unemployed. For example the probability to receive the job offer may be affected by the factors which make the unemployed more attractive to the employer: education, experience, gender or local demand patterns. On the other hand, the probability of accepting the offer depends on the individual's reservation wage, which is presumably influenced by the cost of search, level of unemployment benefit, expected distribution of wage offers and etc.

Empirical studies on duration models use well-established estimation methods such as Maximum Likelihood, Cox Partial Likelihood and non-parametric estimation (see for surveys Lancaster (1990), Van den Berg (2001), Wooldridge (2002, Ch. 20), StataCorp (2005c)).

Using the data from Latvian Labour Force Surveys 2002-2005 this study analyzes unemployment duration in Latvia for different population groups using a reduced-form duration model. Econometric
methods allow separating the effects of different demographic variables on unemployment duration. Firstly, the expected length of unemployment duration may be estimated and compared for the groups with different characteristics, thus determining the socio-demographic factors increasing the unemployment length and identifying the population groups with longest expected unemployment spells. It is straightforward that such information on risk groups in terms of unemployment duration allows developing consistent recommendations on targeting of employment promotion programs.

Secondly, along with the individual characteristics of the unemployed, labour demand and other factors, the exit rates from unemployment may also be influenced by the length of the elapsed spell. The negative relationship between the exit rates and the length of the unemployment spell, duration dependence, has been treated as the evidence for rigidities of the labour markets, and it has further implications for earnings inequalities and persistence of unemployment. In many European countries negative duration dependence is found to be a serious problem which was triggering changes in labour market policies (Vishawanath (1989), Van Der Berg (1994)). This paper investigates whether there is a negative duration in the Latvian labour market and for which groups this problem is the most severe.

In this study, we use the following three duration analysis methods:

(I) \textit{Kaplan-Meier} non-parametric estimation of the survival function:

\[
\hat{S}(t) = \prod_{t_j \leq t} \frac{n_j - d_j}{n_j}
\]  

(1)

where \(n_j\) is number of unemployed individuals (job-searchers) before time \(t_j\), and \(d_j\) is a number of those who exited from unemployment at time \(t_j\) (see StataCorp. 2005).

(II) \textit{Cox proportional hazard model}

\[
h(t \mid x_i) = h_0(t) \exp(x_i \beta)
\]  

(2)

estimation by (partial) maximum likelihood method, where \(t\) is unemployment duration, \(h_0(t)\) is baseline hazard function, which is estimated non-parametrically (that is, this method does not make any assumption about a functional form of hazard with respect to duration \(t\)); \(x_i\) is a vector of covariates for observation \(i\), and \(\beta\) is a vector of coefficients to be estimated. Parameter estimates indicate what factors are influencing unemployment duration.

Cox proportional hazard model is a generalization of the Kaplan-Meier method. Its main assumption is proportionality of the hazard function, i.e. the baseline hazard is common to all units in the population, and covariates (e.g. education, age, gender, etc.) increase or decrease the individual hazard rates multiplicatively at any unemployment spell length \(t\). In particular, independently on \(x\),

\[
\frac{h(t \mid x)}{h(t \mid x)} = \frac{h_0(t \mid x)}{h_0(t \mid x)}
\]  

(3)
If this assumption is not satisfied then it is possible to split the sample into more homogenous groups (for instance, by gender, ethnicity, etc.) and estimate Cox model for each group separately (see StatCorp. 2005).

(III) Parametric regression survival-time models

\[ \ln t_i = x_i \beta + z_i , \]  

(4)

where \( z_i \) is a random error (these models are referred to as accelerated failure time models). By choosing a particular distribution for the error term, one can obtain different shapes of the hazard functions (e.g. exponential, Weibull, Gompertz, log-normal, log-logistic, and generalized gamma). According to the data at hand, as well as theoretical predictions, hazard of leaving unemployment is low at the beginning of a spell and for long periods of unemployment. Therefore, a choice of parametric model should allow for increasing hazard in the beginning of a spell and decreasing afterwards, which excludes Weibull, Gompertz and exponential distributions). We focus here at generalized gamma distribution as being more flexible (for instance, it includes log-normal model as a special case).

Parametric model with generalized gamma distributed hazard (hereandafter, gamma model), unlike Cox model, need not assume proportionality of the hazard and thus allows for possibly different changes in duration distributions for different reference workers. However, a shape of the hazard rate is to a certain extent pre-set by the choice of distribution of error terms in accelerated time model; whereas Cox model does not impose any restrictions on a functional form of hazard with respect to unemployment duration \( t \).

To sum up, given that all of the above methods have their advantages and their downsides, we use more than one to ensure robustness of the results.

2.1.3. Labour market policy evaluation: augmented matching function.

The matching function, reflecting the efficiency of the labour market, can also be used as a simple and efficient tool for policy evaluation.

The approach consists in testing for a positive relationship between the policy variables (expenditure, participation) and the number of matches.

The underlying idea is that active labour market programs (ALMPs) can speed up the matching process by helping to adjust the skills of unemployed to the structure of labour demand. It makes the program participants more "suitable" for jobs and allows them to find jobs more rapidly. This will result in an increased number of new hires - more matches would be produced at the labour market during a reference period.
A model including policy variables among the possible determinants of job matches is referred to as augmented matching function.

Approximating the matching process by a Cobb-Douglas form, the augmented stock-stock matching function, can be written as follows:

\[
M_{i,j} = A_{i,j} [\psi U_{i,j}]^{\alpha_i} [V_{i,j}]^{\beta_j}.
\]

Here \( \psi U_{i,j} \) denotes the search effective stock of unemployed. The average search effectiveness of the unemployed \( \psi \) is no longer considered as homogenous. By search effectiveness we mean the ability of unemployed to find a match in a reference period. Search effectiveness is increasing and quasi-concave function of (i) search intensity of the unemployed (his effort in searching jobs), and (ii) his adequacy (in terms of skills) to the labour demand. Moreover it is assumed to be positively affected by ALMPs. Participation in ALMPs (especially in training programs) increases search effectiveness of an unemployed individual in two ways: (i) by enhancing motivation, which leads to more intensive search, (ii) by increasing the set of suitable jobs.

In order to integrate the participation in ALMPs in the analysis we follow Lehmann (1995), Puhani (1999), Dmitrijeva and Hazans (2004), relax the assumption of homogeneous unemployment pool (assume that different unemployed groups can have varying search effectiveness) and decompose the search effective stock of unemployed \( \psi U_{i,j} \):

Let \( R \) be the number of available active labour market policy program combinations, then the total number of unemployed can be divided in \((1+R)\) groups. First group contains the unemployed that do not participate in any of available programs: we denote the share of such unemployed in total number of unemployed by \( \gamma_0 \). The remaining unemployed form \( R \) groups according to their participation in different ALMPs. For example in case when only two program types are available from SEA (A and B), the unemployed that have completed one or both of them may be divided in 3 groups: those that have completed a program A only, a program B only and both programs A and B. The combination of programs A and B can be considered as a separate program. The share of unemployed belonging to the group \( r \) in total number of unemployed is denoted by \( \gamma_r \) (\( r=1, 2, 3, \ldots, R \)). Naturally \( (\gamma_0 + \gamma_1 + \gamma_2 + \ldots + \gamma_R = 1) \).

We denote by \( \psi_r \) (\( r=1, 2, 3, \ldots, R \)) the search effectiveness of the unemployed who participate in one of active labour market policy programs \( r \), and by \( \psi_0 \) the search effectiveness of those who participate in none of the programs. Theoretically \( \psi_0 < \psi_r \) should hold. This will be tested empirically when estimating the augmented matching function on Latvian data.

Now the search effective stock of unemployed can be decomposed as:

\[
\psi U = \psi_0 \gamma_0 U + \psi_1 \gamma_1 U + \ldots + \psi_R \gamma_R U
\]
When denoting the program participant’s relative search effectiveness by \( k_r = \frac{\psi_r}{\psi_0} \), the equation (8) can be written as:

\[
\psi U = 1 - \sum_{r=1}^{R} \gamma_r + \sum_{r=1}^{R} k_r \gamma_r \psi_0 U
\]

(9)

The augmented matching function is obtained from the equation (7) by replacing the term \( \psi U_{ij} \) by its expression from (9). When applying the logarithmic transformation to this function one obtains the regression equation, where the parameters, also \( k_r \) (program’s \( r \) impact on unemployed search efficiency) can be estimated from the data. Estimation results allow to determine the effect of each program type on re-employment.

The approach, described above, is based on the inclusion of economic policy variables in the matching function and the data on participation in active labour market policy programs used when implementing this approach should be conform to several requirements:

First, data should contain the information on the number of unemployed who have completed the program (it is useless to base the evaluation on the information on unemployed who have started but not completed the program);

Second, data should provide the information that allows to determine, at each point of time, the number of unemployed who have previously completed one of the programs, but are still present in the unemployment pool (did not outflow to employment or inactivity).

Third, it is important to insure that, within the framework of the same program, the contents and duration of the treatment is sufficiently homogenous.

The available data from SEA regional units (data structure is described in section 3.1.) for the period from 1998 to 2006 provides the information on three major active labour market policy program types in Latvia: unemployed vocational training, re-training and rising of qualifications (APM); programs for competitiveness promotion among unemployed (PKP); public temporary jobs (APSD).

Only the data on unemployed vocational training, re-training and rising of qualifications (APM) is conform to the above requiems and can be used directly for program evaluation. In addition, this program is the most important in Latvia in terms of expenditure and in terms of it’s role in unemployed adjustment to labour demand. We thus evaluate the efficiency of unemployed training program in what follows.
2.2. General population survey methodology

2.2.1. Survey methodology

A representative-sample-based survey of the population of Latvia was our main source of quantitative information. Its objective was to obtain primary quantitative data on all questions formulated as part of the goals and objectives of the study. To determine the social, economic, and demographic factors influencing and determining the risks of unemployment and social exclusion, it was necessary to perform a series of measurements of social attitudes (self-identification, attitude toward the labor market, readiness to work, educational motivation etc.), which are not part of the standard LDA instrument.

Representative-sample-based surveys are one of the most tested and effective information acquisition methods for the measurement of social and demographic variables, as well as for the detection of behavioral patterns and individuals’ attitudes in large populations. However, in order to reach precise and reliable conclusions, a lot of attention must be paid to the validity and reliability of the data. Validity refers to the adequacy of the indicators and instruments used for the measurement of the variables of interest. It is achieved by careful development of the survey instrument (questionnaire) and by adequate selection of the survey method. Survey data reliability, on the other hand, is determined to a large extent by the precision with which the results obtained from the sample can be generalized to the entire population and the particular target subpopulations delineated in the objectives of the study. To ensure reliability, particular attention was paid to the calculation of the sample size and to the sampling methodology and its implementation.

Survey instrument

An original, semi-standardized survey instrument (questionnaire) was developed. Specific add-on question modules were included for particular target groups (unemployed persons, individuals with disabilities, and individuals with a history of imprisonment).

Groups of questions pertaining to the measurement of the following variables were included in the core questionnaire: (1) current employment status and experience and lifelong employment history, (2) abilities and social skills, (3) health (self-assessed), (4) self-identification, (5) attitudes toward work and the labor market, (6) motivation for maintaining or changing one’s labor market status, (7) the adequacy of the acquired occupational/ professional education to the requirements of the labor market, (8) obstacles for applying one’s education on the labor market, (9) social networks/ social capital, (10) social security and welfare payments received, (11) extended social status and demographic variables.

A separate group of questions acquires information on each member of the household, which includes
demographic information and data on each individual’s employment status, unemployment experience, and education.

**Data acquisition method**

The survey data were collected by means of face-to-face interviews at the respondents’ places of residence. Compared to other survey methods (such as postal surveys or telephone interviews), face-to-face interviews ensure the lowest non-response rate and the lowest proportion of incompletely or incorrectly answered questionnaires, which in turn provide for the highest survey data quality, namely, validity and reliability.

**2.2.2. Sample selection and margins of error for the survey**

**2.2.2.1. Population and the sampling frame**

In accordance with the study objectives, which call for the evaluation of the risks of unemployment and social exclusion in the economically active population, the target population was limited to the 15- to 65-year-olds; the size of the population was thus N=1,501,180 (Central Bureau of Statistics, 2006). Two units of analysis were considered: a single, randomly selected individual (aged 15 to 65) and all members of this individual’s household (without age limits). A similar principle of analysis was employed in the Living conditions survey of 1999. The questionnaire was addressed to a single individual, but a separate section of it included key questions of interest for the study on each member of the household.

**2.2.2.2. Sample size**

In calculating the sample size, the following considerations were taken into account:

- study objectives (determining the labor market situation of particular target groups; data analysis on the national, regional, and local levels, as well as analysis by gender and ethnicity);
- the homogeneity (or heterogeneity) of the population with respect to the variables of interest (labor market situation, social exclusion risks in different socio-economic groups);
- required confidence level (not less than .95);
- required precision, i.e., the maximum permissible margin of error for percentage estimates, \( \Delta \) (not higher than five percentage points).

In accordance with these criteria, the theoretical sample size was set at \( n=8000 \) (\( d = 0.03, N=1,501,180, \Delta=0.01 \)). The sample size was calculated according to the formula
\[ n = \frac{1.96^2Nd(1-d)}{NA^2 + 1.96^2d(1-d)}, \]

where \( n \) = sample size, \( N \) = population size, \( d \) = proportion of target group in the population, \( \Delta \) = absolute margin of error for percentage estimates.

This higher sample size (compared to the samples normally used in social surveys of the population of Latvia) was used to provide for adequate representation of the relatively small and diverse risk groups for unemployment and social exclusion, whose identification and characterization are among the key objectives of the project. For example, disabled persons and families with multiple children form small fractions of the general population, so that a sample of size 1000, which would ensure a three-percentage-point margin of error for the entire population, is too small to analyze the marginalization risks of the target subpopulations with a sufficiently low margin of error.

In accordance with the objectives of the study, the sample was designed so as to ensure reliable analysis even for groups forming only three percent of the general population, such as disabled individuals, families with multiple children, and other social exclusion risk groups. The sample allows adequate precision of measurement and reliable generalization to the population on national and regional levels by age, ethnic and other socio-demographic groups (\( \Delta = 0.01 \)).

2.2.2.3. Sample design, procedure, and design weights

The sample was formed according to a multi-stage, stratified random sample design, which is a modification of the probability sample. Under this sample design, just like under basic probability sampling, each element in the sampling frame must have a given non-zero probability of inclusion in the sample. However, unlike basic probability sampling, these probabilities do not have to be equal throughout the sampling frame.

In the first sampling stage, the territory of Latvia was divided in territorial strata by region, level of urbanization, and level of economic development (detailed description of the methodology for calculating the development index is available on the WWW-page of the Regional development agency of Latvia). These stratification criteria significantly differentiate the strata by the target groups set forth in the objectives of the study, and, according to several authors (such as Groves, Fowler, Couper, Lepkowski, Singer, and Tourangeau 2004) stratification is more effective if the sampling frame variables used in stratification have at least moderate correlation with the variables to be measured. The economic development index is based on the following indicators: unemployment level, income tax per capita, industrial production per capita, non-financial investment per capita, retail sales per capita, demographic load per 1000 population, average monthly wage, number of businesses per 1000 population, and number of individuals with higher and secondary education per 1000 population aged 18 or over.
Separate strata were formed by the six administrative districts of Riga (Centra rajons, Kurzemes rajons, Latgales priekšpilsēta, Vidzemes priekšpilsēta, Zemgales priekšpilsēta, and Ziemeļu rajons) and the six “cities of national importance” (Daugavpils, Jelgava, Jūrmala, Liepāja, Rēzekne, and Ventspils). Each of these strata was a primary sampling unit (PSU).

The population was stratified based on the economic development indices for towns and rural territories, as calculated by the Regional development agency (VRAA). Within each region/ type of settlement (town or rural territory), all towns and territories were grouped in three quantile groups (high, medium and low development) based on the values of the index.

Towns were stratified by planning or statistical region (Rigaland, Vidzeme, Kurzeme, Latgale, or Zemgale). 70 towns of Latvia, including towns lacking the status of an administrative territory (except the six districts of Riga and the other six major towns, each of which forms a separate stratum), were grouped according to the five planning regions. The number of towns selected within each region was chosen proportionally to the number of towns within each development level. Accordingly, 23 primary sampling units (PSUs) were formed (see Table 2). This method of stratification ensures that not only regional centers, but also towns at lower levels of development are represented.

Table 2. Representation of towns in the sample:

<table>
<thead>
<tr>
<th>Strata by economic development and numbers of PSUs in each strata</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population strata</td>
</tr>
<tr>
<td>Economic development groups</td>
</tr>
<tr>
<td>High</td>
</tr>
<tr>
<td>Rigaland</td>
</tr>
<tr>
<td>Vidzeme</td>
</tr>
<tr>
<td>Kurzeme</td>
</tr>
<tr>
<td>Zemgale</td>
</tr>
<tr>
<td>Latgale</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Rural territories were stratified as follows. First, the 453 rural territories of Latvia (according to VRAA development indicators for 2004) were grouped by economic development and region (Table 3). Then, 26 PSUs were selected in each of the development groups, thereby ensuring the representation of all types of rural territories in the sample.
Table 3. Representation of rural territories in the sample:
Strata by economic development and numbers of PSUs in each strata

<table>
<thead>
<tr>
<th>Strata</th>
<th>Economic development groups</th>
<th>PSUs in sample Economic development groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Medium Low</td>
<td>Total</td>
</tr>
<tr>
<td>Rigaland</td>
<td>18 19 18</td>
<td>55</td>
</tr>
<tr>
<td>Vidzemes</td>
<td>37 37 37</td>
<td>111</td>
</tr>
<tr>
<td>Kurzemes</td>
<td>27 28 28</td>
<td>83</td>
</tr>
<tr>
<td>Zemgales</td>
<td>28 29 28</td>
<td>84</td>
</tr>
<tr>
<td>Latgales</td>
<td>40 41 39</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>150 154 149</td>
<td>453</td>
</tr>
</tbody>
</table>

A total of 113 primary sampling units were formed. This number is considered to be sufficient to avoid the so-called clustering effect.

In the second stage, addresses were randomly selected in each of the 113 PSUs. The number of addresses sampled in each PSU was proportional to the population of the corresponding population stratum. Interviews were conducted according to the random route method. That is, interviewers visited one in three apartments in apartment buildings and every other house in areas with individual houses. In rural areas with no streets, the route was formed by going to the next farm/individual house.

In the third stage, a respondent was selected in each household according to the nearest-birthday method. If the individual thus selected could not be reached during the first visit, no interview was conducted and the interviewer was to return to the household at a different time. This sampling method helps avoid overrepresentation of particular groups, which would compromise the representativeness of the sample.

### 2.2.2.4. Data weighting and margins of error

Because multi-stage stratified random sampling results in different units of analysis being included in the sample with different probabilities, overall representativeness is ensured by data weighting, which consists of the following types of weights:

First-stage balancing weights: \( W_{ii} \)

\[
W_{ii} = \frac{n_i}{N_i} \times P_i
\]

where \( n_i \) is the number of respondents included in the PSU, \( N_i \) is size of the stratum, i.e., the population of the stratum in the sampling frame, and \( P_i \) is the probability with which the PSU is included in the sample.

Weights correcting for different sampling probabilities
Post-stratification weighting to correct for misalignment between the sampling frame and the population:

\[ W_{id} = \frac{P_i}{\pi_i} \]

Final weights were obtained as the product of all three types of weight, as discussed above.

\[ W = W_{il} \times W_{i2} \times W_{i4} \]

### Table 4. Sample representativeness

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>Realized sample</th>
<th>Weighted data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riga</td>
<td>31.7</td>
<td>24.3</td>
<td>32.4</td>
</tr>
<tr>
<td>Rigaland</td>
<td>13.7</td>
<td>12.7</td>
<td>13.8</td>
</tr>
<tr>
<td>Vidzeme</td>
<td>10.6</td>
<td>12.8</td>
<td>10.0</td>
</tr>
<tr>
<td>Kurzeme</td>
<td>7.8</td>
<td>9.8</td>
<td>7.7</td>
</tr>
<tr>
<td>Zemgale</td>
<td>9.6</td>
<td>10.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Latgale</td>
<td>9.3</td>
<td>10.5</td>
<td>9.0</td>
</tr>
<tr>
<td>“Cities of national importance”</td>
<td>17.3</td>
<td>19.4</td>
<td>17.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Population</th>
<th>Realized sample</th>
<th>Weighted data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48.0</td>
<td>38.1</td>
<td>47.9</td>
</tr>
<tr>
<td>Female</td>
<td>52.0</td>
<td>61.9</td>
<td>52.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Population</th>
<th>Realized sample</th>
<th>Weighted data</th>
</tr>
</thead>
<tbody>
<tr>
<td>18–19</td>
<td>5.0</td>
<td>4.5</td>
<td>5.2</td>
</tr>
<tr>
<td>20–24</td>
<td>11.9</td>
<td>9.5</td>
<td>12.2</td>
</tr>
<tr>
<td>25–29</td>
<td>10.6</td>
<td>8.5</td>
<td>10.8</td>
</tr>
<tr>
<td>30–34</td>
<td>10.8</td>
<td>8.7</td>
<td>10.6</td>
</tr>
<tr>
<td>35–39</td>
<td>10.5</td>
<td>10.6</td>
<td>10.3</td>
</tr>
<tr>
<td>40–44</td>
<td>11.1</td>
<td>10.5</td>
<td>11.0</td>
</tr>
<tr>
<td>45–49</td>
<td>11.4</td>
<td>11.5</td>
<td>11.3</td>
</tr>
<tr>
<td>50–54</td>
<td>9.9</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td>55–59</td>
<td>8.9</td>
<td>10.4</td>
<td>9.1</td>
</tr>
<tr>
<td>60–65</td>
<td>9.9</td>
<td>15.8</td>
<td>9.7</td>
</tr>
</tbody>
</table>

The calculation of the margin of error for measurements obtained by multi-stage stratified random sampling is more complicated than that for pure random sampling. For example, the margin of error for the mean is calculated as

\[ \Delta = z_{1-\alpha} \times se(\bar{y}) \]

where

\[ N_h = \text{size of the stratum in the population} \]
\[ f_h = \frac{n_h}{N_h} \]  
= sampling fraction for stratum \( h \)

\[ W_h = \frac{N_h}{N} \]  
= fraction of the stratum in the population

\[ \bar{y}_h = \text{stratum mean} \]

\[ \bar{y}_{st} = \sum_{h=1}^{H} W_h \bar{y}_h \]  
= weighted overall mean

\[ v(\bar{y}_h) = \frac{(1 - f_h) s_h^2}{n_h} \]  
= sample variance for stratum \( h \)

\[ v(\bar{y}_{st}) = \sum_{h=1}^{H} W_h^2 v(\bar{y}_h) \]  
= weighted overall sample variance

\[ se(\bar{y}) = \sqrt{v(\bar{y}_{st})} \]  
= overall standard error of the mean

### 2.2.3. Non-response

In order to achieve the theoretical net sample size of \( n=8000 \), the total gross sample size reached \( n=16,298 \). Out of the gross sample, 164 cases were found to be ineligible because the address did not exist or was non-residential or vacant, and 1752 cases were found to be ineligible because there were no individuals in the target age group at the address sampled. The resulting target sample size was thus \( n=14382 \). The realized sample size (the number of interviews conducted) was 8023. During fieldwork control, data entry and cleaning, 236 questionnaires were found to be unusable and were excluded from analysis. Consequently, the final sample size (the number of observations in the data set) for the survey was \( n=7787 \). The total non-response level was 6359 (44\%). The reasons for interviews not conducted were as follows: in 3606 cases, no contact with the respondent was achieved (no one was present at the address); in 1813 cases, the respondent refused to participate, in 214 cases, the respondent was unable to answer; in 702 cases, the respondent could not be reached because the apartment building’s front doors were locked. The main reasons given for refusal to participate were as follows: does not want to participate in surveys (818 cases), has no time (748), refuses due to the subject matter of the survey (75), refuses due to prior experience (80).
2.4. Quantitative data analysis methods

Social exclusion was characterized by means of single- and multiple-factor statistical methods and techniques for the classification, structuring, assessment and comparison of data (statistical assessment, hypothesis testing, cross-tabulation analysis, correlation analysis, multiple regression analysis, analysis of variance (ANOVA), graphical methods, etc.).

Data processing and analysis was conducted using the data analysis software suites SPSS for Windows (version 15.0) and Stata SE for Windows (version 9.2). In the development and description of the methodology, William Greene’s standard econometrics text (Greene 2003) was used.

2.4.1. Identification of the dimensions of social exclusion

The identification of the dimensions of social exclusion was conducted in three stages:

1) Potential indicator questions were selected in each of the theoretically determined basic dimensions (Gallie 2004):
   - material deprivation,
   - social isolation,
   - labor market exclusion,
   - exclusion from culture (non-basic, additional dimension of social exclusion),
   - psychological discomfort (a concept distinct from, but closely related to social exclusion);

2) Factor analysis was conducted to identify sub-dimensions within each set of variables as identified above and to determine each variable’s weight in the overall index for each dimension;

3) Factor analysis was repeated simultaneously for the entire set of indicator variables, thus obtaining factor loadings to be used in the calculation of an overall index of social exclusion.

Factor analysis is a method of data analysis that allows the researcher to significantly reduce the number of dimensions in a multi-dimensional space of measurements by identifying a set of common underlying factors. Simply put, factor analysis allows one to replace many measurements with a much smaller number of measurements, which still preserve most of the information found in the original data. Factor analysis is based on the assumption that the many original measurements (such as a respondent’s answers to a series of questions about his or her attitudes towards oneself and others) are to a large extent determined by a small number of common causes or factors (for example, the respondent’s self-esteem and trust in others), so that we can view the individual measurements as intermediate tools for measuring the common factors, which are often impossible to measure directly (i.e., there is no natural way to obtain a direct measurement of self esteem). In particular, the model assumes that each of \( n \) measurements is influenced by \( m < n \) common factors, as well as some
additional factors specific to that measurement. Denoting the individual measurements by \( x \), the common factors by \( F \), and the measurement-specific factors or noise by \( \varepsilon \), the model postulates that (for each \( i \) from 1 to \( n \) \( x_i = \sum_{j=1}^{m} \beta_j F_j + \varepsilon_i \), where the correlation between each pair of specific factors \( \varepsilon \) and each pair of common factors \( F \), is zero. The goal of factor analysis is to determine the number of common factors and to assess the factor loadings \( \beta \), given the measurements \( x \). This is achieved by employing linear algebra methods based on the spectral decomposition of the sample correlation (or covariance) matrix of the measurements. The obtained factor matrix is then rotated to factors that are easier to interpret.

In this study, factor analysis was conducted using the principal components method with varimax rotation. The number of factors/ components to be used was determined by examination of the scree plot of the eigenvalues of the matrix of analysis and taking into account the interpretability of the factors identified. Factor scores were calculated using the method of linear regression.

Exclusion from the labor market was defined as a situation when an individual is not employed, despite being actively involved in job search and being ready to start employment. This situation corresponds to the status of job seeker. The status of registered unemployed would be inadequate for our purposes, because nearly half of all unemployed do not actively look for a job and/ or would not be ready to commence employment within two weeks. In this situation, it would be inappropriate to speak of exclusion from the job market. On the other hand, a significant fraction of job seekers who are not employed, but are actively looking for a job are not registered as unemployed, which does not mean that they are not excluded from the labor market.

2.4.2. Identification of the risk factors for and mutual interactions among the dimensions of exclusion

In order to identify the connections among the dimensions of social exclusion and to identify the factors that increase the risk of exclusion, multiple regression analyses were performed. In cases where the independent variable was continuous (for example, all measurements obtained by the factor analysis discussed above), ordinary least squares (OLS) regression was employed. The regression equations were

\[
y_i = \beta_0 + \sum_{j=1}^{K} \beta_j x_{ij} + \varepsilon_i \quad \text{or} \quad y_i^k = \gamma_0 + \sum_{j=1}^{K} \gamma_j x_{ij} + \sum_{l=1}^{L} \lambda_l y_{il}^l + \varepsilon_i, \]

where \( y_i^k \) is the exclusion dimension of interest, index \( i \) indicates individual observations (respondents), \( x \) is a vector of independent variables (factors) (where \( x_{ij} \) is the value of the \( j \)-th variable for the \( i \)-th respondent), \( \beta_0 \) and \( \gamma_0 \) are constants, \( \beta_j \) and \( \gamma_j \) – coefficients of the variable \( x_j \), but \( \lambda_l \) – the coefficient of the variable \( y_i^l \). \( \varepsilon_i \) is a noise term, which includes the factors specific to the \( i \)-th observation that are not included among the variables \( x \), as well as random factors (such as measurement errors). It is assumed that the \( \varepsilon_i \) terms are independently distributed according to a
normal distribution with mean zero. The variables $x$ are exogenous (determined outside the model), i.e., they are not affected by other elements of the model. The variables $Y$ are endogenous (determined within the model). The presence of endogenous variables can affect the interpretability of the results (see below).

Categorical independent variables in the regressions where replaced by sets of dummy variables. The regressions were estimated by OLS. Hypotheses were tested by Student t-tests.

In cases where the dependent variable was dichotomous, logistic regression was employed instead of standard linear regression. In general, when the dependent variable is dichotomous, the model must predict the probability of the dependent variable taking the value of one, conditional on the independent variables. The model thus takes the form

$$\Pr(Y_i = 1) = G(\beta_0 + \sum_{j=1}^{K} \beta_j x_{j,i}),$$

where $\Pr(.)$ is the probability operator, $G$ is a function with range $[0, 1]$, $Y$ is the dichotomous dependent variable, $x$ is a vector of independent variables (factors) (where $x_{j,i}$ is the value of the $j$-th variable for the $i$-th respondent), $\beta_0$ is a constant, but $\beta_j$ is the coefficient of $x$. In this study, logistic regressions were employed, that is, $G$ took the form of the logistic function,

$$G(t) = \frac{e^t}{1 + e^t},$$

where $e$ is Euler’s number (basis of the natural logarithm, $e \approx 2.71828$).

Just like in the case of OLS regressions, categorical independent variables in logistic regressions where replaced by sets of dummy variables.

Logistic regression models were estimated by maximum likelihood (ML). Hypothesis tests were based on the fact that the distribution of parameters obtained by ML is asymptotically normal (i.e., approaches the normal distribution in large samples).

Unlike single-factor methods, multiple regression can be used to differentiate between the direct and indirect effects of each variable. Regression shows the effect of each variable, holding all other variables constant.

In our case, the situation is complicated by the fact that many variables in the model influence each other (interactions are mutual). Consequently, the values of these variables are determined as solutions to a system of variables, and the regression equations should also be estimated as a system (so called simultaneous equations). Unfortunately, the system of equations describing the model is not identified given the data available (i.e., it has infinitely many solutions). To overcome this problem, for each endogenous variable we should have at least one exogenous variable that is correlated with
that particular endogenous variable, but not with any of the others. Such variables could be, for example, the historical values of the endogenous variables. A system thus identified could then be solved by two- or three-stage least squares (2SLS or 3SLS). Unfortunately, we do not currently have a sufficient number of such exogenous variables (instruments) and must therefore resort to estimating each regression equation separately by OLS or logistic regressions. Such an approach can bias our estimates of the regression coefficients, but is unlikely to affect the key qualitative conclusions about connections among the variables. It is important to note, however, that, as a result of the simultaneity problem, the available data allow us to make conclusions only about the existence of links between variables (controlling the effects of others), but not about the directions of these links.

2.4.3. Identification of exclusion risk categories

In order to classify the various risk groups by levels and types of exclusion, we performed hierarchical cluster analysis with the average linkage method.

This method of analysis allows to identify similarities and differences among various observations, based on their positions in a multi-dimensional space. Each observation is interpreted as a point in an n-dimensional space, where the i-th coordinate is determined by the value of the i-th measurement. Observations are grouped into categories based on their distances in this n-dimensional space. The goal of the analysis is to group a large number of observations into a small number of categories (or clusters) having the property that the points within each category are close to each other (i.e., the corresponding observations are alike), while distances between categories are significantly higher than those between the points within each category (i.e., the categories are different). We can visualize each category as a cluster of points in the n-dimensional space.

In our case, the observations are the previously identified risk groups and the space of analysis is defined by the following three dimensions: material deprivation, social isolation, and psychological discomfort. Distances are measured by the Euclidean norm:

$$\|x^1 - x^2\| = \sqrt{(x_1^1 - x_1^2)^2 + (x_2^1 - x_2^2)^2 + (x_3^1 - x_3^2)^2}$$

The grouping is performed in several steps. This process is easily visualized by the clustering dendrogram (tree diagram). The dendrogram is read from the bottom up. At the beginning, each observation (in this case, each risk group) is in a category of its own, which is depicted a leaf of the tree. In each subsequent step, the closest pair of categories is merged into one. The process continues until all observations are in a single category. The larger the difference between a pair of categories, the higher in the tree they are merged. The number of final categories to be used is chosen so that the categories are significantly different, yet their number is not so large as to make their analysis intractable.
2.5 Methodology of in-depth interviews

In order to clarify and summarise the opinions of social exclusion risk groups about the causes and manifestations of social exclusion, interviews with representatives of social exclusion risk groups were conducted within the framework of research. The necessity for such research was determined by several factors: 1) the necessity to link the rather theoretical concept of social exclusion which has been borrowed from foreign countries, with actual manifestations of today’s life, to make this concept more clear and understandable in the context of real everyday activities; 2) the necessity to clearly define the social exclusion risk factors in each separate risk group, to understand the causes of these risks, to identify the factors contributing to loss of work and the ways of finding work opportunities; 3) the necessity to identify the possibilities to overcome the social exclusion, the required assistance and best practices of overcoming the social exclusion.

Method and selection of in-depth interviews

In order to clarify the subjective opinions of people exposed to the risk of social exclusion and obtain an adequate description of manifestations of social exclusion, the partly structured in-depth interview is used as a research method.

The research selection is formed in a way that it covers all regions of Latvia, cities and rural areas of different size, includes representatives of social exclusion groups of different ethnic groups, ages and genders. In the beginning of the research a theoretical selection (n=200) was made including the proportion of the respondents based on regional division and proportion of risk groups that has been observed during the research Regional proportion: 40 interviews in each of Latvia’s planning regions, including residential areas of different sizes. The proportion of risk groups is identified according to the proportion of risk groups among residents of Latvia (see Table 5).

<table>
<thead>
<tr>
<th>Social exclusion risk groups</th>
<th>Size of the group*</th>
<th>Planned number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>The unemployed (including young people, people at pre-retirement age, long-term unemployed persons)</td>
<td>77 151 including: 11 163 – young people 7198 – pre-retirement 20 032 – long-term</td>
<td>20 15 40–50</td>
</tr>
<tr>
<td>Persons released from imprisonment</td>
<td>2547</td>
<td>5–10</td>
</tr>
<tr>
<td>Homeless persons</td>
<td>3070</td>
<td>15–20</td>
</tr>
<tr>
<td>Ethnic minorities – Gypsies (Roma)</td>
<td>8498</td>
<td>5–10</td>
</tr>
<tr>
<td>Disabled persons (capable of work)</td>
<td>101 560</td>
<td>30–40</td>
</tr>
<tr>
<td>Victims of human trafficking</td>
<td>1200</td>
<td>5</td>
</tr>
</tbody>
</table>

Procedure of interviews

Within the time period from June to December 2006 200 partly structured interviews (duration of each interview – 1 – 1.5 h) were conducted with representatives of all target groups of research: the unemployed, long-term unemployed (paying special attention to young and pre-retirement unemployed), adults of large and single-parent families, disabled persons, persons released from imprisonment, homeless people, representatives of ethnic minorities, mainly, Roma people. In each group people of different genders, ages and nationalities were interviewed.

Initially also interviews with victims of human trafficking were intended, but experts working with these people suggested not to do that because of the confidentiality and emotional tension that is felt by these people remembering everything.

The primary selection of respondents was done in cooperation with non-governmental organisations representing the risk groups and by consulting with the local government, social service, State Employment Agency (SEA). Simultaneously also the so called “snowball” method was used, namely, respondents were asked to suggest other people—similar representatives of risk groups. People under the influence of alcohol or drugs were not selected as participants of the interview, because although they are exposed to the risk of social exclusion, the information provided by such people cannot be considered to be reliable.

Interviews were conducted by specially trained interviewers on the basis of guidelines for in-depth interviews that divided questions in several thematic blocks: description of the household, income and spending strategies, employment, social relations, education, health and medical services, availability of communication and information, social support, involvement in community life, social exclusion, leisure time.

Interviews were recorded, after which the transcription and summary of the interview was created. The summary included description of the respondent, procedure of interview and concentrated description of the content. Since the most significant work material of 200 in-depth interviews – transcriptions of interviews – was very bulky, the summaries of them made the process of analysis considerably easier by helping to overview the content of interviews. The description of the achieved selection (see Table 6)
### Table 6 The description of the achieved selection

<table>
<thead>
<tr>
<th>Division by social exclusion risk groups</th>
<th>Planned selection</th>
<th>Achieved selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>The unemployed, including</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>unemployed – long-term</td>
<td>30–40</td>
<td>37</td>
</tr>
<tr>
<td>unemployed – young people</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>unemployed – people of pre-retirement age</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Homeless persons</td>
<td>15–20</td>
<td>14</td>
</tr>
<tr>
<td>Former prisoners</td>
<td>5–10</td>
<td>9</td>
</tr>
<tr>
<td>Large families</td>
<td>15–20</td>
<td>31</td>
</tr>
<tr>
<td>Single-parent families</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>5–10</td>
<td>11</td>
</tr>
<tr>
<td>Disabled persons</td>
<td>30–40</td>
<td>41</td>
</tr>
<tr>
<td>Division by regions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Riga</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Riga planning region</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Vidzeme planning region</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Kurzeme planning region</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>Zemgale planning region</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>Latgale planning region</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>Division by gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td></td>
<td>74</td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td>126</td>
</tr>
<tr>
<td>Division by nationality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latvians</td>
<td></td>
<td>74</td>
</tr>
<tr>
<td>Foreigners</td>
<td></td>
<td>126</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>200</td>
</tr>
</tbody>
</table>
2.6 Methodology of expert interviews

In order to analyse causes and duration of unemployment and social exclusion, the opinions of experts on opportunities of different unemployment and social exclusion risk groups to integrate in the labour market, description of main problems and proposals for the reduction of unemployment and social exclusion were clarified.

60 expert interviews were conducted within the framework of research: 10 – in the beginning of the research, 50 – during later time period of research implementation. Each group of interviews had their own objectives and principles of selecting experts.

Expert interviews No. 1

Expert interviews in the beginning of the research were conducted to compile information for development of methodology for the research, including also information about the access to the social exclusion (SE) risk groups, as well as NGO and specialists, who are engaged in different fields of reducing social exclusion. The information compiled from these expert interviews was used: to develop principles on how to make a selection and select respondents for the quality interviews; to develop principles on how to select experts and make list of experts for expert interviews to be conducted for further research; to update the information on researches in the field of social exclusion and unemployment which have been carried out in Latvia; to specify principles in formation of thematic question blocks and selection for surveys of residents and the unemployed.

Interviews were conducted with specialists from the State Employment Agency, Ministry of Welfare, Ministry of Education and Science, Ministry of Agriculture, Secretariat of Special Assignments Minister for Social Integration Affairs, State Regional Development Agency, Latvian Fund for Integration of Disabled People, as well as specialists in social affairs from local governments.

Expert interviews No. 2

For the next 50 expert interviews a more complicated scheme of expert selection was created. Competent persons that are able to characterise risk of unemployment and social exclusion of different social exclusion risk groups are selected as experts.

For characterisation of the problem topics experts from different organizations and institutions have been selected, whose work responsibilities include dealing with social exclusion risk groups.

The experts were selected among employers, employees of local governments, participants of NGOs and institutions that deal with problems of social exclusion risk groups. Questions corresponding to the specifics of their work were prepared for each group of experts (see Table 7). A more detailed list of institutions representing experts can be found in Table 2.1 of the Appendix 2.
### Table 7 Characterisation of selecting experts

<table>
<thead>
<tr>
<th>Experts, number of persons</th>
<th>Criteria for selection of experts</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers (n=10)</td>
<td>Involved in implementation of employment activities subsidised by the SEA. Involved in activities “Supported work”.</td>
<td>- Employment opportunities for exclusion risk groups. - Subsidised work places. - Cooperation with the SEA.</td>
</tr>
<tr>
<td>Representatives of local governments (n=19)</td>
<td>Representative of the Union of Local Governments; Heads of local governments of different sizes and regions, deputies, head of social services, social workers.</td>
<td>- Opportunities for reduction of unemployment. - Characterisation of exclusion risks and risk groups. - Cooperation with the SEA, NGOs and employers.</td>
</tr>
<tr>
<td>Representatives of NGOs (n=19)</td>
<td>Representatives of organisations for disabled persons (n=3) Representatives of family NGOs (n=2) Representative of the Gypsy Society (n=1)</td>
<td>- Opportunities of reducing the exclusion risk for definite risk groups. - Involvement of risk groups in problem solving. - Cooperation with local governments, state institutions and employers.</td>
</tr>
<tr>
<td>Experts concerning issues of individual risk groups (n=15)</td>
<td>On different groups of the unemployed (n=3) On former prisoners (n=2) On issues regarding homeless people (n=4) On human trafficking (n=3) On disabled people and persons with mental disorders (n=3)</td>
<td>- Characterisation of the situation of individual risk groups. - Opportunities for prevention of exclusion. - Assessment of legislation. - Assessment of inclusion policy and activities.</td>
</tr>
<tr>
<td>Total: n = 50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expert interviews were used for characterisation of situation of social exclusion risk groups, assessment of problems and search for solutions. The opinions of experts have been taken into account also in developing the characterisation of policy documents and cooperation among institutions, as well as in elaboration of proposals for the reduction of social exclusion.
III. SURVEY RESULTS

3.1. Characteristics of factors affecting risk and length of unemployment

3.1.1. General tendencies

The proportion of active jobseekers among economically active respondents has steadily decreased from 14.6% in 2002 to 8.7% in 2005. In the existing literature this indicator is referred to as *unemployment rate*. However, in the Latvian statistical data unemployment rate more often refers to registered unemployment. Given that in this section we are not looking at registered unemployment, we will use a term ‘unemployment rate’ to define a ratio of jobseekers to those in the labour force. The unemployment rate is somewhat higher for men than for women (see Figure 1).

*Figure 1. Unemployment rate by gender, 1996-2005 (population aged 15-64).*

The highest unemployment rate is observed among individuals with basic or less than basic education, the lowest rate is found among higher educational institutions graduates (see Figure 2). The fall in unemployment rate in general concerns individuals in all educational categories; however, between 2001 and 2005 it was more pronounced for respondents with higher education (see Figure 2 and Table A.1.5).
Figure 2. Percentage of active jobseekers among economically active individuals, by education level (1996-2005)


Figure 3 shows that since 2002 the percentage of jobseekers in the labour force has decreased the most among men and women aged 15 to 24 and 35 to 44, as well as among men aged 25 to 29. This change, in turn, affected the age-unemployment rate profile. In 2005 the unemployment rate reaches its maximum for males in age groups 15-24 and 50-59 years; while for females the proportion of jobseekers is found to be the highest at 15-29 and 45-54 years.

Figure 3. Percentage of active jobseekers among economically active individuals, by gender and age (2002 and 2005)

Source: Calculations based on LFS data.

It is worthwhile to mention that in the recent years both a proportion of unemployed and a proportion of discouraged workers are falling among all (and not only economically active) working age individuals (see Table 2).
Table 8. Percentage of jobseekers and marginally attached among 15-74-year-old individuals (2002-2005)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobseekers</td>
<td>7.4</td>
<td>6.6</td>
<td>6.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Marginally attached</td>
<td>8.1</td>
<td>6.8</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Total</td>
<td>15.5</td>
<td>13.4</td>
<td>12.0</td>
<td>10.8</td>
</tr>
</tbody>
</table>

Source: Calculations based on LFS data.

3.1.1.1. Trends in youth unemployment

Though youth unemployment rate is the highest among all age groups, yet it seems to be less of a problem in Latvia then in other European countries if one looks at the recent statistics and trends. In 2005, the percentage of jobseekers among young individuals in the labour force in the ten new EU member states was 30%, in the EU-15 – 15-17%, in Latvia – only 13% (Estonia and Lithuania – 16%). During the last three years, this indicator has decreased on average by three percentage points in the new member states; it has risen by the same amount in the EU-15 countries; whereas in Latvian is has fallen by 10 percentage points. Compared to 1998, in the latest period youth unemployment rate almost halved; while in the other new EU countries it actually increased (see Figure 4, upper panel).

Given that the proportion of economically active individuals among young people is quite low (38% in Latvia in 2005), frequently the proportion of jobseekers in this age group is computed in reference to all individuals and not to the ones in the labour force (this practice is widely used by Eurostat, see Jouhette and Romans 2006). This indicator is even more convincing that youth unemployment in Latvia is not a severe problem. In 2005, only five percent of all young individuals were searching for a job, compared to average of eight percent in the EU-15 countries and ten percent in the new member states. According to Figure 4, lower panel already in 2003 Latvia was outperforming EU-15 countries in the respect of youth employment. In 2005, only three of the EU countries (Lithuania, Luxemburg and Ireland) had a lower proportion of jobseekers among young individuals than in Latvia. Moreover, counting jobseekers and discourage workers together, the ratio is still lower than in the other new EU member states on average.
3.1.1.2. Unemployment by education and ethnicity

Figure 5 shows unemployment rate in 2002 and 2005 by education and ethnicity (see also Table A.1.5). As one can see, the percentage of jobseekers in labour force is negatively related to education level of respondents: for both ethnicities well-educated individuals experience lower unemployment rate. Among Latvians, unemployment rate is considerably lower than among ethnic minorities; however, this gap is notably smaller in 2005 compared to 2002. Moreover, comparing ethnic differences by education, we find that ethnic gap in unemployment rate decreased substantially for individuals with basic and secondary education. This is due to the fact that these educational groups experienced fall in unemployment rate among non-Latvians. However, among ethnic minorities with higher education unemployment rate is still observed much higher than among their Latvian counterparts; furthermore, the gap has grown in 2005 compared to 2002.
Figure 5. Unemployment rate by education among Latvians and non-Latvians, 2002 and 2005

![Unemployment rate by education among Latvians and non-Latvians, 2002 and 2005](image)

Source: Calculations based on LFS data.

Figure 6 illustrates that during four-year period the difference in unemployment rates among ethnic groups decreased substantially among men, while stayed at about five percentage points level among women.

Figure 6. Unemployment rate by ethnicity among men and women, 2002 and 2005

![Unemployment rate by ethnicity among men and women, 2002 and 2005](image)

Source: Calculations based on LFS data.

Why non-Latvians have higher level of unemployment? One of the reasons is lack of proficiency in the state language that restricts the amount of jobs offers these individuals get. The language factor was found to be significant by a recent study on the socio-psychological portrait of the registered unemployed in Latvia– the results suggest that insufficient knowledge of Latvian language is associated with low job search intensity (Hazans & Dmitrijeva 2006). Another explanation may be unequal distribution of Latvians and non-Latvians through the country; that is, ethnic minorities tend
to be concentrated in Latgale, where jobseekers rate is much higher than elsewhere in Latvia. Therefore, one needs to use econometric methods to distinguish between regional and ethnic effects.

### 3.1.1.3. Unemployment duration by gender, ethnicity, education and residence

In order to develop appropriate employment policy, it is of a particular interest and importance to consider not only unemployment rates, but also unemployment duration among different groups of individuals. Descriptive statistics is based on the LFS data, which contains information on uncompleted job search spells, since it is possible to obtain information on duration only for those individuals who are unemployed when surveyed. Therefore, all periods of job search are right censored. Usually it is assumed that this censoring is at random among different groups of individuals and thus does not influence comparison between them. That is, there is no reason to suppose that women are surveyed more often at the beginning of a spell while men are interviewed at the end of unemployment period.

*Figure 7. Unemployment duration median values for different demographic groups, 2002-2005*

Unemployment duration is defined as \( T = \min(T_1, T_2) \), where \( T_1 \) is reported duration of the job-search and \( T_2 \) is time passed since an individual lost (quitted) her job. Figure 7 shows median values of job search duration by gender, ethnicity, education and residence place. In the duration analysis median seems to be more appropriate than mean, since the latter may be affected too much by outliers (e.g. few individuals with very high duration values). The results, which refer to the four-year period 2002-2005, show that in general men stay unemployed longer than women. Ethnic minorities have by 3 months longer median unemployment spell than Latvians do.
Respondents with higher education have shortest job search spells – their median duration is smaller by 2 months than secondary and basic school graduates. This indicator is by 4 months lower for Riga than elsewhere in Latvia; while urban residents have by a month lower duration median than rural residents. In Riga region, Vidzeme and Zemgale median unemployment duration is around 10 months, 12 months in Kurzeme and 23 months in Latgale (note, however, that unemployment rate and duration is decreasing more rapidly in Latgale compared to other regions, so that this regional difference is less pronounced in the last year – see section 6 below).

Long-term unemployment is one of the most acute problems in the Latvian labour market: during 2002-2005 around 48% of all jobseekers were unemployed longer than for a year. Figure 8 shows the proportion of long-term unemployed among all unemployed individuals by gender, ethnicity, education, and residence place. One can draw qualitatively similar conclusions as those in Figure 7. In addition, it appears that among such categories of unemployed as males, non-Latvians, urban residents (except for Riga), and rural residents, every third unemployed is looking for a job for two years or longer (at the interview date); in Latgale this ratio reaches 50 percent. The lowest percentage of long-term unemployed is in Riga and among those with higher education.

Figure 8. Incidence of long-term unemployment among unemployed, by demographic characteristics (2002-2005)

Source: Calculations based on LFS data.

Unemployment duration analysis using econometric methods is described in sections 8 and 9.

3.1.1.4. Reasons for becoming unemployed

All unemployed individuals (including discouraged workers) can be classified into two groups according to whether they had previous working experience before or not. Figure 9 displays the information from the LFS 2005 data on the reasons why respondents with previous work experience left their last job. Individuals are grouped according to the period of leaving last job and by their
economic status at the moment of interview.

One can see that about 60% of jobseekers and about 40% of discouraged workers, independently from how long ago they had worked, left their last job due to one of the following reasons: massive layoffs, enterprise liquidation, and seasonal or temporary job ending. Proportion of ‘laidoff’ workers (28%) is lower among jobseekers, who left their job during the last 2 years, than among long-term unemployed (42%); whereas, percentage of those with seasonal and temporary work is higher among jobseekers than among long-term (25% compared to 12.5%).

Figure 9. Non-employed individuals with working experience by reasons of leaving last job

![Bar chart showing reasons for leaving last job]

Source: Calculations based on LFS 2005 data.

About every nineth of the long-term unemployed (since 2003 or earlier) jobseekers and marginally attached (discouraged workers) left their job due to maternity leave, looking after a child or an incapacitated adult (of course, this grounds mostly concern women). For the sake of comparison, this reason was a motive to leave a job (in 2004-2005) for 1.2% of jobseekers, for 4.8% of discouraged workers and for 22% of other economically inactive people. One can conclude that young mothers with children 1.5-2 years old in general are not available for a job; whereas, mothers with older kids are often willing to work if a suitable (for instance, part-time or with flexible schedule) job is found.

Among discouraged workers who are unemployed for a long period (since 2003 or earlier), about
every fourth is retiree; however, only about 9% of retirees are in the same category but who left their job later, in 2004-2005. The proportion of pensioners in the labour force is very low.

The percentage of individuals who stopped working due to low wage or unsatisfactory working conditions is very low among long-term unemployed individuals (since 2003 or earlier – 1.2% among non-employed and 3% among jobseekers). On the other hand, this ratio was much higher for recent unemployed (left their job in 2004-2005) and reached about 12%.

Note also that almost every fifth jobseeker did not specify a reason for leaving a job (that is, his response was ‘Other personal or family reasons’ or ‘Other reason’). Among discouraged workers who stopped working in 2004-2005 this proportion is even higher.

A significant part of unemployed individuals do not have working experience; thus, in 2005 every seventh jobseeker and every fourth marginally attached were new entrants in the labour market (see Table 3). The increase in the proportion of unemployed respondents without experience during the last year compared to other periods is likely to be due to the fall in total number of unemployed individuals. Note that percentage of new entrants among registered unemployed is much lower.

**Table 9. Percentage of new entrants among jobseekers and discouraged workers and their median age, 2002-2005**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(New entrants)/(Jobseekers), %</td>
<td>7.3</td>
<td>4.1</td>
<td>5.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Median age of jobseekers without work experience, yrs</td>
<td>20.8</td>
<td>22.1</td>
<td>22.8</td>
<td>20.7</td>
</tr>
<tr>
<td>(New entrants)/(Discouraged workers), %</td>
<td>6.8</td>
<td>4.3</td>
<td>5.7</td>
<td>23.8</td>
</tr>
<tr>
<td>Median age of discouraged workers without work experience, yrs</td>
<td>18.7</td>
<td>19.6</td>
<td>20.1</td>
<td>19.3</td>
</tr>
</tbody>
</table>

*Source: Calculations based on LFS data.*

Speaking of reasons for being unemployed, we could distinguish them into two categories. First, people can leave a job (or enter labour market and start searching for a job) and become unemployed. The reasons for leaving employment have been described above. Second, a respondent can stay unemployed if job search intensity is not sufficient enough or if not looking for a job at all (discouraged worker). In the aftermath, we now turn to describing job searching methods, as well as why economically inactive individuals are not available for a job.

As one can see from Table 4, that three out of four jobseekers use friends, relatives and trade unions contacts to find a job. In 2005 compared to earlier periods, the role of advertisements placed in journals and newspapers has increased, so that 78% of unemployed use newspaper adds to look for a job. The proportion of all jobseekers who take advantage of the services provided by the SEA has increased, reaching almost half in 2005. Direct contacts with employers are used by a bit more than a half of unemployed; however, the popularity of this searching method has fallen recently compared to 2003-2004. Yet, a very small proportion of jobseekers use Internet in their job search – 15% in 2005.
Table 10. Proportion of jobseekers who use the following job searching methods, 2002-2005

<table>
<thead>
<tr>
<th>Method</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked with employers personally</td>
<td>52.2</td>
<td>60.5</td>
<td>57.4</td>
<td>52.6</td>
</tr>
<tr>
<td>Questioned friends, relatives, trade unions, etc.</td>
<td>76.2</td>
<td>78.1</td>
<td>77.0</td>
<td>76.1</td>
</tr>
<tr>
<td>Studied, inserted or answered advertisements in newspapers</td>
<td>68.5</td>
<td>65.3</td>
<td>61.5</td>
<td>78.4</td>
</tr>
<tr>
<td>Inserted or answered advertisements in Internet</td>
<td>...</td>
<td>...</td>
<td>23.4</td>
<td>15.4</td>
</tr>
<tr>
<td>Contacted State Employment Agency</td>
<td>34.9</td>
<td>32.6</td>
<td>26.5</td>
<td>46.1</td>
</tr>
<tr>
<td>Contacted private employment agency</td>
<td>2.4</td>
<td>2.4</td>
<td>2.6</td>
<td>(1.9)</td>
</tr>
</tbody>
</table>


The intensity of job search can be characterized by the number of job search methods employed. Figure 10 shows that in this respect there was no obvious progress among men and a little progress among women in 2002-2005. About half of all unemployed individuals use only one or two methods.

Figure 10. Distribution of jobseekers by number of job searching methods, 2002-2005

Source: Calculations based on LFS data.

Figure 11 displays that those jobseekers who live in small cities, as well as those older than 35, differentiate less in their utilization of various methods. In general the differences between demographic groups according to the number of methods used are not substantial.
Looking at the reasons why economically inactive individuals do not look for a job, we can classify them into three categories: retirement (including early retirement), studies (including ‘preparing for admission’ and ‘have just graduated’) and others. Figure 12 illustrates steady decline in the proportion of people who belong to the first group; while the percentage of inactive persons, who claim studies to be the main reason of not looking for a job, is increasing. Both processes are happening slowly though.
Figure 13. Percentage of economically inactive men and women, who mention the following reasons for not looking for a job (2005)

Notes. Population aged 15 to 74. Reasons related to retirement and schooling are not shown (see Figure 12). Source: Calculations based on LFS data.

Both for men and women, around 30% of respondents point out at reasons other than studies and retirement. The dynamic of the distribution of inactive respondents by these reasons is summarized in Figure 13. One can identify three important groups among them:

- reasons related to the inbalance between labour supply and labour demand (such as ‘do not believe in finding a suitable job’); however, this reason is getting less widespread;
- disability (among men especially);
- child-care leave (for women).
Notice that the popularity of such response as ‘Unwilling/no need to work’ is increasing; furthermore, it may also be hidden within categories ‘Other personal or family responsibilities’ and ‘Other reason’.

Finally, we turn to the responses to the question why respondents were not able to start working within next two weeks, even though they were willing to work. See distribution of such individuals in Table 5.

Table 11. Distribution of economically inactive individuals, by reasons why are not able to start working within next two weeks (2005) (%)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must complete education or instructional practice</td>
<td>61.3</td>
<td>35.1</td>
<td>44.5</td>
</tr>
<tr>
<td>Looking after one’s children</td>
<td>0.9</td>
<td>26.7</td>
<td>17.5</td>
</tr>
<tr>
<td>Looking after incapacitated adults</td>
<td>1.0</td>
<td>3.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Personal or family responsibilities</td>
<td>10.6</td>
<td>21.0</td>
<td>17.3</td>
</tr>
<tr>
<td>Own illness or incapacity</td>
<td>19.5</td>
<td>12.1</td>
<td>14.7</td>
</tr>
<tr>
<td>Must complete compulsory military service/alternative service</td>
<td>3.7</td>
<td>0.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Other</td>
<td>2.6</td>
<td>1.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Calculations based on LFS data.

3.1.1.5. Labour flows

Descriptive statistics on labour flows between four main states (employment, job search, hidden unemployment and inactivity) during 2002-2005 is summarized in Figure 14 (see also Tables A.1.2-A.1.4 in Appendix 1). The results are based on information about economic activity of individuals one year before survey. We include all 16-74-year-old respondents who lived in Latvia a year ago. Therefore, we abstract from the potential impact of international migration, since previous year’s immigrants were excluded from the analysis, while emigrants were not surveyed.

As Figure 14 shows, outflow from employment to unemployment tends to decline: between 2004 and 2005 only 3% of employed moved into job search and 4.4% became unemployed including marginally attached (compared to 4% and 5.6%, respectively, between 2002 and 2001). Total outflow from employment between 2004 and 2005 was 6.9%, which is by one percentage point lower than between 2001 and 2002. However, one should keep in mind that in this statistics we do not account for international migration.

Regarding labour flows from unemployment, the data shows that every third jobseeker (who did not leave the country) starts working after one year (only between 2002 and 2003 this flow was slightly greater – 36%); however, every fifth jobseeker becomes discouraged and stops actively looking for a job. The only flow which has a growing trend is flow into economic inactivity – in 2004-2005 10.6% of all jobseekers transformed into economically inactive, compared to 7.0% in 2001-2002. 36-40% of those searching for employment stay in the same state also after a year. During the last period of analysis (i.e. 2004-2005) this indicator is 36%; yet, it is likely to be even lower if those unemployed
who migrated out of the country in 2004 were added to the denominator.

**Figure 14. Labour flows between employment, job search, and inactivity (2001-2005)**

*Notes:* These results are based on questions about the economic activity of all respondents one year before the survey. Individuals aged 16-74, who lived in Latvia a year ago, are included. Therefore, we abstract from the potential impact of international migration. *Source:* Calculations based on the LFS 2002-2005 data.

In order to examine outflows from inactivity, one needs to take into account that the pool of ‘economically inactive’ individuals include both marginally attached and other inactive respondents (the LFS data does not allow to distinguish between these two groups one year before survey). As the last panel of Figure 14 illustrates, the total outflow from inactivity tends to decrease. The percentage
of inactive individuals who were employed or available for a job after one year has decreased from 28% in 2001 to 19% in 2004. This means that ‘easily mobilized’ labour force reserve is declining; therefore, there is a need for new incentives for potential workers, new approaches from employers’ side, as well as constructive government policy to encourage family-friendly employment.

3.1.2. Unemployment risk among economically active individuals

Appendix 2 summarizes determinants of unemployment risk in 2002 and 2005. This study focuses at socio-demographic characteristics of individuals and their impact on unemployment risk; therefore, models do not control for labour demand directly; nevertheless, local labour demand conditions are captured by regional indicators.

3.1.2.1. Educational and regional effects

The effects of education and regions, as well as their dynamics, are presented in Figure 15 for male subsample and Figure 16 for female subsample.

Among men in the labour force, the largest unemployment risk reduction since 2002 has been observed in Zemgale, which is followed by Kurzeme and Latgale. Men with basic or less than basic education experienced a fall in the probability of becoming unemployed by 12 percentage points in Zemgale, by 9 percentage points in Kurzeme and Latgale, by 7 percentage points in Riga region, and by 5 percentage points in Vidzeme. Among males with secondary education, unemployment risk has decreased on average by 6 points in Zemgale, 4 points in Kurzeme and Latgale, 3 points in Riga region. Nevertheless, even in the latest period the unemployment risk level was still quite high both for men with basic education (8 percent in Zemgale, 12-16 percent in Riga region, Kurzeme and Vidzeme, 21 percent in Latgale) and for their counterparts with secondary education in Kurzeme (8 percent), Vidzeme (10 percent) and Latgale (14 percent).

Figure 15. Unemployment risk of males by region and completed education, 2002 & 2005
Note: The charts are constructed using the models outlined in Appendix 2. Estimated at the mean values of covariates for each year. Source: Calculations based on the LFS 2002-2005 data.
Figure 16. Unemployment risk of females by region and completed education, 2002 & 2005

Note: The charts are constructed using the models outlined in Appendix 2. Estimated at the mean values of covariates for each year. For females with basic education in Kurzeme unemployment risk has increased by 3 percentage points (not shown here). Source: Calculations based on the LFS 2002-2005 data.
In the female subsample, unemployment risk decline was significant as well (except for Kurzeme), though much smaller than for males. Moreover, in contrast to men, more pronounced fall in the probability to be a jobseeker was observed for women with secondary general education (5 percentage points in Latgale, 4 in Vidzeme, 3 in Zemgale). Women in secondary vocational education groups experienced a fall in unemployment risk about 4 to 5 percentage points in Latgale and Vidzeme, 2 to 3 percentage points in Riga region and Zemgale. Similarly to men, even in 2005 unemployment risk level was quite high for basic school graduates - 19% in Kurzeme and 12-15% elsewhere - as well as for secondary vocational school graduates – 14% in Kurzeme and 9-11% elsewhere.

3.1.2.2. Ethnic effects

In 2002 ethnic minorities had substantially higher unemployment risk than Latvians (other things equal) – unexplained difference was 4 percentage points for men and 5 percentage points for women. In 2005, this gap virtually disappeared among men; however, it remained at the same level among women (see Table A.2.1). Table A.1.5 provides detailed information on evolution of unemployment rate among Latvians and non-Latvians by education, gender and age. The proportion of jobseekers has fallen for men and women of both ethnic groups; however, a decline was more pronounced among non-Latvians. Unemployment rate for men in 2003 decreased substantially in both groups, while for women a fall was observed only among Latvians. On the other hand, in 2004-2005 the minority-majority unemployment rate gap decreased by 2.7 percentage points for men and 2.6 percentage points for women.

Ethnic gap for low-qualified workforce declined in 2004; whereas most of the change in unemployment rate difference between ethnic groups for more qualified workers was observed one year later. Furthermore, among well-educated individuals jobseekers rate dropped only for Latvian subsample, which in turn led to a slight increase in the ethnic gap for this group.

During 2002-2005 unemployment rate has reduced for all age groups among both Latvians and non-Latvians, with an exception of 55-64-year-old Latvians and 45-54-year-old minorities. In addition, the ethnic gap declined for all age groups, apart from respondents aged 45-54. Among economically active individuals older than 45 years jobseekers rate was about 5 percentage points higher for ethnic minorities than for Latvians.

3.1.2.3. Age-unemployment risk profile

According to the regression results (see Table A.2.1), controlling for marital status and presence of children, men age-unemployment risk profile was concave in 2002 (excluding teenagers); nonetheless, in 2005 age (in a range of 25-64 years) has a weak effect on unemployment rate. The situation is different for women: for them the proportion of jobseekers decreases with age (other things equal); yet, similar to their male counterpart, female age-unemployment risk profile is flatter in
2005 than in 2002. These observations reveal the fact that economic growth and improved geographic mobility of the labour force led to unemployment risk being more ‘equalized’ between social groups.

Note that marital status is strongly correlated with age. Therefore, in order to obtain a better idea on a full effect of age on unemployment risk, the models without marital status are estimated as well. The age-unemployment risk profiles obtained from the latter models are depicted in Figure 17. The main conclusions are qualitatively similar to the ones found before:

- In 2005 men age-unemployment risk profile is flat (horizontal) on the interval of 20 to 44 years and slightly increasing for 45-64 age group.
- Female unemployment risk is decreasing with age from 15 to 44 years and stays at about the same level thereafter, with a minor peak between 45 and 54 years.

\textit{Figure 17. Age-unemployment risk profiles by gender, 2002 & 2005}

\textit{Note:} The results are obtained from probit models similar to the ones shown in Appendix 2, but without marital status indicators. Education, ethnicity, and residence location variables are taken at their mean values. Source: Calculations based on the LFS data.

3.1.2.4. Marital status effects
As one can see in Table A.2.1., single men have higher unemployment risk than their married or cohabiting counterparts. In 2005 this effect has weakened (5.6 percentage points compared to 9.3 percentage points in 2002), most likely this results is caused by emigration since single men tend to be most mobile part of the labour force. Similar effect is found among women; however, the difference is statistically insignificant. Presence of children has no impact on men unemployment risk. On the other hand, females with children have slightly higher job search risk (2.3 percentage points in 2005) than their counterparts without children. One possible explanation is increased fertility, due to which previously employed mothers left labourforce.

3.1.3. Unemployment and hidden unemployment risk among working age individuals

Since discouraged workers are not considered to be a part of economically active individuals, the models of hidden unemployment (together with job search risk) are estimated on the sample of all respondents in working age, as well as separately by gender. For this purpose, we estimate multinomial logit models based on the LFS 2005 data for 15-74-year-old individuals, where dependent variable takes four values according to the following states: 1 - employment, 2 - unemployment, 3 - hidden unemployment, and 4 – other inactivity. The results are summarized in Appendix 3. Here, we comment only on hidden unemployment risk.

3.1.3.1. Education effects

The highest hidden unemployment risk is observed among individuals with basic education for both men and women; whereas the lowest discouragement risk is found among men and women with higher education (other things equal). Men with secondary general education have quite high unemployment risk, while men with secondary vocational have high hidden unemployment risk. Women with general secondary or vocational secondary education have about the same probability to be a jobseeker as to be a discouraged worker.

3.1.3.2. Age and marital status effects

One important finding is that in men sample age effects on hidden unemployment are weak: none of the age groups differs from that of 35-44 years by more than 1.6 percentage points which is not substantial compared to the average hidden unemployment risk being equal to 5.3%. Put it differently, marginally attached individuals are present in all age groups. However, the probability to be discouraged worker (other things equal) reaches its maximum at 55-64 years, followed by 65-74 and 45-54 years among men. Moreover, single men have by 6 percentage points higher risk of not looking for a job than their married or cohabiting counterparts.

Females, on contrary, have a reverse U-shape age-hidden unemployment risk profile with a peak at 45-54 years, followed by 35-44 years (with a difference of 1.1 percentage points). Other things equal,
women with kids (younger than 15) have higher probability to become discouraged by 1.2 percentage points than their counterparts without children.

3.1.3.3. Ethnic effects

There is no significant difference in hidden unemployment risk found between ethnic groups among men. On the contrary, non-Latvian females are more likely to be unemployed or discouraged by 2 percentage points compared to their Latvian counterparts (other things equal).

3.1.3.4. Regional differences

The highest hidden unemployment rate (ceteris paribus) is found in Latgale and Zemgale among men (by 10.7 and 6.2 percentage points more than in Vidzeme). The difference between Riga region, Kurzeme and Vidzeme is statistically insignificant, even though in Kurzeme estimated probability to be discouraged worker is higher.

Analysis of the female subsample shows that hidden unemployment risk is highest in Latgale and lowest in Riga region (respectively, by 3.5 percentage points more and by 2.1 percentage points less than Vidzeme, other things equal). The difference in probability to be marginally attached between female respondent in Zemgale, Kurzeme and Vidzeme is statistically insignificant.

3.1.3.5. Impact of working experience and occupations

On average, new entrants in the labour market are more likely to be marginally attached than individuals with previous working experience (11.6% of men and 8.9% of women are not looking for a job even though they are willing to work). Among respondents with previous working experience, on the other hand, the highest hidden unemployment risk is observed among representatives of elementary: 7.7% among men and 5.8% among women (see Figure 18).

Now we turn to analysis of unemployment (and hidden unemployment) risk by gender. The results show that among men the highest jobseekers rate is found for new entrants in the labour market (8.9%) and for representatives of elementary occupations (7.8%). On the other hand, among women without previous working experience the proportion of jobseekers is only 4% (compared to 5.4% for the whole sample). As Figure 18 shows, higher unemployment rate is typical for craft and related trades workers (8.2%), elementary occupations (7.4%), as well as service workers and sales workers (7.1%).
Unfortunately, LFS data does not provide information on total working experience of respondents, thus it is not feasible to form a wider new entrants category, which would include both individuals without working experience and those who worked for less than a year. Due to this reason, it is impossible to examine net effect of working experience on unemployment and hidden unemployment risk. In order to determine how different occupations affect probabilities to be employed, jobseeker, discouraged or otherwise inactive, we estimate multinomial model on the subsample of respondents with previous working experience. The results are summarized in Figure 19.

One can conclude that even after excluding the effects of other factors, among men with previous work experience, representatives of elementary occupations have higher unemployment (especially hidden unemployment) risk than individuals in any other occupation. Similarly, those women experience the highest unemployment risk who work in elementary occupations, as well as craft and related trades workers, service workers and sales workers. Female representatives of these three occupation categories, in addition to plant and machine operators, are more likely to become discouraged workers. To summarize, these results are in line with the average jobseeker and hidden unemployment rates presented in Figure 18.
Figure 19. Effect of last occupation on unemployment risk and hidden unemployment risk among population aged 15 to 74, 2005.

Note: The results are obtained based on multinomial logit models for 15-74-year-old individuals with previous working experience. Education, ethnicity, age, and residence location variables are fixed at their mean values. Source: Calculations based on the LFS data.

3.1.3.6. Factors that determine availability for work of inactive individuals

The previous subsection looked at the factors, which increase or decrease probability that a given individual of working age belongs to a category of marginally attached (which is considered to be a risk group in this context). In this subsection we proceed by looking at discouraged workers as a part of economically inactive individuals, which are most likely to constitute labour force reserve. That is, marginally attached individuals, contrary to other economically inactive respondents, are those who are available to start working if a suitable job was offered. Note that among individuals of the age 15-74 out of the workforce every sixth man and every eighth woman are discouraged workers.

Table A.3.2. in Appendix 3 shows the effects of demographic variables on the availability to start working, separately by gender. Other things equal, the following factors increase the probability of being able to start a job if offered one:

- previous working experience;
- secondary vocational education (among men also secondary general education);
- age between 35 and 54;
- for men – children younger than 15 years;
- for men – residence located in Zemgale, Kurzeme or Latgale.
The above results are based on the LFS 2005 data.

3.1.4. **Analysis of labour market flows**

3.1.4.1. **Outflows from unemployment**

Table A.4.1. in Appendix 4, based on the LFS 2005 data, shows the effects of demographic characteristics on a probability that a given jobseeker in a year will start working, will become discouraged and give up looking for a job, or will leave the labour force. Note that it turned out that there is no statistically significant difference in the results between Latvian and non-Latvian subsamples. Three years before ethnic minorities were less likely to find a job than Latvians (Hazans 2005).

The best chances to find a job in a year time in Latvia (other things equal) are observed for individuals with higher education, followed by their counterparts with secondary vocational and basic vocational education. Jobseekers with secondary general education have the highest probability to become discouraged workers after a year. Data restrictions do not allow to include international migrants into analysis.

Looking at the age effects, young jobseekers have the highest probability to become employed and lowest one to get marginally attached during one year than older individuals.

Comparing respondents with different marital status, men with children younger than 15 are most likely to get a job (other things equal) after a year, followed by single jobseekers. On the other hand, females with young children have the smallest probability to find a job in a year and the greatest probability to get out of the labour force.

Now we turn to the effects of residence locations on the outflows from unemployment. The highest probability to exit from job search to employment in one year (ceteris paribus) is found in Zemgale, followed by residents of Riga region and Kurzeme. In contrast, residents of Latgale are least likely to find a job and most likely to join hidden unemployment. In Riga region and Latgale outflow from unemployment to economic inactivity is observed more often than elsewhere, however, the results are not statistically significant.

Individuals living in rural areas, compared to otherwise similar urban jobseekers, have higher chances to find a job, as well as higher chances to become discouraged, that is to stop actively looking for a job.

3.1.4.2. **Outflows from employment**

Table A.4.3. in Appendix 4 shows the effects of demographic characteristics of employed worker on
a probability of becoming a jobseeker, discouraged worker or economically inactive in a year time (during 2004-2005). Occupations and economic activity of enterprises are included in the models; nonetheless, these effects are mostly statistically insignificant and thus not shown in the tables (those effects which are substantial are described below).

On average the outflows from employment to job search and hidden unemployment are 3% and 1.4%, respectively, of all employed one year ago. According to the regression results, it turns out that most of the demographic factors have weak and statistically insignificant effects on these outflows. In other words, it is difficult to distinguish which socio-demographic groups are more prone to unemployment risk. The only exception is working individuals with disabilities (0.5% of all employed): their odds of becoming discouraged versus staying employed is 10 times higher than for other workers (ceteris paribus), and this effect is significant at 1% level. Table A.4.2. provides marginal effect for this variable, however, for so small group of individuals, the odds ratio is giving a better picture. This result is also confirmed by the fact that out of 48 disabled people who worked in 2004, one year after four (8% or 11.5% if weighted) became marginally attached and only 38 (less than 80%) continued to work. Among other employed individuals in 2004, only 1.4% moved into hidden unemployment, while 93% stayed employed.

The following factors increase the probability that employed individual will leave labour force and will not be available to start working after one year:

- being younger than 24 or older than 55;
- female with children younger than 15;
- disability.

On contrary, self-employed individuals have a lower probability to become economically inactive than employees (ceteris paribus).

Turning to the results on the effects on occupations (not shown in the table), representatives of the following occupations compared to others (other characteristics kept the same) have higher probability to become jobseekers after one year:

- Legislators, senior officials and managers;
- Elementary occupations in mining, quarrying, construction, manufacturing and transport;
- Plant and machine operators;
- Hotel and restaurants workers;

3.1.5. Unemployment duration analysis: estimation results

Unemployment duration is defined as $T = \min(T_1, T_2)$, where $T_1$ is reported duration of the job-search and $T_2$ is time passed since an individual lost (quitted) her job. Thus, unemployment duration for some respondents can be shorter than job-search period length. In practice, however, only 28 out of 4490
individuals fall into this category, and therefore there is no much difference between duration of unemployment and job-search spells. This section reports the results of the econometric models based on the LFS 2002-2005 data. The following explanatory variables are included: age, ethnicity, gender, education, marital status, residence place (particular region, Riga and rural/urban territory), as well as whether a person is registered in the SEA. The results are presented in the Appendix 5 for the whole sample and separately by gender and ethnicity.

Note that interpretation of the results in the duration models is more complicated than in unemployment risk models. That is, if some group of the unemployed has higher probability to continue searching for a job then it may be due to the fact that it is more difficult to find a job, or due to the fact that they are more selective and accept job offers less frequently. Therefore, in order to make conclusions and to draw policy relevant suggestions one should take into account the findings from the unemployment risk models together with unemployment duration models.

The results based on the duration models are presented in two main categories:

- First, we estimate the hazard and survival functions; that is, we examine how hazard rate to leave unemployment and probability to stay a job-searcher until time $t$ depend on the length of unemployment spell.
- Second, we focus on analyzing the impact of different demographic factors on unemployment duration and exit probability at each point of time.

Note also that economic literature on the unemployment duration uses the term unemployment hazard which basically is ‘opposite’ to the unemployment risk. This terminology (hazard and survival functions) comes from the medical science, where the analog of unemployment is some kind of disease, ‘exit from the state’ is death and survival is probability to stay in the state until some time $t$. We follow the existing literature here, and we use hazard rate to refer to the conditional probability to leave unemployment in the nearest moment.

3.1.5.1. Survival and hazard functions of the jobseekers

Figure 7.3 in Annex 7 shows Kaplan-Meier survival estimates (that is, probability that unemployment will last at least for $t$ months as a function of $t$). The results show that in 2002-2005 men had higher probability to stay unemployed than women at any duration $t$; whereas Latvians have shorter period of job-search than ethnic minorities. These findings are in line with the results presented earlier in Figure 7 and Figure 8 about median values of unemployment period length, as well as the proportion of long-term unemployed individuals.

Figure 7.4 in Annex 7 displays survival functions estimated by parametric (gamma) hazard model controlling for other factors, such as age, education, residence etc. This method smoothes out horizontal parts of the survival functions (which appear due to duration being reported in intervals).
It is evident from Figures 7.3 and 7.4 in Annex 7 that probability to look for a job for a longer period than one year exceeds 80%. This probability is found to be much lower in the unemployment risk analysis (see Table 14 and Figure 3.3 in Annex 3). Two results are not controversial though, since in the case when unobserved heterogeneity is present in the model but is not taken into account in the econometric analysis, the average population survival function will be higher than individual survival function. This is because of the selection bias - the individuals with the highest values of the unobserved individual effect on average leave the state quickest, so that the average of the survival over individuals who are still in this state tend to be higher now. Due to the same reason the estimated duration dependence of the hazard is too negative.

Figure 7.5 in Annex 7 shows hazard functions for unemployed men and women. These functions are estimated using parametric (gamma distribution) hazard models, controlling for education, age, ethnicity, region and type of residence within each gender. The left panel of the Figure 22 presents hazard rates estimated on average values of covariates for men and women subsamples separately (see Table 7.1 in Annex 7). Men have slightly higher probability to exit the state than women in the first three months of unemployment; afterwards women have better chances to leave unemployment. Hazard rate reaches its maximum at around 9 months for both males and females and falls thereon, thus exhibiting negative duration dependence after 9 months of unemployment. The fall in hazard rate is more pronounced during 12-18 months of job search.

The difference in the results between men and women is partly explained by the ‘mean’ characteristics of the unemployed individuals in the two sub-samples. For instance, among women there are more persons with higher education, those who used to work in services and retail sales industry, whereas among men there are more individuals with basic education, those who belong to craft workers, machine operators and assemblers, and elementary occupations (see Table 7.1 in Annex 7 for details). In order to exclude this influence of the characteristics, we evaluate the hazard functions on the average values of covariates for the whole sample. Now, turning to the hazard rates estimated at the same values, one can see that men have lower probability of leaving unemployment than women do at any period length.

Next, we estimate hazard functions separately by ethnicity. As Figure 7.6 in Annex 7 shows, the shape of the functions is similar to the ones for women and men: hazard rate attains its maximum at 9 months of unemployment spell. On average, ethnic minorities in 2002-2005 have lower probability to leave unemployment than Latvians (other things equal). It is worth to mention, however, that in the last years (2004 and 2005) the ethnic effect on hazard to find a job became insignificant.

The difference between nationalities decreases once the hazard functions are estimated at the average values of covariates for the whole sample, thus excluding the difference in characteristics between the two groups.
Figure 7.7 in Annex 7 illustrates the same type of analysis for registered and non-registered unemployed individuals. One can see that during the first 6 months of job search those unemployed who are not registered in the SEA have higher exit probabilities than their registered counterparts. Our conjecture is that those respondents who do not register in the SEA in the beginning of the unemployment spell do not plan to stay unemployed for a long time and look for a job more intensively. These may be:

(i) individuals, who are not eligible for the unemployment insurance benefit (say, without previous working experience, after a long break in employment, or after illegal employment);
(ii) individuals, who are unsatisfied with the possible unemployment insurance benefit level;
(iii) individuals, whose professional qualifications very quickly get outdated if they do not work.

Most probably these unemployed respondents do not require SEA provided training and they believe they would find a job soon enough.

Past the 7th month of the job search period, the situation in hazard rates changes nonetheless. Figure 7.8 in Annex 7 shows that the probability to stay unemployed for at least \( t \) months is lower for registered unemployed than for their non-registered counterparts starting with 11 months. Therefore, one may conclude that long-term unemployed individuals have higher chances to leave the state if they register in the SEA. Positively, one of the reasons for this pattern is availability to the registered individuals of SEA services (such as training, job offers etc.) which are likely to increase job finding chances.

There is a larger number of females, individuals with kids age 15 and younger, and residents of Latvia, as well as a smaller number of Riga residents and of new entrants among registered unemployed individuals than in the non-registered subsample (see Table 7.1 in Annex 7). In order to exclude the effect of different covariates, we estimate the hazard functions on the same average values of explanatory variables (see Figure 7.8 in Annex 7, right panel). The results show that registered unemployed have lower probability to leave unemployment, other things equal.

Figures 7.5–7.7. provide the evidence for Latvian labour market featuring negative duration dependence (that is, exit probability decreases with the duration) when unemployment lasts longer than one year (longer than 6 months for non-registered unemployed).

### 3.1.5.2. Impact of demographic factors on unemployment duration

Table 12 provides the results from the econometric analysis. The left panel shows Cox semi-parametric model results; while the right panel presents the coefficients from parametric generalized gamma distribution regressions. Both methods give similar results with respect to the effects of main
demographic factors.

Other things equal, during 2002-2005 hazard rate is smaller and unemployment duration median is higher for:

- men without kids than for women without kids;
- women with kids than men with kids;
- ethnic minorities than Latvians;
- those living in Latgale, in Pieriga and (less so) in Kurzeme compared to unemployed living in Riga and Vidzeme;
- jobseekers around 50 years old (45 years among men and non-Latvians) compared to all others (hazard rate is a quadratic function of age, reaching its minimum at age of 49 years).

**Table 12. Impact of demographic factors on hazard of leaving unemployment and duration, 2002-2005 (compared to the reference group, excluding influence of other factors)**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Hazard (Cox proportional hazard)</th>
<th>Duration (log) (Parametric (gamma))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>0.279 ***</td>
<td>-0.243 **</td>
</tr>
<tr>
<td>Have kids</td>
<td>0.203</td>
<td>-0.289 *</td>
</tr>
<tr>
<td>Female with kids</td>
<td>-0.315 *</td>
<td>0.401 **</td>
</tr>
<tr>
<td>Non-Latvian</td>
<td>-0.276 ***</td>
<td>0.272 ***</td>
</tr>
<tr>
<td>Age</td>
<td>-0.138 ***</td>
<td>-0.243 **</td>
</tr>
<tr>
<td>Age squared/100</td>
<td>0.138 ***</td>
<td>-0.289 *</td>
</tr>
<tr>
<td><strong>Education (vs less than secondary)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher education</td>
<td>0.171</td>
<td>-0.225</td>
</tr>
<tr>
<td>Secondary education</td>
<td>0.062</td>
<td>-0.141</td>
</tr>
<tr>
<td><strong>Regions (vs Vidzeme)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Riga</td>
<td>0.028</td>
<td>-0.113</td>
</tr>
<tr>
<td>Pieriga</td>
<td>-0.607 ***</td>
<td>0.522 ***</td>
</tr>
<tr>
<td>Zemgale</td>
<td>-0.188</td>
<td>0.084</td>
</tr>
<tr>
<td>Kurzeme</td>
<td>-0.249</td>
<td>0.292 *</td>
</tr>
<tr>
<td>Latgale</td>
<td>-0.730 ***</td>
<td>0.752 ***</td>
</tr>
<tr>
<td>Rural area (vs cities without Riga)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered in the SEA at the beginning of unemployment spell</td>
<td>0.381 ***</td>
<td>-0.321 ***</td>
</tr>
<tr>
<td>Constant</td>
<td>--</td>
<td>0.175</td>
</tr>
<tr>
<td>Number of observations</td>
<td>2366</td>
<td>2366</td>
</tr>
</tbody>
</table>

The above results are robust no matter whether variable which controls for registration in the SEA is included or not. The regression coefficients split estimated separately by gender and ethnicity are shown in Table 7.2 in Appendix 7.

Higher education has a positive effect on probability of leaving unemployment; however, it is not statistically significant (in contrast to effect on the probability to find employment during one year –
see subsection 3.1.4). One of the reasons for this pattern is the fact that more educated individuals are more selective in accepting job offers and may look for a job for a longer period. Moreover, their pay at the previous work place is likely to be higher than average wage; therefore, they may have larger savings and (in case of registering) higher unemployment insurance benefit. As a result, these unemployed may afford to stay unemployed longer (not too long!) and search for a better job offer. The second explanation may be caused by the fact that unemployment duration analysis looks at the exit from the state without specifying into employment or into inactivity (see Figure 14).

3.1.5.3. Impact of previous work experience and occupations

In order to analyze the influence of the occupations at the previous job, we estimate semi-parametric and parametric (gamma) regressions with 9 indicators of professions (1-digit level classification) and a separate model with the dummy variable for new entrants (or those with out-dated experience, being out of employment for 7 years or longer). Both models imply similar findings. Figure 26 displays Cox proportional hazard model results. According to the equation (1), hazard rates are proportional to exponential of beta coefficients of corresponding occupation category (i.e. \( \exp(\beta_k) \)).

**Figure 20. Impact of previous work experience and occupations on hazard of leaving unemployment (2002-2005)**

<table>
<thead>
<tr>
<th>Relative hazard rate (new entrant=1, other things equal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Technicians and associate professionals</td>
</tr>
<tr>
<td>8 Plant and machine operators and assemblers</td>
</tr>
<tr>
<td>5 Service workers and shop and market sales workers</td>
</tr>
<tr>
<td>2 Professionals</td>
</tr>
<tr>
<td>9 Elementary occupations</td>
</tr>
<tr>
<td>1 Legislators, senior officials and managers</td>
</tr>
<tr>
<td>6 Skilled agricultural and fishery workers</td>
</tr>
<tr>
<td>7 Craft and related trades workers</td>
</tr>
<tr>
<td>4 Clerks</td>
</tr>
</tbody>
</table>

*Note: Cox proportional hazard model. Source: Calculations based on LFS 2002-2005 data*

Compared to new entrants, service workers have 1.5 times higher probability to exit unemployment, craft and related trade workers – 2 times higher, machines operators and assemblers, as well as technicians and associate professional – more than 3 times higher, and finally all others have 2.5 times higher hazard rates.
3.2. Characteristics and dimensions of social exclusion

3.2.1. Unemployment

The wellbeing of people is directly affected by stable employment and reasonable salary. The results of previous research indicate a close association of employment not only with the material wellbeing of the household, but also with diminished risk of social exclusion. Therefore one of the goals of the Lisabon strategy is to reach the level of employment of 70%.

According to the data of the Central Statistical Bureau of Latvia, the level of registered employment is declining each year. In the end of February 2007, the level of registered unemployment according to the data of State Employment Agency was 6,5% of the economically active population.

According to the Eurostat data, the average seasonally adjusted unemployment rate in Latvia was 5,8% – for 1,6% less than in the previous year at the same time point, but however higher than in Lithuania and Estonia. The rapid economic development has had a positive impact on the labour market situation and has resulted in the increase of employment. If compared to other European Union countries, Latvia has experienced the 3rd highest decline of unemployment rate during a year. However, taken into account the aging of population, decreasing number of persons entering the labour market and growing demand for qualified workforce, decrease of unemployment and inclusion of the economically inactive population in labour market are still the central issues in many strategic European policy documents.

The data of the population survey of research project Duration and reasons for unemployment and social exclusion show that 4,6% of population aged 18 to 65 was registered as unemployed in the time of the survey. The share of the long-term unemployed registered in State Employment agency (SEA) for longer than a year, reach 1,6% og the total registered unemployed.

The issue of unemployment and nonworking affects a wider group of people than just the nonworking persons. The research results show that 6% of the households have one of the members unemployed, but in 11% of the households none of the members is working. We have to consider also so called „latent” or non-registered unemployment. On the other hand, some of those not registered as unemployed are actually looking for job and are willing to work.

To get a better notion of the general structure of employment structure in Latvia, following groups of people by type of economic activity will be considered and analysed:

- Employed population;
- Job-seekers;
- Economically inactive population.
Economically active population accounts for almost four fifths (79%) of the population: 74% are salaried employees, self-employed or entrepreneurs, but 5% are job seekers – they are not working, but have been actively searching for job for the last four weeks and are ready to start work within the next two weeks in case of finding a job (picture 33.). Thus the share of the job-seekers in the economically active population aged 18 to 65 is 6,1% according to the research results.

**Figure 33. Economic activity groups (%)**

- Nonworking population
  - Economically inactive population: 21
  - Job-seekers: 5
  - Employed population: 74

Base: all (n=7787)

21% of population are economically inactive – they do not work, are not searching for job or are not ready to enter labour market in two weeks time. This group is usually not considered as the workforce. The research results show that only 10% of the inactive population have been searching for job during the last year.

The statistical data collected on the registered unemployed in the country does not provide full picture of the actual level of employment in Latvia. The research results show that only about a half of the job-seekers (48%) are registered as unemployed in State Employment agency (SEA). At the same time, only about a half of the registered unemployed (48%) are active job-seekers and are ready to start work in two weeks time. 2% of the registered unemployed are in fact employed, but 50% are economically inactive – have not been looking for job during last month or are not ready to begin work (picture 34.).
The situation is similar in the group of long-term unemployed – 49% are actively looking for job. It could be that some of the registered unemployed consider registration in the SEA as suitable and sufficient job-seeking activity and suppose that SEA is searching a job for them, and they do not have to do it themselves. Another explanation for this situation might be the fact that part of the unemployed have lost confidence in prospects of finding a job and therefore are not looking for one.

The research results confirm that – when asked if ready to begin work in two weeks time, 71% of the unemployed registered in SEA responded positively, 21% admitted that unfortunately they could not, and 8% could not give a definite answer. Comparing the responses in different sociodemographic groups, it can be noticed that men, long-term unemployed and people of ethnic origin different than Latvian have more often expressed readiness to begin work in the following two weeks while women, Latvians and those registered in SEA for less than a year were more often giving a negative answer.

The participants of the survey of unemployed persons admitting that even in case of a suitable job offer they still could not begin work in two weeks time (n=168), were asked to give reasons for that. The most often mentioned reasons were need to finish the training (24%) and to look after children (34%). A considerable share of the respondents (23%) could not start work because of illness or short term disablement. 83% of the unemployed admitting that for some reasons could not begin work in two weeks, have responded that in case the situation changes, they would like to work. It has to be admitted though, that only 16% of those would be ready to begin work in a month. However, almost each forth of those that could not begin work in two weeks time (mostly women), could not start work sooner than after a year. Thus 8% of registered unemployed irrespective of changes in situation reject possibility to begin work not only in two weeks time, but also in a year’s time.

In search for job, family can be an important source of support, but situation in family can also diminish the opportunities to find job. The research results show that 42% of the registered unemployed are living in a family, where nobody is working. The persons living in families having an unemployed person, are significantly more likely to have lower level of employment than families where there are no unemployed persons (p=0.000).
The analysis of groups of economic activity reveal, that 92% of employed population are in salaried employment, 5% are self-employed, but 4% are entrepreneurs (including farmers) (picture 35).

**Figure 35. Occupation of people in different economic activity groups**

As the share of self-employed persons and entrepreneurs in the employed population is small in Latvia, one of the priorities of the Latvia National Lisbon programme is support to start of self-employment and entrepreneurship activities.

14% of the economically inactive population are disabled persons, 11% work in the household, take care of children, 9% are on childcare leave, but 9% neither work, nor study. Yet the biggest group of economically inactive population is constituted of pupils and students (24%) and retired persons (30%). Only 37% of economically inactive population is aged 30 to 59 (Picture 36.).
It has to be mentioned, that the proportion of people aged 60 to 65 in the job-seeking population is tiny. A considerable proportion (76%) of people of this age group is retired and do not search job anymore.

Low level of employment can be observed also in the population of pre-retirement age. 70% are employed, 5% are job-seekers, but the rest - 25% do not strive to involve in the labour market. On Only 16% of the nonworking population in the pre-retirement age are actively searching job and are ready to begin work in two weeks time. According to the information provided by the Ministry of Welfare, many people have used the opportunity of early retirement, despite to the risk of getting a smaller pension. In 2004, almost 40% of those receiving old age pension retired early. In 2005, Saeima accepted a resolution to maintain the early retirement option for three more years. Nevertheless, Latvia is one of the countries having fulfilled the Lisbon strategy goal to reach the employment level of 50% in the age group 55-64 by 2010. The research results of this research show that 62% of this age group are employed, 4% are job-seekers, but 32% are economically inactive.

Similar level of employment can be observed among young people. 60% of youth is employed, 5% and be considered job-seekers, but 35% of young people are economically inactive. The research results show that 52% of young people are still studying. Studying is the most important reason for nonworking - of young people that do not study, 78% are employed, but among those that study only 43% are employed. In total, employed are 13% of secondary school students, 38% of students in secondary vocational education, 56% of college students and 58% of students of higher education establishments. Among the young people with low basic skills the level of employment is lower - 42% of them are employed, but there are more job-seekers in this group – 10%. This might indicate that the low level of education is an obstacle for finding a desirable job for them.

The research results confirm that the share of economically active population among men is significantly higher than among women: 83% of men and 75% of women are economically active (picture 37). Therefore one of the Lisbon strategy goals is the increase of level of employment among
women. Even though 29% of women aged 18 to 65 do not work, only 15% of them can be considered job-seekers. Among the nonworking men, the share of job-seekers is higher - 23%.

**Figure 37. Economic activity of men and women**

As there are more women than men in Latvia, in total, half of the job-seeking persons are women (48%), half are men (52%), but of the economically inactive population 38% are men, 62% – women.

Level of economic activity differs significantly in regions of Latvia: the highest economic activity of population can be observed in Riga (85% employed), but the lowest – in Vidzeme (69%) and Latgale (72%) region. These data links well with the State Regional Development Agency data on economic development. According to SRDA, Riga and Pierīga region has the highest economic development index but for Latgale it is the lowest. As the employment opportunities in Riga are significantly higher than in Latgale, the share of employed population is significantly higher.

Nevertheless, the research results also indicate that Latgale has a high development potential. 9% of population in Latgale region are job-seekers, and that means that considerable human resources are available. People are ready to involve in labour market, therefore it is important to facilitate further development of the region, creating infrastructure for promotion of employment and entrepreneurship.

The employment level of certain population groups is still very low. For instance, among the disabled persons, only 21% are employed. The fact that only 6% of the disabled persons are actively searching job and would be ready to begin work in two weeks time should be considered as alarming. The majority of disabled persons are not looking for job, most often (85%) considering that their health problems are the obstacle. The results of the research project Evaluation of employment and employment-related problems of disabled persons for diminishing social exclusion indicate that not always the feeling that health condition does not allow for employment, is correlated with the actual health condition of a person. In the situation of constant reminding of the disabilities of a person or in case the appropriate working conditions are not ensured, society can make a disable person feel as incapable for employment, thus hindering further efforts of the person to involve in the labour market.

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Comparatively low is also employment level of the persons having served sentence in prison during the last 15 years or having been under arrest (64%) and of adults of large families (59%). Many of them (9% and 18% respectively) are active job-seekers.

3.2.1.1. Education and qualification

The research results allow to establish a tendency that the higher is the attained level of education of a person, the more likely the person is to be included in the labour market. The less likely to be employed are those that have not finished more than primary education or have not finished secondary education: only around half of them are employed. This confirms the importance of education in facilitation of employability of population.

At the moment, 39% of the nonworking population are not satisfied with the opportunities the achieved level of education provides in the labour market; only one third of the nonworking population is satisfied.

The results of the survey of unemployed persons show that most often dissatisfaction with the attained level of education is connected with the wage– 69% of the unemployed are dissatisfied and rather dissatisfied with the education they have in relation to the wage. 60% of the unemployed are dissatisfied with the opportunities provided by the education to find job.

In general, those having finished no more than primary education are usually completely dissatisfied or rather dissatisfied with the labour market opportunities provided by education they have. Those having vocational basic education, vocational secondary education or higher education attained during the soviet period, are usually rather satisfied (31–34%) or rather dissatisfied (21–24%). Those having bachelor’s degree are usually very satisfied (31%) or rather satisfied (32%). Even more satisfied are those having master’s degree. The higher the education level attained the higher satisfaction with the opportunities education provides in the labour market.

Part of the population that have not got any profession or qualification, consider this to be a limiting factor in labour market: 21% are completely dissatisfied with the opportunities provided by education, and 22% – rather satisfied or completely satisfied. Awareness that the the attained level of education does not provide satisfactory opportunities in the labour market might create interest in attending courses and improving the formal level of education in future. In this section we will look at the formal and non-formal education activities of the population and how they are related to employment.

69% of population have at the moment acquired profession or professional qualification certified with a diploma in an educational establishment or in courses. 7% have not, but are studying for one, and 24% of population do not have a qualification and are not striving to get one.

Almost one third (32%) of population have attended courses, professional training seminars or some
other short-term training activities during the last three years. Usually one training course or seminar was attended in the 3 year period, but 32% of population have attended 2–3 courses, and 10% – even more than 3 courses.

Analysing the differences between the job-seekers and employed population, it can be observed that the level of education of the job-seekers is significantly lower than that of the employed: 18% of the job seekers have not attained more than basic education (if compared to 7% among the employed) and only 9% have finished the higher education (24% among the employed). 40% of job seekers have not got any profession or qualification certified with a diploma in an educational establishment or courses. Also what concerns attending courses, the employed have been significantly more active: 37% of the employed, 26% of job-seekers and 15% of economically inactive population have attended courses. The differences can be observed not only in the activity of course attendance, but also sources of finance, courses attended and motivation for attendance (Table 13.).

### Table 13. Courses attended during the last 3 years (%)

<table>
<thead>
<tr>
<th>Course Type</th>
<th>All having attended courses</th>
<th>Job-seekers</th>
<th>Employed</th>
<th>Economically inactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of professional qualification</td>
<td>51</td>
<td>9</td>
<td>57</td>
<td>13</td>
</tr>
<tr>
<td>Acquiring professional qualification</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Driver’s licence</td>
<td>17</td>
<td>27</td>
<td>15</td>
<td>35</td>
</tr>
<tr>
<td>Computer skills</td>
<td>13</td>
<td>20</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>Language training</td>
<td>11</td>
<td>14</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Bookkeeping/record-keeping</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Economics/marketing/finance management</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Latvian language training</td>
<td>6</td>
<td>11</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Other courses</td>
<td>11</td>
<td>23</td>
<td>9</td>
<td>22</td>
</tr>
</tbody>
</table>

*Base: respondents having attended courses during the last three years (n=2464, 32% of total)*

The employed have been the most active in attending courses for improvement of professional skills (57%), with an aim to acquire knowledge necessary for job (66%). For 46% of employed the courses have been financed by the employer, but 43% have paid themselves.

Job seekers have fewer resources for course attendance, so they usually take the advantage of the courses that are free of charge: 50% of the job seekers have attended courses paid for by SEA or State Social Insurance Agency (SSIA). The courses attended by the job-seekers are in general not oriented towards professional training – the courses for getting driver’s licence, computer courses or courses for language training. Without knowing what professional knowledge or skills they will need or lack in future, job seekers usually attend courses willing to broaden their general vision and knowledge (38%) or attend courses without a definite goal and only because the courses are offered to the unemployed by SEA (21%). Only 25% of the course attendants mention that they have attended
courses to acquire knowledge necessary for work: 16% have got a qualification, but 9% have improved the level of qualification. As the job seekers often lack professional qualification and their level of education is lower, attendance of general courses is not as important as the effort to improve the professional knowledge (like employed most often do) or getting a new qualification could be. The existing situation could be the result of lack of appropriate level courses or high costs of training. Certain active labour market policy measures could be of help for people not to loose the professional qualification, while unemployed.

The arguments mentioned above indicate that insufficient level of education of the job-seekers, lack of qualification or profession and insufficient activity in using possibilities for improving professional qualification are among the factors hindering their inclusion in the labour market. Positive aspects are, however, the fact that 11% of the job seekers are currently studying in some educational establishment, 39% are planning to improve their level of education, but 33% have planned to attend some courses next year.

Job seekers that have not attended courses, often (35%) do not see need for that. 21–22% mention problems like lack of suitable courses and that they cannot afford to attend courses. Taking into account the fact that half of the job-seekers are registered in SEA, the State Employment Agency has a very important role in provision of information to the economically active population on the education opportunities, in support and orientation of improvement of qualification level. It is possible, that if the choice of courses offered would be diversified, the dominating attitude that there is no need for attending courses would change. It is especially relevant for courses offered in Kurzeme and Latgale, mostly the big cities, where the need for courses is expressed the least.

40% of the nonworking population have planned to improve the formal education level, and the intention is similarly expressed both by the job-seekers and economically inactive population. 20% of the nonworking population plan to attend courses or other kind of short-term training. 35% of the nonworking are not willing to attend any courses, and neither want to improve the level of education, but 9% cannot decide, if they would be willing to use any of these opportunities. The most often mentioned reasons why part of the nonworking population do not want to attend courses, are: health problems, difficulties to get to the place courses are held (13%), the person has all the necessary skills (12%), attending courses is useless (7%), no confidence that courses will help to find a job (7%), and fear that the person will not be able to cope with the studies (7%).

People aged up to 29 and women are more likely both having attended courses and willing to attend courses and improve level of formal education in future, men and older population have been less active and are less willing to engage in educational activities.

Young people are less likely to have a profession or qualification certified with diploma (62%), but 75% of those who do not have it are now studying in an educational establishment and most probably
will obtain the qualification. 73% of the nonworking youth plan to improve the level of attained education, and 34% plan to attend some courses during the following year. Young people with low basic skills can be considered as one of the risk groups: 91% of them have no profession or qualification. Half of the young people with low basic skills have not acquired a profession or a professional qualification certified with a diploma and they are not studying at the moment. When speaking about the future plans, 79% of the nonworking young people with low basic skills express willingness to improve the level of education they have. 39% plan to attend some courses within the next year, but during the previous three years only 25% have attended any. The most often mentioned obstacles for attending courses were lack of necessity (57%) and lack of time (14%).

The level of education of disabled persons is lower than on average in population. 10% of disabled persons have acquired higher education, but 19% have finished only the basic education. Although one third (34%) of disabled do not have a profession or professional qualification certified with a diploma, only 13% have attended some courses during the last two years. Similar inactivity in course attendance can be observed among the pre-retirement age population (19%). People in these groups as reasons for inactivity name lack of necessity, because they, as mentioned before, often do not plan to involve in labour market. Besides, disabled people mention that there is lack of suitable courses. Only 7% of the nonworking pre-retirement age population plan to improve the level of education, and among disabled persons - 5% plan to attend some courses. Taken into account the difficulties for studies created for these groups by poor health and disability, they most probably will not attend any courses, if they will not be given strong motivation for that.

There are several population groups who have interrupted studies, have not obtained qualification because of several reasons, and now it is difficult to get it. One of such groups is persons after imprisonment. 35% of the former prison inmates have got basic education or lower level of education, 11% have unfinished secondary education, 27% – secondary education. 40% of the former prison inmates have not acquired any profession/qualification and do not study to achieve one at the moment. However, 41% of the former prison inmates that do not work, are planning to improve the level of education and 35% – to attend some courses during the next year. Insufficient knowledge can be an additional obstacle for reintegration in society and finding a job, therefore it is suggested that the efforts of this group to continue education should be promoted and supported via providing information about suitable opportunities.

Qualification or profession is lacking also for 35% of the long-term unemployed (almost one third of all unemployed population). The results of the survey of unemployed indicate that in general the level of education of unemployed persons is significantly lower than that of the population on average. For the majority of respondents the highest completed level of education is general secondary education – it was the case of one third of population. Basic education is the highest completed level for 11% of unemployed. Basic or secondary vocational education was highest completed level for 34%
unemployed, of those 10% had completed professional education after the general secondary education. Analysing the association between the education level and long-term unemployment, it has to be noted that among the long-term unemployed the share of those having completed only basic education was higher (15% among long-term unemployed if compared to 10% among other unemployed population). An opposite situation can be observed concerning the secondary vocational education: 11% of long-term unemployed and – 19% of others had it completed. Thus it is possible to conclude that those having completed secondary vocational education usually find a new job relatively sooner than those that completed only basic education.

Analysing the differences in the highest completed level of education between unemployed by gender, it can be observed that among women there was a higher share of those having completed higher education, but among the unemployed men - a higher share of those having completed only basic education – 15% of unemployed men if compared to 10% of unemployed women. The most remarkable differences can be observed concerning those having completed general secondary education – it was the highest level of education completed for 24% of men and 33% of women.

Despite to being registered in SEA and the availability of free of charge courses, both long-term unemployed and other unemployed persons rarely mention that they have attended courses (25%). Only 20% of unemployed had attended courses or short term training activities other than offered by SEA, and most often (66%) it was only one course/event. Unemployed women have attended courses significantly more often than men. 83% of the respondents having attended courses or seminars received a document certifying the training they received.

When asked why they had chosen to attend courses or seminars, 41% of the unemployed mentioned that the knowledge will be necessary for work, but 39% attended courses to broaden the vision and acquire general knowledge. The employers’ request or suggestion was the reason for attending courses for 13% of respondents.

The reasons for not attending courses or seminars were also asked. Most often respondents had not done that because they did not find it necessary (31%). The second most often mentioned reason was incapacity to pay for additional training (27%), the third – lack of appropriate courses corresponding to the needs and interests of the respondents (20%). Lack of time and family situation were prohibiting from training activities 16% and 11% respondents respectively (see picture 38.).
Only 38% of unemployed (24% of long-term unemployed) are planning to attend some courses during the next year.

Quite often qualification is lacking for persons from large families (25%) – especially women (38%) and those raising three or more children together with a partner (37%). Birth of a child is one of the most typical reasons for interruption of studies or decision to quit studies. People from families with children (including large families and single-parents) comparatively often attend courses at the moment, but a considerable obstacle for continuing education is shortage of time. If there are other adults in the family that can help with taking care of children, it is easier to continue education or return to the labour market, but if it is necessary to look after children, it can be a serious obstacle for development of future education and employment career.

Significantly more often eagerness to improve the level of formal education is expressed by those that have not yet got diploma on profession/qualification (50%). However, up to now significantly more active in attending courses have been those having bachelor’s degree or master’s degree and/or diploma on profession or professional qualification. This indicates existence of obstacles hindering the planned improvement of education. Those having achieved a higher education and better paid job have better opportunities to attend courses, but those having low level of education often cannot choose and attend courses they would be interested in, even though they would like to. However, the most often mentioned reason for not attending courses among those without any qualification is the opinion that there is no need for that (63%), i.e., lack of motivation.

Nonworking inhabitants of Riga significantly more often than population from other regions are planning to continue education in some formal education establishment (51%). The most active in attending courses up to now has been population in Zemgale region (40%), but in future population in Riga is significantly more often planning to attend courses than population in other regions (32%). People in district centres and cities are significantly more often interested in attending courses than
population in towns and in the countryside.

When asked about courses they would like to attend most, the nonworking people most often mentioned courses for driver’s licence (25%), courses for improvement of professional qualification (23%) and computer courses (23%). 13% would like to attend language courses, 9% – bookkeeping, 7% – project management and 6% – business management and Latvian language training. The interests of nonworking population in regions differ: the nonworking in Riga would most like to acquire driving and computer skills (29–30%), and more often that people in other regions would also like to attend foreign language courses (18%). The nonworking in Vidzeme are more willing to attend courses for professional qualification (26%) and project management (12%), in Kurzeme – courses for professional driving (31%) and practical marketing (10%), in Zemgale – driving and computer skills and foreign languages (17%) and business management (15%), while in Latgale – courses for professional qualification (31%) and Latvian language courses (9%).

Information on the educational establishments- opportunities to study in particular schools and high schools is on a sufficient level for 70% of the nonworking population, but 20% lack such information, most often experienced by the pre-retirement age nonworking population (32%), persons after imprisonment (38%), ethnic minorities (30%), ethnic Russians (27%), those living in Zemgale (26%) and single parents (29%).

17% of nonworking population (of which 21% job-seekers) would like to get help on choice of profession, but only 42% know where the help can be found. Most often information is lacking for persons after imprisonment (80%), pre-retirement age persons (63%), single parents (60%), persons raising three or more children together with a partner, (69%), long-term unemployed (56%) and ethnic minorities (52%).

3.2.1.2. Work attitudes (attitudes towards work)

Work attitudes and motivation for work was also among the issues researched. In general, people consider work as a virtue, and it is especially characteristic to ethnic Latvians. People agree that work allows for self realization, application and development of person’s skills, that everyone needs a job for a fulfilled life, and that each job is valuable and important. 77% of population agree or rather agree that work is a way they feel useful for the society. Even in situation if they had a lot of money and did not need any additional funds, 58% of population would choose to work, but 34% would not work. One third (33%) of population think that job is taking up time for activities that are more important and interesting for them, but 58% do not agree with that (picture 39.).

When asked, if it is easy to find job in Latvia, the opinions of the population differ greatly: 38% agree or rather agree that it is easy, but 53% rather disagree or disagree with the statement. People in Riga significantly more often agree with the opinion, but people in other regions disagree with it.
It is worrying that people almost unanimously disagree with the idea that salaries in enterprises in Latvia are fair. This opinion correlates (coefficient 0.37) with an opinion that it is difficult to find a job, therefore it can be suggested that difficulties of finding a job are related to complexity of finding a job with satisfactory wage, not finding any job. 28% of population admit that if there was an opportunity, they would willingly work abroad.

Women more often express willingness to work part time or would more often prefer not working at all, but men’s perception of work is more pragmatic. They more often than women consider that work is necessary only for to earn money, and they more often express willingness to work abroad.

Attitude towards the value of work differ significantly between generations. The opinion of work as a virtue (work allows for self realization, allows to develop and use ones skills, each job is valuable and important, without work one’s life cannot be fulfilled) is more often supported by people aged 60 and older. The respondents aged up to 29 on the other hand, do not consider work as such a virtue: they more often express an opinion that it is easy to find job in Latvia, not all jobs are valuable and important, and job takes away time from more important and interesting activities. Young people have also more often expressed willingness to work abroad. People aged 30 to 59 are the most dissatisfied with the wage in enterprises of Latvia. Still, they would more likely work also if they would not have to do that for financial reasons.

Differences in work attitudes can be observed in regions. In Pērīga and Kurzeme region people more often consider that work is a way they feel useful for society, but it also takes up time that could be devoted to more important and interesting activities, and, if there was no need for money, they would not work. Work is not a goal in itself also for people in Zemgale: they do not agree that any job is
valuable or that it allows feeling important to society, or that life would not be fulfilled without work.

People in Vidzeme, on the other hand, would more likely be working even if there was no need for money, because everyone needs a job, it allows for self realisation and development of skills, and it does not take away time from other more important activities. They think that it is difficult to find job in Latvia, but do not want to work abroad. People in Latgale also admit that work allows for self realisation and development of skills, and to feel useful for society, but they think that the wages in enterprises of Latvia are not fair, it is difficult to find job, and would like to go to work abroad. It is ironic that in the regions with the lowest level of employment – Latgale and Vidzeme - one can observe the most motivating work values.

Analysing the social exclusion risk groups, it can be observed that long-term unemployed, disabled persons, young people and especially young people with low basic skills more often support the opinion that work takes away time from other more important activities, and if it was possible, they would not work. At the same time, for the long term unemployed and disabled work is important, because it allows feeling useful for the society. Unemployed and long-term unemployed in particular are of the opinion that it is difficult to find job in Latvia, and the remuneration in enterprises of Latvia is not fair. Finding of job and remuneration is considered as less problematic for young people, but they are most often ready to go to work abroad. Single parents also would like to work abroad. This indicates that the remuneration is not always the only issue, why people leave for work in another country.

The research confirms that people with the higher education more often than those with basic education, unfinished secondary education or secondary vocational education consider it easy to find job in Latvia. It is interesting however, that the problems of finding a job and unfair wages are more upsetting for those having a professional diploma. This confirms again that the difficulties in searching for job are more connected with higher demand towards the job. Those having no qualification or profession, would prefer not working at all, having an opinion that job takes up time from more important activities, or would go to work abroad. It is not only that they have not obtained qualification, but their attitudes towards work are apathetic. This indicates that people with low education not always will strive to improve their education to get a better job.

The research indicates significant differences in work attitudes among employed population, job-seekers and economically inactive population. The employed are comparatively less likely to express opinion that job is just for earning money, and more likely to have an opinion that they would work also if there was no need for money. They think it is easy to find job in Latvia at the moment.

The economically inactive agree that job allows for self-realisation and development of skills and that the remuneration system in enterprises of Latvia is fair, but in their opinion job takes away time from activities that are more important to them, and if they could afford that financially, they would not
work. Thus the economically inactive people appreciate the advantages of work, but they have other priorities.

Job-seekers are more likely to express opinion that job is necessary only for to earn money, the remuneration system in enterprises is not fair, and not all jobs are valuable, it is difficult to find job in Latvia, and they would more willingly go to work abroad than other economic activity groups. It can be concluded that the work attitudes of job-seekers are dominated by financial motives – striving for a good job with a good wage. If the skills and proficiencies of the person are not on the level the employer is willing to offer a good wage for, a conflict may arise, and no job agreement is possible.

The skills and proficiencies of the employed and job seekers differ – those of the job seekers are significantly lower and weaker than those of the employed. Only 20% of the job-seekers have very good or rather good computer skills, but 45% of job seekers evaluate their skills as very bad. Around a half of the job-seekers are not able to work with Excel or internet. 15% have rather weak or very weak official language skills, 49% have very weak English skills. Job seekers are also much more critical in evaluating their personal and communication skills than the employed. Only 42% estimate their ability to work in new environment as very good or rather good, 46% consider their skills of effective time management as good, 48% – consider their planning and organisational skills as good, 42% – believe they can well defend their rights. The most remarkable differences between the job seekers and the employed can be observed in the ability to adapt and work in new environment and ability to plan and organize one’s work. Lack of these skills combined with high expectations towards the potential job might hinder the prospects of finding a job.

Among the registered unemployed (the survey of unemployed) the skills are evaluated on even a lower level than among the job seekers in general. 17% have rather weak or very weak knowledge of official language, 61% have very weak knowledge of English. The unemployed most often have knowledge of German, but this knowledge is less in demand in labour market. Only 15% of the unemployed have very good or rather good computer skills, but 54% evaluate their skills as very bad – more than half of the unemployed are not able to work with Word, Excel or Internet. Skills of planning and organizing one’s work were evaluated relatively well – 61% of the respondents consider their skills as very good or rather good. Half of the respondents considered also their skills of effective time management (57%) and ability to adapt and work in new environment (50%) as very good or rather good. The ability to defend their rights was considered as very good or rather good only by 35% of respondents. These skills or lack of those can be an important factor in successful outcome in searching for job.

The most important skills necessary for finding job at the moment, according to the respondents, are high level of qualification and professional experience (table 14.).
Table 14. Opinion about the features important for finding a job (%)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Vidēji visi</th>
<th>Job-seekers</th>
<th>Employed</th>
<th>Economically inactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional experience</td>
<td>67</td>
<td>62</td>
<td>69</td>
<td>62</td>
</tr>
<tr>
<td>Level of qualification</td>
<td>64</td>
<td>57</td>
<td>65</td>
<td>61</td>
</tr>
<tr>
<td>Language skills</td>
<td>39</td>
<td>31</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td>Computer skills</td>
<td>31</td>
<td>36</td>
<td>29</td>
<td>35</td>
</tr>
<tr>
<td>Adaptation skills</td>
<td>26</td>
<td>28</td>
<td>28</td>
<td>20</td>
</tr>
<tr>
<td>Willingness to work abroad</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Other features</td>
<td>7</td>
<td>10</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Base: all respondents (n=7787)

These features are considered as especially important by the employed population. Job seekers find more important computer skills and willingness to work abroad and other features. The differences in opinions of the employed and job-seekers were clearly manifested in the courses they chose to attend (see before). Underestimating the level of qualification, job-seekers are not motivated enough to improve it.

Asked about what they liked to do irrespective of their current activity or conditions, 56% of respondents admitted that they would like to engage in salaried full time employment, 14% would like to work part time, 12% would like to be employers, 10% – would like to be self-employed, but 9% would not work at all.

The analysis of the responses of economically inactive population reveal that nonworking and inactivity in searching for job is often connected with certain circumstances and in case the situation changes, at least part of the economically inactive population would like to return to labour market. 36% of the economically inactive would like to work full time, 20% – part-time and 18% would like to be employers or self-employed (picture 40.).

Figure 40. Preferred economic activity

Possibility to work part time is especially appealing for women (18%). They would also more often prefer not to work at all (10%). Part time work is also preferred by disabled persons (25%), people...
raising three and more children together with a partner (21%), and single parents (19%). In accordance with their preferences, these people really quite often work part time. It can be concluded that need for taking care for family and children is an important reason for choosing part time job or, if it is not possible, finding other types of employment apart from regular salaried employment. One of the goals of Lisbon strategy is introduction and promotion of flexible employment forms in society in cooperation with the social partners – different measures for reconciliation of work and family life. The flexible forms of employment – like part time job, contract-jobs – would promote wider engagement of women, disabled persons and people from families with children in labour market. We have to be aware though about the risks in the legal protection of work relations.

It is interesting, that single parents – men and women – choose different strategies: single fathers more often work less than full time, but single mothers very often (26%) work even more than full time.

Men more often than women would like to be employers (15%). Being an employer is preferred also by young people (26%), former prison inmates (17%), and inhabitants of Riga and Pierīga region (14–16%).

3.2.1.3. Current employment situation

62% of the employed are in fact currently working full time – 40 hours a week. 11% work part time, but for 16% of the employed the number of hours worked exceed 48 hours a week (41. picture). The average length of a working week in Latvia according to the population survey data is 41,7 hours.

![Figure 41. Length of working week in hours](image)

Part time work is most widespread among the self-employed (22%), but working more hours than full time work is more widespread among the entrepreneurs, employers (46%) and self-employed (42%). As these groups manage their workload themselves and the income is directly affected by the work done, they are usually more motivated to work. Part time job is preferred by 20% of young people, and it allows them to combine work and studies.
Employment has remarkable regional differences. In addition to the high proportion of economically inactive population in Latgale, comparatively high proportion of the employed (16%) work part time. Women are not only more likely to be economically, but also comparatively more often work part time (15% of women compared to 8% of men), and rarely work more than 48 hours per week (11% of women compared to 21% men). It has to be noted, that this situation is not always related to necessity to look after children – women without children work about the same time as those having one or two children. Only those having at least three children work less. People aged up to 29 or above 60 also are more likely to work part time. Therefore in evaluating the level of employment and economic activity not only the fact of employment should be taken into account, but the character of employment should be also considered. This research indicates that the differences in employment by gender, region and age are deeper than it might appear from the general indicators of employment and economic activity.

75% of salaried employees have a written employment contract for an indeterminate period of time, but 15% – a written employment contract for a determined period of time. 5% do not have a written contract, but have a verbal agreement. Written contract for a determined period of time is especially typical for Kurzeme and Zemgale region (20–21%), written contract for indeterminate period of time – in Vidzeme region (88%), written contract on particular job – in Riga and Pieriga region (5%), but work without written contract – in Latgale and Kurzeme (7%). The research results confirm that there still is a high proportion of undeclared / illegal work in Latvia. Taking into account the low security of employment and weak social security, loss of job is often connected with poverty risk.

Although the economic activity of men is higher, they are less protected in legal labour relations – 7% work without contract and 16% have a contract for a definite period of time. Women in 80% of cases have a contract with the employer for an indeterminate period of time. One of the factors influencing the differences between the types of contracts of men and women on the type of work (men more often are working manual work or piece-work etc.). The psychological data show also that men pay less attention to security and stability of employment – in this case, formal and permanent job contract than women.

Other groups more likely working without written work contract and based on verbal agreement are persons after imprisonment (20%), young people (10%), and in particular young people with low basic skills (13%) (table 15). The level of education of these groups is usually low and work experience – small, so it might be possible that they lack information on the legal rights of the employees. Another reason why these people work without contract could be willingness to get job and fear from refusal if they insisted on formal arrangement of labour relations.
Table 15. Type of job contract (%)

<table>
<thead>
<tr>
<th></th>
<th>All employed</th>
<th>Ethnic minorities</th>
<th>Young people</th>
<th>Young people with low basic skills</th>
<th>Pre-retirement age population</th>
<th>Disabled</th>
<th>Persons after imprisonment</th>
<th>Large families</th>
<th>Single parents</th>
<th>Living single</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written work contract for indetermined period</td>
<td>75</td>
<td>73</td>
<td>67</td>
<td>54</td>
<td>77</td>
<td>76</td>
<td>38</td>
<td>75</td>
<td>77</td>
<td>72</td>
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<td>Written work contract for definite period</td>
<td>15</td>
<td>15</td>
<td>16</td>
<td>23</td>
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<td>19</td>
<td>29</td>
<td>12</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>No written contract, verbal agreement</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>13</td>
<td>4</td>
<td>5</td>
<td>20</td>
<td>7</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Written work contract for a certain job</td>
<td>3</td>
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<td>4</td>
<td>11</td>
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<td>1</td>
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<td>4</td>
</tr>
<tr>
<td>Provision of private paid services without written agreement</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td></td>
<td>1</td>
<td>2</td>
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<tr>
<td>Irregular occasional jobs</td>
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<td>0</td>
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<td></td>
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<td>0</td>
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<td>Other type of contract</td>
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<tr>
<td>Difficult to say</td>
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<td>1</td>
<td>0</td>
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<td></td>
<td></td>
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<td>1</td>
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</tbody>
</table>

80% of the employed work in the same place (town, village) they live. Inhabitants of Riga most often work in the same city (93%), but inhabitants of Priekuļ region are most often commuting to another town (44%). For 59% of the employed, the travelling distance to the working place does not exceed 30 kilometres, though for 10% of respondents (most often for inhabitants of Latgale and Kurzeme region) the distance from the place of living to working place exceeds 100 kilometres. Higher distance to the workplace is related to satisfaction with job: those whose workplace is located in more than 50 kilometres distance are more satisfied with their work than those working up to 10 kilometres from the place of living.

In general, 27% of the employed are very satisfied with their job, 56% rather satisfied, but 17% – rather dissatisfied or very dissatisfied.

It is interesting to note, that the most satisfied with their work are people aged up to 29 and those aged above 60. It might be possible that satisfaction with work motivated their employment while other people in these age groups usually do not work.

Significant differences can be observed in different ethnic groups: Latvians not only are more likely to be employed, but also are more often satisfied with their employment than Russians or people from other ethnic groups. One of the possible explanations for that might be the continuously growing need for knowledge of the official language, which are rather weak or very weak for 19% of Russians and 26% of other ethnic groups.

Satisfaction with work can significantly affect willingness to work. Those dissatisfied with their work more often express willingness to not to work or work part time. The groups with the highest share of dissatisfied are young people with low basic skills (30%), disabled persons (27%), ethnic minorities
(23%) and single parents (25%). So disabled people, ethnic minorities and young people with low basic skills are not only less likely to be employed, but those who work are also less satisfied with their work. Such a situation indicates that the labour market situation is not adequate to the needs and interests of these groups.

Almost a half (47%) of employed work in their current job (or are self-employed or entrepreneurs) for at least five years. Less than two years in their current working place have been working only 25% of the employed. This indicates low professional mobility of the employed in Latvia. Regular employment in one enterprise is more typical for women, but men more often change the job. Satisfaction with job is related to lack of interest to change job: those who have been working in the same workplace for 10 years or more, most often are satisfied with the job, and 31% are even very satisfied.

The decision to change or not change the job is influenced also by the available vacancies and confidence about finding an equal job. The research results show that the shortest period of working in one workplace is in Riga – 30% of the respondents have been working less than 2 years in one workplace. Employment opportunities in Riga are comparatively high and competition for employees is also high. Such a situation promotes the professional mobility. The longest period of working in the same workplace is in for Latgale and Vidzeme region. As the level of economic activity in this region is the lowest and it is difficult to find a suitable job, people usually do not change the chosen workplace so often.

Nowadays the earnings in one workplace may not be enough to provide family, especially if there are children. Therefore while 5% of population are actively searching for job, 13% of the employed have a second job adding on average 21 working hours per week to the workload of the first job. It is usually a regular extra-work in an enterprise of an institution (32%), more or less systematic job in a company or for an individual (32%) or provision of private services for pay (19%). The employed aged 30 to 49 years, respondents with the highest education, adults from large families and single parents are most likely to have a second job. Incapacity to provide suitable living conditions to the children make parents work in several jobs for longer hours. This tendency is unsatisfactory, because diminishes the opportunities for parents to spend time together with family and creating a positive environment for the development of a child.

Salaried employment is the main source of income for households. The research results show that regular salaried employment, second job or an occasional job is the main source of income for 80% households. 3% of the households get most of the income from entrepreneurship or self-employment, but for 1% of the households main source of income is agricultural activity.

For 9% of the households main source of income currently is pensions, 1% of the households subsist mainly on benefits, but 2% of households indicate that they have no sources of income.
3.2.1.4. Duration and causes for nonworking

As mentioned before, 26% of population aged 18 to 65 are not working. 15% of the nonworking population has been without work less than half a year, 8% – from half a year to one year, 15% – a year or two, but 27% – more than two years (picture 42.).

**Figure 42. Duration of the period of nonworking**

The period of nonworking and unemployment in Latvia often exceed half a year or even a year. Job seekers usually (51%) have been without job up to one year, but economically inactive population has often (46%) been out of employment for more than two years (picture 42). The longer the period out of labour market, the more difficult it might be to return. The period of registration in SEA is not always indicating the actual length of unemployment. 10% of the long-term unemployed that are registered in SEA for more than a year admit that in fact less than a year has passed since the end of the last work relations. At the same time, many people that become unemployed do not register in SEA at once. The results of the survey of the unemployed indicate that in their last period of unemployment 79% of the unemployed registered in SEA as soon as there was such a possibility, but 21% registered later, some time after the loss of job (or interruption of studies).

More than one third (34%) of the surveyed unemployed were registered with SEA during the last three months. For 4 to 6 months and 7 to 12 months were registered 22% and 21% of respondents respectively (see picture 43). The proportion of respondents having registered for longer than one year (long term unemployed) was 23%.
Therefore the analysis of duration of registration in SEA can give a more optimistic view on the length of unemployment than it actually is.

Analysing the differences in duration of unemployment by the type of settlements and level of urbanisation, it has to be concluded that the smallest proportion of the long-term unemployed is in Riga—5% of the respondents. In other cities the share is 24%, in the district centres – 27%, but in other towns and villages 34% and 31% respectively. The proportion of long term unemployed among men and women do not differ so much. Among the surveyed women 25% were registered in SEA for longer than a year, among men - 20%.

The survey of the unemployed explores also the registration experience of respondents in SEA, i.e., how many times they have been registered in SEA. 52% of the respondents were registered in SEA as unemployed for the first time. Of those having registered for more than once, 64% had registered twice, 25% - three times, but 11% - fore times and more (see picture 44.).
When asked about the total amount of time without work during the last 16 years since 1991, 45% of the respondents admitted that it has been shorter than a year. Up to two years altogether without job have been 23%, from three to seven years – 20%, but for more than seven years – 12% of the surveyed registered unemployed.

Although the time spent without job among the nonworking population is often longer than half a year, the research results indicate that 35% of the nonworking, among those - 31% of economically inactive and 48% of job-seekers, had done some work for material remuneration in the period since the end of the previous labour relations. 19% of the job-seekers had performed piece-work on the basis of verbal agreement, 10% have worked for a farmer, 9% have done some work for a definite time period based on verbal agreement, 7% have been engaged in seasonal work the same proportion have been working in own farm.

Also 47% of the registered unemployed have been working for pay since the end of labour relations: 16% had done some occasional jobs, 13% – piece-work based on verbal agreement, but 11% have worked for a farmer. In 60% of cases such work has been done during the previous month, but in 40% of cases – longer than a month ago. Analysing the differences of type of work among the long-term unemployed and other unemployed, it can be seen that long-term unemployed were more often doing occasional jobs (20% long-term and 14% other unemployed persons), piece-work based on verbal agreement (15% and 12% respectively), worked in own farm (15% and 4% respectively) and worked seasonal jobs (4% and 0.3% respectively). Activity in doing different additional jobs was equally widespread in all regions of Latvia.

21% of all nonworking population, of which:
- 10% registered unemployed,
- 7% job-seekers and
- 25% economically inactive population

have no work experience. They had never worked salaried job, not been entrepreneurs or self-employed.

The most often mentioned reason for lack of work experience for nonworking population is studies in school or university (69%). Other important reasons typical for job seekers are raising children (13%, for women in particular) and inability to find a suitable job. All these aspects hinder inclusion in the labour market.
Table 16. Reasons for lack of work experience (%)

<table>
<thead>
<tr>
<th>Reason</th>
<th>All</th>
<th>Job-seekers</th>
<th>Economically inactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studying in school/high school</td>
<td>69</td>
<td>48</td>
<td>70</td>
</tr>
<tr>
<td>Looked after children</td>
<td>9</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Family situation</td>
<td>8</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Disability, health</td>
<td>6</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Could not find job</td>
<td>3</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Could not find a suitable job</td>
<td>2</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>No need</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Could not find a job in specialisation/qualification</td>
<td>1</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Did not want to</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Other reason</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

*Base: nonworking (n=2049, 26% of all)*

Among the registered unemployed persons the most often mentioned reason for lack of work experience is need to take care of children (36%) and studies in school or high school (30%). 20% could not find a job, and of those more than a half were not satisfied with the available job options. 9% of the respondents did not have necessity to work, but 5% could not work because of health problems.

85% of the nonworking that have previous work experience had been legally employed before the end of the last labour relations, 7% worked illegally, and 2% were self-employed. 8% of the surveyed admit that they did not have a written contract, but a verbal agreement, 1% had been providing private services without written agreement, and 1% has had irregular occasional jobs. This indicated that a considerable proportion of nonworking population, for whom the social security payments had not been made or who have not made them, are not eligible for unemployment benefit. Men are more often subject to this risk – 14% of men did not have a written agreement in the last job.

The research results indicate that unqualified workers have the highest the risk of loosing job. At the moment, 12% of the employed are unqualified workers, but among the nonworking and unemployed the proportion of people doing unqualified job in their last workplace is two times higher (17. table). The second group with high risk of loosing job is qualified workers. Qualified and nonqualified workers also comparatively often (26–27%) have been fired by the employer.
A comparatively low proportion of nonworking population, unemployed and job-seekers can be observed among the highest level managers, senior and medium level specialists and officials.

Analysing the data on the last profession of the respondents before quitting job or becoming unemployed, it can be observed that one fourth (26%) of the respondents have been working in services and trade. 21% of the respondents had been working in professions included in the group of qualified workers and craftsmen, but in simple, unqualified professions – 17% of respondents (see table 18).

**Table 18. Profession in the last main job (%)**

<table>
<thead>
<tr>
<th>Profession</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service and trade sector workers</td>
<td>26</td>
</tr>
<tr>
<td>Qualified workers and craftsmen</td>
<td>21</td>
</tr>
<tr>
<td>Unqualified/ simple professions</td>
<td>17</td>
</tr>
<tr>
<td>Machine operators and assemblers</td>
<td>13</td>
</tr>
<tr>
<td>Specialists/professionals</td>
<td>8</td>
</tr>
<tr>
<td>Civil servants</td>
<td>6</td>
</tr>
<tr>
<td>Senior specialists/professionals</td>
<td>4</td>
</tr>
<tr>
<td>Legislators, government officials, chief-officials</td>
<td>3</td>
</tr>
<tr>
<td>Qualified workers in agriculture and fishery</td>
<td>2</td>
</tr>
<tr>
<td>Difficult to say</td>
<td>1</td>
</tr>
</tbody>
</table>

_Base: unemployed registered in SEA, that had been salaried employees, self-employed or entrepreneurs (n=717, 89% of all)_

Data reveal that the most of the most often mentioned branch where the registered unemployed had been working in the previous workplace is retail trade (18%). In forestry and agriculture worked 9% and 8% of respondents respectively.
Most often – in 34% of cases – the length of employment of the unemployed persons in the last workplace was from 1 to 3 years. 24% had been working from 4 to 10 years in their last workplace, but longer than 10 years – 12% of the unemployed. From 4 to 12 months in their last workplace had worked 22%, less than 3 months – 5% of the unemployed.

It has to be noted that the length of employment in the last workplace differ for the long-term unemployed and other. Among the long term unemployed the proportion of those having worked 4 to 12 month in the last workplace was 16%, while among other unemployed persons – 24%. A similar situation can be observed regarding the length of employment of 1 to 3 years. But the proportion of those having worked more than 10 years in the last workplace was remarkably higher among the long-term unemployed if compared to others (21% and 9% respectively) (see Table 19).

<table>
<thead>
<tr>
<th>In the last workplace worked for:</th>
<th>Do not work up to 12 months</th>
<th>Do not work for a year and longer</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 3 months</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>4-12 months</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>1-3 years</td>
<td>37</td>
<td>27</td>
</tr>
<tr>
<td>4-6 years</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>7-10 years</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>more than 10 years</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Difficult to say</td>
<td>2</td>
<td>7</td>
</tr>
</tbody>
</table>

Base: long-term unemployed registered in SEA (n=173, 22% of total) and other (n=527, 66% total) unemployed, that had been salaried employees, self-employed or entrepreneurs.

This data suggests a possibility that becoming unemployed in the case of the long term unemployed is related to a long career in one enterprise or institution.

The respondents having previous work experience as the main reasons for leaving a job mention retirement, (26%), illness, disability, health problems (14%), birth of a child or maternity leave (13%) (Table 20). Altogether 54% of the nonworking population admit that left the job on their own free will. In 22% of cases the work relations were terminated by the employer, but in 19% of cases there had been a mutual agreement.
Leaving the job of one's own free will (mostly because of retirement, illness, disability or birth of a child) is more typical to the economically inactive population (58%), but also they admit that in 18% of cases the labour relations were terminated by the employer and in 20% – the agreement had been mutual. Now they are not active job-seekers anymore.

Job-seekers left the job on their own will in 46% cases, for 31% of the job-seekers the labour relations were terminated by the employer, but for 18% the agreement was mutual. The most often mentioned reason for leaving job is inadequate wage (21%). 13% left the job as a result of staff reduction, and 13% – because of liquidation of the enterprise.

The most often mentioned reasons of leaving job among the registered unemployed are inadequate wage (16%), staff reduction (15%) and of liquidation of the enterprise (12%). Reasons like health problems, (12%), birth of a child (8%) and poor working conditions (8%) are also mentioned quite often. A different situation can be observed among the long-term unemployed – only in 25% of cases they have left job on their own will, most often the labour relations had been terminated by the employer (39%).

The research results indicate differences between the reasons for leaving job for men and women.
Women have more often left the job on their own will (57%), but for men the labour relations have more often been terminated by the employer (29%). In Riga 65% of the respondents left the job themselves, but outside Riga only in about 50% cases the work relations have been terminated by the nonworking people themselves. The most often mentioned reasons for quitting the job for women are birth of a child or maternity leave (22%), and retirement (27%). Men, on the other hand, more often leave the job because of disability or health problems (19%), inadequate remuneration (12%), conflict with the management (4%), inability to reconcile work with studies (7%) or because of different changes in the enterprise (staff reduction, liquidation of the enterprise, end of work contract etc).

Conflict with the management, staff reduction, poor working conditions, inadequate wage and inability to reconcile work with studies are more likely to be the reasons for quitting the job of Russians, but maternity leave or retirement are more often mentioned by Latvians.

Liquidation of the enterprise and staff reduction has most affected the employed outside Riga and Pierīga region (especially in Latgale), but inability to reconcile work with studies is often the reason for quitting job in Riga (12%).

Analysing the situation of the risk groups, it can be seen that most of then the employer has initiated the termination of work relations for the pre-retirement age population (31% of cases) and for persons after imprisonment (25%). Loss of job is especially sensitive for the pre-retirement age people, because it is difficult to find job in this age, but nonworking can have a negative impact on the amount of pension and quality of life in retirement. Young people have most often left the job on their own will (72%), but single parents and adults raising more than three children with a partner have more often left job based on mutual agreement (29–30%).

### 3.2.1.5. Searching and finding a job

Only 28% of the nonworking population has been looking for job during the last year. Two out of three registered unemployed (including the long-term unemployed), single parents and persons after imprisonment have been looking for job during the last year, but nonworking youth, young people with low basic skills and pre-retirement age persons and disabled persons usually (at lest 75% of cases) have not been looking for a job.

The economically inactive population as the reasons why they have not been looking for job most often mention retirement, (31%), studies (24%), health conditions (17%) and that there is no one else to look after small children (14%) (Table 21).
Men have significantly more often been looking for a job than women (p=0.00). Altogether 66% of men and 76% of women have not been searching for job. Men most often mention that their studies prevent them for looking for job (35%), but women more often cannot look for job because there is no one else to look after small children (22%).

As already mentioned before, not all unemployed persons are actively searching for job: during the last year, 66% of registered unemployed and 67% of the long-term unemployed have been looking for a job. The most often mentioned reasons why the registered unemployed have not been looking for job, are need to look after children, there is no one else to look after them (33%). This reason is very important and hampers job search of the adults of large families (especially in those families where a couple is raising), and for single parents raising children alone. Therefore the research indicated a necessity to introduce activities oriented towards reconciliation of work and family life, promoting part-time employment opportunities, distance work, flexible working hours etc.

The nonworking Latvians are significantly less likely to look for job than those of other ethnic groups: 75% of nonworking Latvians and 66% of nonworking of other ethnic origin are not looking for job. Inactivity in looking for job is most widespread among the population in Vidzeme region (86%). In Vidzeme and Latgale most often mentioned reason for inactivity in job search is retirement, but in Riga – studies. People living in villages, in the countryside are also comparatively rarely looking for job(26%), but this might be explained with work in one’s own farm of another household.

Significant differences can be observed among different age groups. The most active in looking for job are the nonworking aged 30 to 49, of which 46–48% look for job, but among those aged 60 and

| Table 21. Reasons for passivity in looking for job (%) |
|-----------------|-------------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|----------------|
| In retirement   | 32 36 4 5 0 0 51 13 3 10 |
| Studying in school/ university | 24 14 8 0 78 70 0 1 8 5 |
| Cannot work because of the health situation | 17 21 18 32 2 4 37 85 4 12 |
| There is no one to look after children/grandchildren | 14 11 32 38 14 12 4 3 70 65 |
| Lost confidence in finding a job | 4 10 13 25 0 0 9 3 1 6 |
| Is enough provided for, no need to work | 3 1 3 0 2 4 1 0 2 5 |
| Do not want to work | 3 1 4 6 3 4 1 1 2 0 |
| Feel too old for work | 1 2 1 0 0 3 4 0 0 0 |
| Other reason | 7 11 21 3 6 7 5 4 12 0 |
more only 6% of the nonworking are looking for job. The research results show that the population aged up to 30 years most often do not work because of studies (67%), those aged 30 to 39 – because there is no-one to look after small children (50%), those aged 40 to 59 are hampered by the health condition (42-51%), but those aged 60 and above – because of retirement(90%).

24% of the nonworking population have been actively looking for job during the last month. This indicates that part of the nonworking that had been looking for job during the last year do not do it anymore. Asked about the reasons for that, they most often mention that they are now studying (25%) or do not believe they could find a job (21%) (Picture 45).

**Figure 45. Reasons for passivity in looking for job during the last month (%)**

```
<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studying</td>
<td>25</td>
</tr>
<tr>
<td>Lost confidence in finding job</td>
<td>21</td>
</tr>
<tr>
<td>Illness, disability</td>
<td>12</td>
</tr>
<tr>
<td>Does not want to/ no need to work</td>
<td>10</td>
</tr>
<tr>
<td>On childcare leave (is looking after children)</td>
<td>9</td>
</tr>
<tr>
<td>Lack of time</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
</tr>
</tbody>
</table>
```

*Base: nonworking that had not been looking after job in the last (n=598, 8% of total)*

The disabled persons have most often been inactive in looking for job because of illness, disability (47%), young people – because of studies (68%), adults raising three or more children with a partner and large families – because of need to look after children (92% and 55% respectively), pre-retirement age persons and single parents – because they do not believe that could find a job anymore (56% and 51% respectively), persons after imprisonment – because of illness (100%). It can be thus seen, that the employability of each group will should be promoted by a different set of activities.

Women more often have not been looking for job because of studies (33%) or childcare duties (15%), but men – because they do not believe they could find a job (26%), illness or disability (19%) or because they do not want to work (14%). Health problems are a serious risk to employability –for men, pre-retirement age population and former prison inmates in particular. The improvement of the general health situation of the population could contribute greatly to the development of human capital and taking a full advantage of it.

The nonworking population that has been looking after job during the last year, was mainly turning to
SEA (47%), asking friends and relatives about job opportunities (67%) and followed job advertisements in mass media (42%). 31% of the respondents turned directly to the employers, but 23% were searching for job via Internet (Table 22).

<table>
<thead>
<tr>
<th>Table 22. The channels/strategies for the job search (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had been looking for job during the last year</td>
</tr>
<tr>
<td>Turned to SEA</td>
</tr>
<tr>
<td>Turned to job placement companies</td>
</tr>
<tr>
<td>Turned directly to the employers</td>
</tr>
<tr>
<td>Turned to a non-governmental organisation</td>
</tr>
<tr>
<td>With the help of friends, relatives, acquaintances</td>
</tr>
<tr>
<td>With the help of Internet</td>
</tr>
<tr>
<td>Posted work advertisements in mass media</td>
</tr>
<tr>
<td>Followed work advertisements in mass media</td>
</tr>
<tr>
<td>Passed tests or exams</td>
</tr>
<tr>
<td>Attempted to get licences for starting an entrepreneurship</td>
</tr>
<tr>
<td>Was looking for information about job opportunities abroad</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

*Base: all (n=7787)*

The most popular ways of searching for job among the registered unemployed have been questioning of the friends and acquaintances and following to the job advertisements in newspapers, magazines and in the Internet – performed by 62% and 57% respectively, but during the last month these strategies were used by 55% and 52% respectively. 33% of the respondents had attended enterprises following the direction of SEA, although during the last month it was done by only 15% of the respondents. 22% of the unemployed attended enterprises and 21% sent their CV to the enterprises on their own initiative. 20% of the respondents had not done anything to find a new job. No significant differences were observed in different sociodemographic groups.

In order to find out, which job search strategies and channels have been the most effective in finding a new job, the employed were asked questions about their unemployment experience during the last five years and the way they had found their current workplace. It can be observed that most of the nonworking people have found a new job by the help of friends, acquaintances or family (64%). 22% had found a job by turning directly to the employers, but 10% – following the advertisements in mass media, and 7% – by the help of SEA. Turning to the job placement agencies, job-search via internet or putting advertisements in the mass media have not been that effective strategies.

It has to be noted, however, that the effectiveness of different job search strategies differs by region. Turning to SEA has been the most effective strategy for job seekers in Latgale (14%) and in Riga and other cities, but the inhabitants of district centres and villages in the countryside have more often
found their jobs by turning directly to the employers; the inhabitants of Riga and Pierīga region were most successful in finding job in the Internet (11-13%), but for job-seekers in Kurzeme the most successful strategy of finding job was turning to friends, acquaintances and relatives. Turning to the employers and following the job advertisements in mass media have been more successful strategies in finding job outside Riga.

The level of demands of the job seekers towards the type and character of the potential job is quite low: 21% were looking for job in the profession they have work experience, 16% – in the profession they have finished education, 9% – in another profession, but 59% were ready to do any job. Higher demands were expressed by those having a profession/professional qualification – 23% were willing to find a job in the profession they have education. The inhabitants of Riga and Pierīga region were also more often looking for this kind of job. The least demanding towards the potential job are inhabitants of Latgale, long-term unemployed, young people with low basic skills and former prison inmates– more than 70% were looking for any kind of job.

To get a more detailed notion on what changes would the unemployed be ready to accept in their lives for the sake of a new job, the registered unemployed were asked to evaluate several aspects in relation to their potential employment in Latvia and abroad.

Data show, that the majority (at least 74%) of the surveyed unemployed would be ready to take part in different activities related to their profession – to work in their profession or in a similar one, and also to learn a completely different profession. The unemployed were quite sceptical towards an opportunity to work a less qualified or unqualified job – this would not be acceptable for 53% and 64% respectively.

Comparing the answers of men and women, it can be seen that men have more often expressed willingness to take part in different activities to get job. Long term unemployed more often than those registered in SEA within the last 12 months are more likely to express positive attitude towards opportunity to work in their own profession or some low-qualified job. It might be that the answers of the long-term unemployed are connected with some features characterising the psychological situation of this group (lack of confidence in one’s skills, low self-esteem etc.) that is indicated also by other research projects.

Respondents which would be ready to go to work abroad (n=164), were asked to express their attitude towards the same activities to get the job abroad. Data confirm the quite loyal and unpretentious attitude of the unemployed towards work abroad – almost half have admitted that they would like to work there irrespective of profession and also low-qualified un qualified jobs.

Respondents admitting they were ready to go to work abroad (n=164) were asked about the time period for how long they would like to work. Data indicate that almost every third of those would
willingly work no more than half a year, and about the same proportion – from 6 to 12 months, but altogether 41% of the respondents would like to work abroad for a longer time. The long term unemployed have more often than the unemployed registered in SEA for less than a year that they would be ready for almost any kind of job abroad – they would be ready to work both in their profession and work an unqualified job as well learn new things.

It is not always easy to find a job that suits one’s specialisation or qualification. Quite often finding a new job is connected with learning of new skills. Therefore the research was also done on the willingness of the job-seekers to re-qualify or learn new skills. 67% of the job-seekers would be ready in case of necessity to change the qualification, acquire new knowledge and learn new skills, 11% would not be ready to do that, but 22% do not have a certain opinion (picture 46). Relatively small part of the job-seekers would be ready to move because of job: 21% of the job-seekers would be ready to migrate within the region, but only 13% of the job-seekers would be ready to move to another region.

**Figure 46. Readiness to retrain or move in order to get job (%)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Yes</th>
<th>No</th>
<th>Hard to say</th>
</tr>
</thead>
<tbody>
<tr>
<td>to change the qualification or learn new skills</td>
<td>17%</td>
<td>62%</td>
<td>15%</td>
</tr>
<tr>
<td>to move to another town, village,</td>
<td>15%</td>
<td>63%</td>
<td>22%</td>
</tr>
<tr>
<td>to move to another town or from village to town</td>
<td>15%</td>
<td>63%</td>
<td>22%</td>
</tr>
<tr>
<td>to move to another region</td>
<td>15%</td>
<td>71%</td>
<td>13%</td>
</tr>
<tr>
<td>to move to a country in Europe</td>
<td>15%</td>
<td>71%</td>
<td>13%</td>
</tr>
<tr>
<td>to migrate outside Europe</td>
<td>15%</td>
<td>71%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Base: job-seekers (n=366, 5% of all)

The results of the survey of the unemployed show that the registered unemployed are more positive towards the need to improve their knowledge (70% of the unemployed are willing to acquire new knowledge and learn new skills), while they still have negative inclination towards changing the place of living because of job, and only each fifth of the respondents assumed it might be possible. 18% would be ready to move to a country in Europe, but 11% - to migrate outside Europe.

Significant differences can be observed in the group of long-term unemployed. They have a quite negative attitude towards the need to change anything in their lives because of job, and remarkably less often have expressed readiness to improve their knowledge or to go to work abroad than those registered in SEA during the last year. No more than 14% would be ready to move somewhere, and
only 65% would be ready to improve their professional knowledge. Lack of mobility and flexibility can hinder the inclusion of this group in the labour market.

Age can also have an impact on the readiness to move or to acquire new skills. With the increase of age, the readiness to acquire new knowledge and skills is diminishing. However, a half of nonworking population aged 50–59 and one third of the nonworking population aged 60 and more would be ready to do that. Job-seekers aged up to 29, more often express willingness to move to another town, district or country because of job, but with the increase of age the readiness for mobility decrease. Women (73%) more often than men (60%) are ready to change qualification, but are less willing to move to another town, district or country.

The answer given by the unemployed show that most of the respondents (87%) would be ready to work full day, and slightly less – 72% consider also part time job acceptable. The unemployed are more reserved towards the possibility to engage in self-employment or entrepreneurship (see picture 47).

Figure 47. Attitude towards different forms of employment (%)  

<table>
<thead>
<tr>
<th>Would you be ready:</th>
<th>Would be ready</th>
<th>Wouldn’t be ready</th>
</tr>
</thead>
<tbody>
<tr>
<td>to work full day</td>
<td>87</td>
<td>13</td>
</tr>
<tr>
<td>to work part time</td>
<td>72</td>
<td>28</td>
</tr>
<tr>
<td>to work seasonal jobs or short time jobs</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>to work occasional jobs, short time jobs</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>to engage in self-employment</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>to engage in entrepreneurship</td>
<td>29</td>
<td>71</td>
</tr>
</tbody>
</table>

Women more often than men have expressed readiness to work part time while men have been positive towards all forms of employment mentioned, except for starting self-employment. Long-term unemployed more often than those registered in SEA during the last year have admitted that are ready to work short term jobs and seasonal jobs as well as work part-time. It is interesting that the surveyed of other ethnic origin than Latvian have expressed readiness to engage in different employment forms more often than Latvians.

The nonworking mention different reasons that on their opinion hamper them from success in finding a job, but the most often mentioned is inadequate pay. The second most often mentioned reason is lack of suitable connections, acquaintances (table 23). This means that most often the „problem” is found in the surrounding environment, not with the person.
Table 23. Obstacles in finding a job (%)

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Average for all</th>
<th>Young people with low basic skills</th>
<th>Adults of large families</th>
<th>Long-term unemployed</th>
<th>Disabled</th>
<th>Pre-retirement age population</th>
<th>Youth</th>
<th>Ethnic minorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate salary</td>
<td>31</td>
<td>28</td>
<td>10</td>
<td>22</td>
<td>15</td>
<td>27</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>No suitable connections, acquaintances</td>
<td>22</td>
<td>21</td>
<td>10</td>
<td>24</td>
<td>6</td>
<td>29</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Insufficient education, qualification</td>
<td>19</td>
<td>21</td>
<td>17</td>
<td>21</td>
<td>9</td>
<td>8</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Health condition</td>
<td>15</td>
<td>3</td>
<td>7</td>
<td>15</td>
<td>70</td>
<td>33</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Lack of vacancies in suitable professions</td>
<td>14</td>
<td>17</td>
<td>10</td>
<td>13</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Insufficient level of skills</td>
<td>13</td>
<td>3</td>
<td>7</td>
<td>13</td>
<td>6</td>
<td>13</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Family situation</td>
<td>12</td>
<td>14</td>
<td>17</td>
<td>15</td>
<td>6</td>
<td>8</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Transportation problems</td>
<td>12</td>
<td>14</td>
<td>17</td>
<td>15</td>
<td>12</td>
<td>19</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Insufficient work experience</td>
<td>9</td>
<td>28</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>Lack of information about vacancies</td>
<td>7</td>
<td>14</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Negative attitude of the employers</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>13</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Unsuitable environment</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Criminal record</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>24</td>
<td>13</td>
<td>24</td>
<td>12</td>
<td>27</td>
<td>29</td>
<td>17</td>
</tr>
</tbody>
</table>

Base: all (n=7787)

Men and women find different explanations for their failures in search for job: men more often consider the inadequate salary (42%), lack of suitable connections, acquaintances (29%) and the negative attitude of the employers (8%), as the problems in finding a job, but women more often name lack of appropriate education and qualification (21%), lack of skills (16%) and insufficient work experience (11%) as the main obstacles.

Young people consider that for them insufficient work experience is the problem in finding the job, the disables persons emphasize the problems connected with the health situation, the respondents from large families, on their turn, name the family conditions, but the pre-retirement age persons and long-term unemployed mention lack of suitable connections, acquaintances.

Inadequate salary is the main obstacle in finding a job for inhabitants of Riga and Pierīga region. In Vidzeme and Kurzeme region difficulties in finding a job people mostly relate to lack of connections, acquaintances (44%), but more often than in other regions mention also insufficient skills, education or experience, and lack of vacancies in appropriate professions. Transportation problems are important in all regions except Riga.
In indicating the minimal monthly wage they would like to work for, the unemployed have different opinions. Men and those registered in SEA for less than a year have higher requirements to the minimal wage they would like to work for than women and long-term unemployed.

<table>
<thead>
<tr>
<th>Table 24. Desirable minimum salary per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Ethnicity</td>
</tr>
<tr>
<td>Latvians</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Duration of unemployment status</td>
</tr>
<tr>
<td>Unemployed</td>
</tr>
<tr>
<td>Long-term unemployed</td>
</tr>
</tbody>
</table>

Base: unemployed registered in SEA (n=799)

On the whole, almost half of the job-seekers (people that have been searching for job during the last month and are ready to begin to work in the next two weeks) are not registered in SEA as unemployed. Of those registered in SEA, 54% were registered for the first time, 30% have been registered twice, but 16% – three or more times.

More often in SEA as unemployed were registered those that before loosing job had a legal employment and left job as a result of staff reduction (52%), conflict with management or colleagues (52%), liquidation of the enterprise (33%) or because of inadequate salary (40%). Less often register those having terminated job relations on their own will (20%), self-employed (6%), pupils and students (7%), those having returned from abroad (10%) or those having worked illegally (16%). Of all the unemployed 82% were legally employed before unemployment, 7% worked illegally, 2% were self-employed, returned from childcare leave or from abroad. More than a half of the unemployed (57%) worked for a private enterprise before the termination of the last work contract, 17% worked for a government of municipal institution, 11% - for an enterprise of a mixed type or stock company, but 9% – for a government or municipal enterprise.

These results conform that people register in SEA mostly because of the unemployment benefit, and in case it is not possible, the motivation to register is considerably lower. Altogether 62% of unemployed and former unemployed mention the unemployment benefit as the main reason for registration in SEA. For 19% the main goal for registering was the help of SEA in looking for job, but 10% wanted to attend the courses offered by SEA.

Analysing the results of the survey of the unemployed regarding the SEA services used, unfortunately the most often mentioned response is „have not used any of the services” (33%). Relatively the most popular of the activities offered by SEA was job placement (27% of unemployed used in total), learning of profession, improving qualification (18% of unemployed used in total). In other activities have been involved no more than 12% of the respondents.
Data analysis in different sociodemographic groups indicate that the share of the respondents having used some of the SEA services is higher among women and long term unemployed, while men and those having registered in SEA for less than a year have been more passive. It has to be remembered though, that long-term unemployed and women after the childcare leave are among the target groups especially supported by SEA. It is interesting that the people with the ethnicity other than Latvian have been more active in SEA activities than Latvians, especially in their last period if registration in SEA.

To find out the needs of the unemployed in relation to the SEA services, respondents were asked to mark also those services they have not use, but would like to. Data indicate that the services the unemployed are interested the most are training opportunities - the unemployed would like to learn a profession or improve the qualification (28%), learn a language (26%) and computer skills (26%). Almost every fourth respondent expressed interest about opportunity to attend courses for driver’s licence (19%). Less interesting for the unemployed are active employment measures like apprenticeship at the employers’, subsidised workplaces and the summer jobs for schoolchildren that was mentioned by no more than 5% of the respondents.

Taking into account the relatively low proportion of the unemployed that had used the SEA services, it is important to mention that only 5% of the respondents admitted that they would not be interested in using of any services provided by the agency (see picture 48).

**Figure 48. Interest in using SEA services (%)**

<table>
<thead>
<tr>
<th>Service</th>
<th>Have used</th>
<th>Not used, but would be interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>To learn a profession or improve the qualification</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>Computer skills</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Language courses</td>
<td>9</td>
<td>26</td>
</tr>
<tr>
<td>Courses for driver’s licence</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>Provision of employment</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Determination of professional suitability</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Organised meetings with employers</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Project management courses</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Specialist consultations</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Slaried temporary work</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Modular training</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Apprenticeship at the employers</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Subsidised workplaces</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Summer jobs for schoolchildren</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Are not interested in using of any services</td>
<td>5</td>
<td>33</td>
</tr>
</tbody>
</table>

Note: answers to the questions: (1) I will name several services provided by State Employment agency. Which of those you have used since registered as unemployed/job-seeker for the last time? / (2) And which of those services you have not used, but would like to.
The analysis of data in sociodemographic groups reveal that women in general expressed higher interest in different training opportunities (languages, computed, driving, project management), in specialist consultations and in organised meetings with employers. Men have more often than women admitted they would like to attend courses for learning a profession and improving professional qualification. Although no significant differences between the answers of Latvians and people of other ethnicity were observed, it has to be admitted that people of other ethnic origin than Latvian were relatively more interested in job placement and language courses while Latvians were slightly more often interested in course in project management.

Those registered in SEA for less more often expressed interest in SEA services than the long-term unemployed, but it has to be taken into account that obviously the long term unemployed could use the services for a longer period of time.

Many of the unemployed registered in SEA or had been registered in SEA before, admit they had not received any job offer from SEA: 58% of those who are or were registered in SEA up to three months, 61% of those registered for 4–6 months, and 57% of those registered for 7–12 months. Also 59% of the long-term unemployed think they have not received any job offer from SEA. People in Vidzeme, Kurzeme, Zemgale and Latgale region are more often of this opinion, but in Riga people usually (60%) have received some job offers.

It might be that part of the unemployed has forgotten of the job offers received from SEA. The results of the survey of unemployed persons show that of those currently unemployed, about a half (49%) have mentioned that since they were attributed the status of unemployed they have not received any job offer from SEA.

Among men and long-term unemployed the proportion having received job offers is higher while women and those that are unemployed for less than a year are less likely to have received any job offers.

Most often job is offered to the unqualified and qualified workers, workers in the service sector, assistants and technical workers, but less often – to senior and medium level specialists and officials. This is indicative of the character of vacancies at the disposal of SEA. The results of the pervious research show that nowadays the employers comparatively rarely announce vacancies requiring high level of qualification with SEA. Of the risk groups discussed, most often job via SEA has been offered to the persons in the pre-retirement age (35%), disabled persons (32%), persons after imprisonment (35%) and adults from large families (28%). It might be possible that SEA officials are aware of the unwillingness of the lack of interest to work of the pre-retirement age people and disabled persons (they are least often actively searching for job) and therefore less actively offer vacancies to these groups. But it might also be that people from these groups have lost confidence in finding a job because lack of job offers, therefore they are not looking for it anymore. In order to
promote the inclusion of the disabled persons and pre-retirement age persons in labour market, focussed activities should be implemented that are oriented towards these target groups

More than a half of the currently unemployed people have admitted that while unemployed, they have not turned down any job offer. (see picture 49).

Figure 49. Rejection of the job offers (%)

Note: answers to the question: How many job offers during this period you turned down as unsuitable for you - both offerd by SEA and other channels?
Base: unemployed registered in SEA (n=797) and unemployed registered in SEA that have turned down some of the job offers (n=359)

According to the survey results, the most often mentioned reason for turning down a job offer among the unemployed has been inadequately low salary (43%). Important aspects have been also the location of the potential workplace – how close it is to the place of living and poor working conditions, why the job offer was rejected by 25% and 17% of respondents respectively. It is important that 13% of the respondents have up to now rejected job offers because they are not ready to begin work at the moment (see picture 50).
Figure 50. Reasons for turning down a job offer (%)

- Low salary: 43%
- Workplace is located far away from the place of living: 25%
- Poor working conditions: 17%
- Are not ready to begin work at the moment: 13%
- Inappropriate working hours: 8%
- Lack of necessary skills, qualifications: 8%
- Low skilled work: 7%
- Temporary work is offered: 7%
- Work without contract is offered: 3%
- Other reason: 10%

Base: unemployed registered in SEA, which have rejected job offers (n=362, 45% of all)

Note: answers to the question: What were the most important reasons you turned down the job offers?

Analysis if the three most often mentioned reasons for turning down job offers (low salary, workplace is located far away from the place of living, poor working conditions) in different sociodemographic groups reveal several interesting associations. Men have more often than women mentioned low salary as the reason for turning down a job offer (50% and 39% respectively). Considerable differences in answers given to this question can be seen also in relation to the length of period of registration in SEA – only 27% of the long-term unemployed had rejected a job offer because of low salary, while among those registered for less than a year the proportion reached almost a half (47%).

Long-term unemployed more often than other respondents as the main reason for turning down a job offer name the distance of workplace from the place of living (38% of the long-term unemployed compared to the 25% of total population). Besides, it is interesting to admit that this has been also the most often mentioned reason for turning down a job offer among the long-term unemployed. Those with other ethnic origin than Latvians have been more demanding to the working conditions and relatively more often admitted that turned down a job offer because of poor working conditions (26% and 11% respectively).

The situations when after the interview with the employer the unemployed person was not accepted, because the employer was not satisfied with the potential employee, have been quite rare. Only each tenth of the surveyed unemployed admitted that had accepted the job offer, but was not hired because of some reasons. Most often the employer had turned down single parents (18%), the long-term unemployed (16%) and persons after imprisonment (14%) – exactly the groups most actively looking for job and willing to involve in the labour market. Those not hired think that the employer was not satisfied with their (31%) or that the refusal had other reasons except for qualification, education or
3.2.2. Poverty

Poverty and material deprivation is one of the dimensions of social exclusion, which is, probably, the most important. Poverty usually means lack of money or income poverty. In this study poverty is understood more widely – as lack of necessary subsistence and inability to provide subsistence because of personal reasons or obstacles that are beyond the individual decisions. In this chapter poverty is characterized on the basis of several approaches: absolute, relative and subjective approach and the unit of research is individual or household. The indicative parameters of poverty research are indigence (poorness), index of risk of poverty and subsistence level. In this chapter only those comparative parameters are shown, which have statistically important significance.

3.2.2.1. Income scale

When characterizing the income poverty, it is necessary to define the level of the income which is in the disposal of a household. Research results show average monthly income of a household (taking into account all the income sources, after taxes) is 428,77 lats (LVL). However, the average income per household member 210,78 LVL. The most frequent income level, which is characteristic for one fourth of the population (24%), is between 100 to 149 LVL per household member. The proportion of households with income below 100 LVL (17%), income level from 150 to 199 LVL or 300 LVL and more. The proportion of households with income level 200 to 249 LVL per month per household member is 15%.

The average income level is much lower in households without any employed member – 99,30 LVL, in households with unemployed member – 114,73 LVL. Type of residence is a factor influencing the average income (per household member) – in capital city Riga the average income is much higher than outside Riga (See Pict. 51).
3.2.2.2. Persons (households) under the poverty line

Persons (households) are recognized as being poor, if income per household member does not exceed 50% from the minimum wages, at present 60 LVL (minimum wages in 2007 is 120 LVL). Research shows that the proportion of poor persons (households) is 5%. As on the State level there are no data collected on the number of population, who is under the poverty level, it is not possible to use comparative data to estimate the tendencies.

About half (51%) from the poor persons comprises people residing in parishes. Similar proportion of poor reside in the district centers (12%), in Riga (15%) and cities (15%). Inhabitants of small towns are less represented among the poor (7%).

The highest proportion of the poor (36%) resides in Latgale region. In all the other regions the division of poor persons is similar (10–16 percent). For example, 10% of the poor reside in Riga region (near Riga) and 16% – in Zemgale region.

The largest group of the poor is constituted of wage earning households (37%) and households of
retired persons/disabled (22%). Almost every fifth (19%) poor household has no regular income and for 14% of households the main income source is social benefits and allowances.

When analyzing poor families (households) by type of household, we have observed that every fifth poor (20%) reside in single person household and the same proportion (20%) – live in extended household with children; and 18% live in extended households without children. 14% of poor persons live in households consisting from a couple with one or two children.

There is a direct correlation between level of poverty and the number of employed members of the household. Half of the poor families are households without any single employed household member, around every third household with one employed (35%), and 11% – households with two employees. It is important to mention that only 4% of poor households are households with three or more employed persons.

30% from the poor families are households with at least one unemployed, 12% families with many children, 9% – single parent households, 15% – households of ethnic minorities and 11% – families with a disabled person.

Poor persons make 9% from the whole parish population and 5% from persons residing in small towns. Similar proportion of the poor persons (4%) are among the inhabitants of cities and district centers. In Riga the proportion of poor persons is smaller – around 2%.

Phenomenon of poorness is most widespread in Latgale, where the proportion of poor is 13% from the inhabitants living in the region. In other regions the proportion of poor people is at least twice lesser - 6% in Zemgale, 5% in Vidzeme and Kurzeme. In comparison – in wider Riga region (Pierīga region) 3% of inhabitants are poor.

More often the poorness is characteristic to households with at least one unemployed person; in this group there are 26% of poor families. Comparatively high proportion of poor households (22%) is among those households without any employed family member. The next group with a high proportion of poor households is families with several children (21%). Single parent families and families of ethnic minorities are less prevalent among the poor (accordingly, 12% and 11% from the total number of the type of household). It is important to mention that among the households with a disable member, the proportion of poor households is 10%.

3.2.2.3. Persons (families) living below the poverty threshold

Index of risk of poverty is a parameter, which records the proportion of those households, whose income, calculated as equivalent inhabitant, is less than 60% from sample median, i.e., less than 96 LVL. In this and other chapters those families with income below living below the poverty risk threshold.
In accordance with the research data, the poverty risk index in Latvia is 16%. If comparing this indicator with the 2005 data from the central Statistical Bureau, the index has decreased for 3% (survey “Community Statistics on Income and Living Conditions” (EU-SILC) data). Almost half of all the population living under the poverty risk threshold (47%) live in parishes and 18% – in large cities. The proportion of this group is equal (14%) in Riga and district centres.

Every third poor person lives in Latgale (32%). In other regions the group of population living below the poverty threshold is smaller and the distribution of poor people is similar – 16% of population below poverty threshold live in Kurzeme, 14% – in Riga and Zemgale and 12% – in larger Riga region (Pierīga region).

**Figure 52. Indicators charactering income poverty**

When analyzing households who live below the poverty risk threshold by their socio-demographic characteristics, one can see that unemployment and unemployed family member is the main poverty risk factor – 19% of poor families have at least one unemployed member. Disability is another parameter, which influences poverty because 14% of poor households have a disable household member. Poverty risk is less prevalent in household of ethnic minorities – 11%, families with several children – 8% and single parent households – 7%.

When characterizing the poor families by the socio economical status of the household, it is important to mention that half (51%) are working poor households. The proportion of pensioner/disable person households is half as much (27%). The number of families without any regular income (9%) and those surviving on allowances and benefits (6%) is much smaller.
When analyzing families below poverty risk threshold by household type, one can see that every fifth household is a single person household (21%) or extended household without children (20%). 17% families consist of a couple with one or two children and 18% – extended households with children. The proportion of households consisting of a couple without children is somewhat smaller.

Among those families living below the poverty risk threshold there are two fifth (42%) of households with one employed person and 40% households without any employed person. Within this group the number of households with two employed persons is much smaller (15%).

**Prevalence of poverty within various socio demographic groups**

Survey data show that every fourth (25%) families in parishes and around every fifth (25%) family in small towns live below poverty risk threshold. The proportion of households below poverty risk threshold in large cities (16%) and district centres (14%) is smaller. In Riga this proportion is much smaller - 7%.

When analyzing the proportion of poor families in different regions of Latvia, one can see that in Latgale this proportion is the highest (36%). In comparison – in Vidzeme region the proportion of households below the poverty risk threshold is 19%, in Kurzeme region and Zemgale region - 17%. In larger Riga region (Pieriga region) economical situation of households is much better, and the proportion of households below poverty risk threshold is 11%.

When characterizing household proportion who live under the poverty risk threshold by groups of risks groups of social exclusion, it is important to mention that the highest proportion is among households with one unemployed member – 52%. The proportion of poor households is comparatively high among families with several children (46%) and among families with a disable member (39%). Single parent households and ethnic minorities are less represented in this group (27% and 24% accordingly). If comparing these data with the data from 2003 and 2004, one can observe some essential tendencies:

- poverty risk has diminished in single parent families (in 2003 – 35%; 2004 – 41%);
- poverty risk has increased for families with several children (in 2004 – 32%).

When analyzing the poverty risk threshold households by the number of employed members, one can observe the lowest proportion of risk is for households with two or more employed persons (6%). If comparing with households with a smaller number of employed members, we can observe that 16% of households with one employed member are in the poverty risk threshold group. Households without employed members have the highest proportion of households who live below poverty risk threshold – more than half of households (53%).
3.2.2.4. Persons (families) below the subsistence minimum

In this chapter persons (families) who live below the subsistence minimum are defined as those whose income (calculated to equivalent inhabitant) is below the subsistence minimum defined by the state in March 2007, i.e., 127,83 LVL. Survey results show that almost every third inhabitant of Latvia (30%) lives below the subsistence minimum. Among all the households who live below the subsistence minimum, 44% form households who live in parishes, and 15-17% households who live in Riga, district centres and large cities.

Almost every fourth family, which is below subsistence minimum, lives in Latgale region (26%), and the other households below subsistence minimum are proportionally divided between other regions (14% in both Riga region (Pērīgas region) and Zemgale, 15% in both Riga and Vidzeme, 16% in Kurzeme).

From all the households below subsistence minimum ethnic minority constitute 9%, families with at least one unemployed person - 13%, families with several children – 6% and the same proportion of single parent families.

When analyzing the households in accordance to their socio economic status, one can see that more than working poor form half of the households below the subsistence minimum (61%), and almost every fourth household is a pensioner/disable family. Persons without fixed income form a small part of this group (6%).

Number of employed persons influences the risk of poverty of a family. For example, one employed person is in 42% of households below subsistence minimum, and 32% of households have no employed members. Every fifth family below subsistence minimum (21%) has two employed household members.

When analyzing the families below subsistence minimum by type of household, we see that 22% are extended families without children, 20% – single person households, and 18% – extended households with children.

The proportion of persons below subsistence minimum is closely related with type of residence and size of type of populated area – in parishes the number of people below the subsistence minimum form almost a half from the total number of inhabitants (46%). In small towns the proportion of such persons is smaller (41%). The proportion of such persons is smaller in district centers and large cities (30%). The lowest proportion of persons below subsistence minimum is in Riga – 14%.

In Latgale more than half of inhabitants live below subsistence minimum (56%). Large number of persons below subsistence minimum live in Vidzeme (42%), Kurzeme (36%) and Zemgale, where every third person live below subsistence minimum. In Riga region (Pērīgas region) the proportion of persons below subsistence minimum is smaller (26%).
When analyzing the proportion of persons (families) below subsistence minimum by risk groups of social exclusion, we see that the highest proportion is among families with at least one unemployed (68%). It is followed by families with several children (67%) and families with a disabled family member (61%). Lower proportion is observed among single parent households (44%) and group of ethnic minorities (40%).

Analyses of households by socioeconomic status shows that the proportion of households below subsistence minimum is the highest among households of pensioners/disable persons. Almost four fifths of this group (79%) lives below subsistence minimum. There is also a high proportion of households with allowances as the main source of income (73%). The proportion of households below subsistence minimum decreases for the group of households with employed/self employed person. For example, among the self employed in agriculture constitute 46% of households below subsistence minimum, and 23% among households with employed persons.

When comparing average income per family member by the number of employed persons in the household, one may conclude that average income increases proportionally to the number of employed persons in the household. Among those households without employed family member the proportion of households below subsistence minimum is 83%, among those with one employed person – 33%, and within the group of households with two or more employed – 16%.

3.2.2.5. Subjective poverty

In this chapter the subjective poverty is defined as self evaluation of economic situation of the household done by respondent.

Self evaluation of economical situation shows that more than have of respondents (53%) have given the following evaluation “not rich, not poor”. At the same time almost every fourth respondent (24%) assesses his/her family as poor. 18% say that they are not disadvantaged but they are rather poor (nav nabadžīgi, tomēr dzīvo diezgan trūcīgi), and 6% have assessed their household as disadvantaged (nabadžīgs). In comparison – the Household Budget survey (MBP) in 2005 shows that 59% of Latvian households have assessed their family neither as rich, nor poor. Around one fourth of households (26%) think that they are not needy, but are rather poor, and 6% assess their economical situation as disadvantaged (trūcīgi). In comparison with 2005, the proportion of households assessing their situation as neither rich, nor poor has increased (9% in 2005, 23% - this survey).

There is a statistically meaningful correlation between subjective and objective evaluation of the economical situation of the household – 77% of respondents who have assessed their household as poor, comply with the objective poverty level. Similar assessment is given by other risk groups of poverty. Subjective assessment of disadvantaged is given by 64% of those who live below poverty risk threshold and 51% of those who live subsistence minimum. Accordingly there is a direct
correlation between subjective assessment of economical situation and quintiles of average income per family member. Households within the quintile of low income have given subjective assessment as being poor (63%). In the higher income quintiles the proportion of respondents giving low subjective assessment to their economical situation is decreasing to half as much.

In order to explain the assessment of subjective poverty given by respondents and to establish the verge of subjective poverty, it is necessary to analyze the volume of income, which is declared as necessary in order not to become poor. This indicator closely correlates with income level of the household during the previous month. When calculating the difference between the desirable (x) and existing family income (y) according to the formula n=x/y, where n is the increasing income to reach necessary/desirable income level that is necessary to escape poverty. When dividing n into ten percent groups, we see that for 10% of respondents the existing income level is sufficient level or it could be lower just to escape poverty. At the same time for 30% of respondents family income should double. Three percentiles are formed by those whose income should almost double in order to escape poverty and 2 percentiles – those whose income should triple in order to escape poverty. 10% of respondents should increase their income for more than three times in order to escape poverty. This could be the proportion of respondents with low and very low income because, as results from the regression analyses show, average increase of income by 1 LVL per family member, the necessary family income to escape poverty increases for 0,954 LVL (x=0,954y+279,488). It means that higher difference between desirable and existing arises in those groups of respondents with low income. The difference decreases with increasing family income. It is important to mention that in accordance with the regression model, 39% of all the differences in income level to escape poverty is explained by income level. Thus, examining average household income and mean necessary income volume in the whole cluster of respondents and comparing it with the average existing and desirable income among the poor respondents, we see that income difference among all respondents make 259,68 LVL (688,45–428,77 LVL). Among the poor population the difference is higher – 300,89 LVL (405,42–104,53 LVL).

When characterizing the economical situation of their families in comparison with a time period five years ago, 42% have indicated that the economical situation has improved, and 30% have assessed their situation as similar as before. It is necessary to mention that 19% say that their economical situation has worsened during the last five years. Economical deterioration is mentioned by those who have assessed their household as poor. Among those who have assessed their as disadvantaged, 40% have indicated that their economical situation has worsened, and every third reported that situation has not changed. In comparison: 38% of those respondents, who live below poverty risk threshold, consider worsening of their economical situation during the last five years, and 34% characterize it as equivalent to that five years ago. In spite of low income, every fifth respondent (21%) of those below poverty risk threshold assess their economical situation as better than before.
When forecasting the changes during the coming five years, 38% of respondents believe that the economical situation of their households is going to improve and 18% think that it remains without changes. 12% forecast deterioration of their economical situation in the near future. Majority of respondents who live below poverty risk threshold avoid forecasting (37%), and 23% have indicated lack of changes. Similar proportion of respondents is divided between those who believe that the economical situation is going to improve and those who are skeptical concerning improvement.

3.2.2.6. Housing characteristics

Housing quality is one of the characteristics of poverty. Therefore in this chapter the main housing indicators will be discussed.

Survey data show that 60% of respondents reside in a privatized apartment of their own or owned by their family, and 17% – in a private house or farmstead. Around every tenth respondent (11%) resides in a rented apartment from a landlord and 7% - in an apartment rented from the municipality or state. 2% of respondents rent a house, a room, “communal apartment”, dormitories or elsewhere.

For comparison: 47% of households below poverty risk threshold live in a privatized apartment, every fourth household (24%) live in a private house or farmstead. The proportion of households living in a state or municipal rented apartment is 17%. 11% of this group live in a apartment, which is rented from a landlord 3% in a “communal apartment” or rent a house.

There are statistically significant differences between the type of housing and type of residence. In Riga there is a higher number of those families who reside in a privatized apartment (72% vs. 65% in large cities and 60% in small towns) or rent apartment from a landlord (17%). The proportion of households, who rent apartment from state or municipality, is the highest in parishes (10%). The proportion of households living in a private house or farmstead is the highest in parishes (41%).

3.2.3. Social Isolation

In this study social isolation is analyzed as one of the dimensions of social exclusion. In order to characterize the phenomenon on the basis of survey results, the following parameters were used – social contacts, social networks, social participation. Social contacts and social networks are the basis of the social capital, which is closely linked with the human capital.

This chapter provides characteristics of social networks and its differences in different target groups. On the basis of theoretical division (Gallie 2004) the dimension of social isolation is analyzed on three main levels: 1) primary, which is based of family ties and contacts with family members, 2) secondary, which is based on contacts and relations with friends, neighbours, distant relatives, and 3) tertiary, which is based on contacts with various social groups and participation in social
organizations.

Next chapter (3.4.) the basic classification has got extension, including other parameters, in accordance with the in-depth determination of various dimensions of social exclusion and interconnectedness.

Each group of social contacts has a special role in person’s life, and it is impossible to give unequivocal assess the role of social contacts in the measurement of risk of social exclusion. Weakening or lack of social contacts on one level might be successfully compensated by widening contacts on a different level (for example, close family ties and contacts with family members might compensate loss of colleagues or friends in case of losing job; on other turn, close contacts with colleagues or neighbours may substitute weak family ties). Survey methodology does not give possibility to assess the contents and meaning of the social contacts. However, it is possible to measure the frequency and width of social contacts. Groups of social contacts and frequency of contacts are shown in Picture 55.

**Figure 55. Groups of social contacts and frequency of contacts (%)**

Bāze: visi aptaujātie (n=7787)

The results allow to make a conclusion that in everyday life the most frequent contacts take place on the primary level – family relations. Family ties and contacts are dominating in the sphere of social contacts. It is important to mention that contacts with parents, adult children and brother/sisters are analyzed, but the family members of respondent’s own family are not taken into account. Contacts with mother or father or adult children are the most frequent contacts (32% respondents). 34% adult children live together with their parents.
Contacts with neighbours are the most frequent contacts on the secondary level – 31% of respondents contact their neighbours every day or almost every day.

In order to assess the level of social isolation and differences between different socio demographic groups, the index of social isolation was calculated on three levels of social relations. Index was calculated on the basis frequency of social contacts and participation (see further in the text). Frequency of contacts with parents, adult children and brother/sisters was the basis for the calculation of the index on the primary level. Next step contained division of the Index values into quartiles, developing a new four point scale variable, where „1” means high level of isolation (most often it includes individuals who do not contact close relatives or has no close relatives); „2” means medium level of isolation; „3” – medium level of involvement, and „4” – high level of involvement. In order to assess differences in the level of social isolation between representatives of different social and demographical groups. In all cases test of Chi square is employed.

3.2.3.3. Level of tertiary relations

In this survey tertiary contacts and indicators of social isolation, which are calculated on the basis of the tertiary contacts, are characterized by participation in various organizations. In this survey political participation (participation in elections, political activities) is not analysed.

Survey data show that participation level in social life, participating on organizations and interest groups, amateur art and performance groups is not high. In general, 73% of respondents do not participate in any organization, amateur art or performance group or similar activities. 19% of respondents participate in one organization or group, 6% participate in two organizations or activities and 2% – in three or more organizations.
3.3. Interactions among the dimensions of and risk factors for social exclusion

In this chapter, we will explore the mutual interactions among the dimensions of social exclusion, will identify factors that increase (or, on the contrary, decrease) the risk of social exclusion, and will analyze the links between social exclusion and such elements of the quality of life as physical health and psychological well-being (or, on the contrary, psychological discomfort).

The section “Determination of the dimensions of social exclusion” is primarily methodological: it provides a description of the algorithm for computing the levels of social exclusion both on the aggregate and in its various dimensions.

The section “Identification of the determining factors and the consequences of social exclusion” uses the exclusion indexes calculated in the first section to determine social exclusion risk factors and to gauge the mutual interactions among the dimensions of exclusion and between exclusion and health and psychological well-being. The second subsection of this section, “The interaction of overall social exclusion with the other elements of the model,” explores the effects of various risk factors on the overall social exclusion index and examines the links between this index and health and psychological discomfort. This subsection gives a general insight into the risks of exclusion, but does not provide a more detailed dimension-by-dimension analysis: it does not differentiate, for example, between factors influencing mostly material deprivation and those acting mostly on social isolation. The third subsection, “Interactions among the dimensions of social exclusion and their connection to the other elements of the model,” conducts similar analyses for separate dimensions of exclusion. This subsection allows us to differentiate material deprivation and labor market exclusion risk factors from social isolation risk factors, as well as provides an insight into the mutual links between material deprivation and social isolation. The fourth subsection, “Comparison of exclusion risk groups”, provides a comparative analysis of objective social exclusion and psychological discomfort in a number of groups generally considered to be at high risk for social exclusion (such as persons with disabilities, families with multiple children, and the long-term unemployed). This analysis lets us recognize the societal groups that are the most severely affected by social exclusion.

3.3.1. Determination of the dimensions of social exclusion

3.3.1.1. Material deprivation

Respondents were asked a series of questions about their income, wealth, and self-assessed material well-being. Overall, 69 questions were included in the analysis of the material dimension. Factor analysis showed that the information available in these questions can be grouped in three sub-dimensions, which can be labeled as follows:
1) income;
2) durable goods;
3) quality of housing.

The factor loadings obtained were used to calculate each respondent’s position in each of the sub-dimensions (see Appendix 11, Table 11.1). In addition, a single-factor model was computed to explain the entire material deprivation dimension by a single variable. The correlations of the single-factor scores with each of the mutually orthogonal material deprivation sub-dimensions were relatively high (0.4 to 0.8), and the single factor could account for a significant fraction of the variance in the original variables, which supports the use of this single factor in subsequent analyses of material deprivation.

3.3.1.2. Social isolation

38 variables were included in the social isolation block. Factor analysis grouped the variables in four dimensions:
1) family,
2) strong links or family and friends,
3) weak links or neighbors and acquaintances,
4) organizations and clubs.

These dimensions are very close to the classification used in theoretical literature, whereby social ties are divided in primary (family), secondary (friends and distant relatives) and tertiary (organizations institutions) ties (Gallie 2004). It is worth noting that only the respondent’s own family, and not his or her parents’ family had a positive loading on the family sub-dimension. In addition to the sub-dimension indexes, a single social isolation index was also computed. However, analysis showed that this factor explains a small fraction of the total variance and is negatively correlated with two of the four sub-dimensions (see Appendix 11, Table 11.2). It was therefore concluded that social isolation is internally more complex and less homogenous than material deprivation, so that the four sub-dimensional indexes should be favored in analyses over the single social isolation index.

3.3.1.3. Labor market exclusion

Labor market exclusion was measured in two ways: as having job seeker status at the time of the interview and as long-term unemployment. Even though the latter definition is closer in spirit to the concept of exclusion, most of the analyses will employ the former definition, because the number of the long-term unemployed both in the population and in the sample is very low, so that the corresponding variable does not exhibit sufficient variation to provide for reliable parameter estimates.
3.3.1.4. Exclusion from culture

Respondents were asked a series of questions about attending cultural and entertainment events and about participation in choirs, dance companies, art studios, etc. Respondents answering in the negative to all of these questions were considered to be excluded from culture (this group comprised more than half of the sample).

3.3.1.5. Psychological discomfort

In interpreting the concepts of social exclusion and marginalization, it is very important to understand the attitudes of the potential excluded individuals toward their situation and toward society and life in general. Psychological discomfort is potentially important both as an outcome of objective exclusion (feelings of hopelessness, despair, and apathy are oft-encountered reactions to one’s prolonged inability to overcome difficulties) and as a potential cause of objective isolation and exclusion (feelings of hopelessness, apathy and social awkwardness can be serious obstacles in job search, career growth, and the establishment of social ties). To explore the complicated ties between psychological and objective exclusion, respondents were asked to evaluate a series of statements about their self esteem and their attitude toward others. Factor analysis showed that the respondents’ answers to 22 such questions could be grouped in four sub-dimensions:

1) low self-esteem,
2) insecurity and social awkwardness,
3) self-perceived need to improve one’s social ties and extend one’s social network,
4) distrust in other people.

In addition, a single common factor, “psychological discomfort,” was computed. Its ability to account for the variance in the original variables and its correlations with all of the sub-dimensions gave support for using this single factor score to represent the entire psychological dimension (see Appendix 11, Table 11.3).
3.3.2. Identification of the determining factors and the consequences of social exclusion

3.3.2.1. The model

Strong and dynamic interactions exist among the dimensions, the risk factors, and the consequences of social exclusion. Many of the elements of this system mutually influence each other. A number of basic elements can be identified in the system:

1. Social exclusion and its dimensions (identified in the previous section):
   1.1. Material deprivation:
       1.1.1. income,
       1.1.2. durable goods,
       1.1.3. quality of housing;
   1.2. Social isolation:
       1.2.1. family,
       1.2.2. strong links or family and friends,
       1.2.3. weak links or neighbors and acquaintances,
       1.2.4. organizations and clubs;
   1.3. Labor market exclusion;
   1.4. Exclusion from culture.

2. Factors interacting with social exclusion:
   2.1. Health
   2.2. Psychological discomfort:
       2.2.1. low self-esteem,
       2.2.2. insecurity and social awkwardness,
       2.2.3. self-perceived need to improve one’s social ties and extend one’s social network,
       2.2.4. distrust in other people;
   2.3. Work motivation (affects labor market exclusion).

3. Exogenous risk factors:
   3.1. Socioeconomic environment—the territorial economic development index;
   3.2. Individual factors:
       3.2.1. gender,
       3.2.2. age,
       3.2.3. ethnicity,
       3.2.4. citizenship,
       3.2.5. education,
       3.2.6. skills and abilities,
       3.2.7. membership in risk groups:
           3.2.7.1. persons with disabilities,
           3.2.7.2. families with multiple children,
           3.2.7.3. single parents,
           3.2.7.4. individuals at pre-retirement age.

Our goal in this section is to explore the relations and links among the elements of the model described above. The links of interest are of several types. First, we are interested in how the exogenous factors affect exclusion (both overall and in its various sub-dimensions) and the related concepts of health and psychological well-being. Do groups that are traditionally considered to be at high risk really exhibit higher levels of social exclusion? Second, does social exclusion interact with
health and psychological well-being? If so, which sub-dimensions of exclusion are dominant in this interaction? As already mentioned in the section on identifying the dimensions of psychological discomfort, a number of bi-directional mechanisms could be at work here: objective social exclusion in each of its dimensions, on the one hand, and psychological discomfort and poor physical health, on the other hand, can cause and exacerbate each other. Third, we would like to understand the internal dynamics of social exclusion, namely, the links between the dimensions of exclusion. For example, do social isolation and labor market exclusion aggravate each other? Three possible mechanisms for such a link could be as follows. On the one hand, social isolation can prolong exclusion from the labor market, because it reduces the possibility of finding a job through one’s social networks. On the other hand, losing one’s job can result in loss of contact with one’s former coworkers and friends acquired through work relations, consequently contributing to social isolation. Finally, job loss can affect one’s psychological well-being by causing depression and thereby creating social isolation. This example shows that the interactions among the dimensions of social exclusion cannot be analyzed in isolation from the other elements of the model: exogenous factors and the covariates of social exclusion (such as psychological discomfort) can not only directly influence each of the dimensions of the exclusion, but also have an effect on the mutual interactions among the dimensions.

3.3.2.2. The interaction of overall social exclusion with the other elements of the model

In this subsection, we will explore the connections of overall social exclusion with the other elements of the model, while the next subsection will address the individual sub-dimensions of social exclusion, their interactions with each other and with the other variables of the model.

Here we will analyze OLS regressions, where all previously enumerated exogenous variables are included as independent variables, while the three endogenous variables—social exclusion index, psychological discomfort index, and self-assessment of one’s physical health—are included alternately as independent and dependent variables. Regression results are given in Table 30. Independent variables are shown in rows, while dependent variables determine the columns. For each dependent variable, we estimate one regression equation including only the exogenous factors (model I) and one regression equation including both the exogenous factors and the remaining two endogenous ones (model II).

The objective of model I is to assess the importance of various exogenous risk factors. Consequently, it addresses their full (direct and indirect) effects on the variables of interest. This is achieved by regressing each endogenous variable only on the exogenous variables. (These regressions correspond to the first stage of 2SLS regressions.)

The objective of model II is to identify links between endogenous variables and to differentiate between the direct and indirect effects of exogenous variables: if variable X is a significant predictor in a regression including only exogenous variables, but loses its significance when the endogenous
variable Z is introduced into the regression as a regressor, we can conclude that the effect of X on the dependent variable was only indirect, that is, mediated by Z.

We will begin by analyzing the full effects of exogenous variables, and will then turn to the interactions between the endogenous variables and their connections with the effects of the exogenous variables.

Table 30. The interaction of overall social exclusion with the other elements of the model

<table>
<thead>
<tr>
<th></th>
<th>Exclusion</th>
<th>Psychological discomfort</th>
<th>Health problems</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
<td>I</td>
</tr>
<tr>
<td>Social exclusion</td>
<td></td>
<td></td>
<td>.744***</td>
</tr>
<tr>
<td>Psychological discomfort</td>
<td>.147***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health problems</td>
<td>.105***</td>
<td>.226***</td>
<td></td>
</tr>
<tr>
<td>Economic development index</td>
<td>-.101***</td>
<td>-.083***</td>
<td>-.122***</td>
</tr>
<tr>
<td>Male gender</td>
<td>-.085***</td>
<td>-.040***</td>
<td>-.163***</td>
</tr>
<tr>
<td>Age</td>
<td>.005***</td>
<td>x</td>
<td>.011***</td>
</tr>
<tr>
<td>Ethnicity: Russian</td>
<td>x</td>
<td></td>
<td>.137***</td>
</tr>
<tr>
<td>Ethnicity: minority</td>
<td>.040***</td>
<td>x</td>
<td>.156***</td>
</tr>
<tr>
<td>Latvian citizenship</td>
<td>-.052***</td>
<td>x</td>
<td>-.080***</td>
</tr>
<tr>
<td>Education: less than secondary</td>
<td>.182***</td>
<td>.120***</td>
<td>.353***</td>
</tr>
<tr>
<td>Education: secondary vocational</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Education: higher</td>
<td>-.185***</td>
<td>-.142***</td>
<td>-.237***</td>
</tr>
<tr>
<td>Disability</td>
<td>.252***</td>
<td>.050***</td>
<td>.687***</td>
</tr>
<tr>
<td>Pre-retirement age</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Single parents</td>
<td>.268***</td>
<td>.236***</td>
<td>.161***</td>
</tr>
<tr>
<td>Family with multiple children</td>
<td>.251***</td>
<td>.234***</td>
<td>x</td>
</tr>
<tr>
<td>Family of pensioners/ disabled persons</td>
<td>.164***</td>
<td>.120***</td>
<td>.227***</td>
</tr>
<tr>
<td>R² (adjusted)</td>
<td>.195</td>
<td>.327</td>
<td>.129</td>
</tr>
</tbody>
</table>

x - statistically insignificant effect
* - significant at p=0.05
** - significant at p=0.005
*** - significant at p=0.001

Identification of exogenous risk factors

Analysis of model I reveals a number of risk factors for social exclusion and related problems:

1. The data confirm that persons with disabilities, single parents, families with multiple children and families were all adults are pensioners or disabled individuals form exclusion risk groups. Belonging to any of these groups is associated with a higher risk of exclusion.

2. Persons with disabilities and families consisting solely of pensioners and persons with
disabilities are more universally subjected to exclusion risks than are families with multiple children and single parents, because disabled persons are at high risk not only for social exclusion per se, but also for psychological discomfort and (by their very definition) health problems, whereas families with multiple children do not exhibit elevated risks in any of these additional dimensions, and single parents have only slightly elevated risk of psychological discomfort and do not have an elevated risk of health problems.

3. The data do not lend any support to the hypothesis that individuals at pre-retirement age form a high risk group for social exclusion. This group does not have elevated risks for either social exclusion or any of the two related problem dimensions.

4. Underdeveloped socio-economic environments are closely related to both objective exclusion and psychological discomfort. Higher values of the local economic development index are associated with lower levels of both exclusion and psychological discomfort.

5. Males suffer from social exclusion, psychological discomfort and (at least according to their own assessment) health problems less frequently than females do.

6. As individuals grow older, their risks of objective exclusion and psychological discomfort increase and health problems grow worse.

7. Higher levels of education are associated with lower risks of social exclusion, psychological discomfort, and health problems. On the average, respondents with higher education fare better in each of these dimensions than respondents with secondary education, who, in turn, do better than those with basic or incomplete secondary education. No significant differences are observed between those with general and vocational secondary education.

8. Russians, ethnic minorities, and individuals without Latvian citizenship have a higher risk of psychological discomfort than ethnic Latvians and Latvian citizens do. In addition, non-citizens and ethnic minorities also have elevated risks of social exclusion and health problems.

**Interactions among endogenous factors and mechanisms of operation of exogenous factors**

Analysis of model II illuminates the interactions between social exclusion and the other two endogenous factors of the model, as well as provides information about the mechanisms through which the exogenous factors affect the endogenous variables. The results of the analysis yield the following conclusions.

1. All three endogenous factors are closely related to each other: a higher level of social exclusion is associated with higher levels of both psychological discomfort and health
problems, and lower estimates of one’s health status are associated with higher levels of psychological discomfort.

2. Most of the exogenous factors identified above have both direct and indirect effects on all of the endogenous factors: the inclusion of endogenous regressors lowers, but does not completely eliminate the strength of the effects of most exogenous variables.

3. In some cases the effect of the exogenous variable is only indirect. For example, ethnicity and age affect social exclusion only indirectly, through their effects on psychological discomfort and health. Similarly, education appears to affect health only indirectly: more educated individuals are healthier, because they have lower levels of social exclusion and psychological discomfort.

3.3.2.3. Interactions among the dimensions of social exclusion and their connection to the other elements of the model

In this subsection we will analyze regression that include the separate sub-dimensions of social exclusion. This information will provide a deeper insight into the relations between social exclusion and other elements of the model, as identified in the previous subsection. Just as before, we will use OLS regressions when the dependent variable is continuous or ordinal and logistic regressions (estimated by maximum likelihood) when the dependent variable is dichotomous.

Identification of exogenous risk factors

In the analysis of the effects of exogenous risk factors on the individual dimensions of social exclusion, we observe a similar picture to that observed when analyzing the effects of these factors of social exclusion overall. The regression results are shown in Table 31. Each column corresponds to one regression; column titles indicate the dependent variables in each regression. Each row corresponds to an independent variable. “x” in a cell indicates that the corresponding variable is not statistically significant in the respective regression; asterisks (*) indicate levels of statistical significance. The last row for OLS regressions gives the adjusted $R^2$ values (higher values indicate a better fit).

1. The main overall risk groups—persons with disabilities, single parents, families with multiple children and families were all adults are pensioners or persons with disabilities, have elevated risk also in each of the individual dimensions of exclusion. The only exceptions are persons with disabilities and single parents, who do not exhibit a high risk of labor market exclusion. As regards persons with disabilities, this observation should be interpreted with caution: many people with disabilities are not among job-seekers, because they are recipients of the disability pension. Consequently, they do not fit our definition of labor market exclusion, even though they are in fact alienated from the labor market.
2. Individuals at pre-retirement age do not exhibit elevated risks in any dimension. Age has a significant effect on exclusion risks (see below), but pre-retirement age does not stand out as unusual in this respect.

3. All dimensions of social exclusion increase with age of the individual. The only exception is labor market exclusion, which in fact decreases with age.

4. Males suffer from material deprivation less frequently than females do, but they are more frequently excluded from culture than females are. This observation is likely due to differences in interests and tastes than different external obstacles. No gender differences are observed in social isolation and exclusion from the labor market.

5. Higher education levels are associated with lower exclusion risks in all dimensions. People with higher (tertiary) education have the lowest risks, while those with less than secondary education have the highest risks. Interestingly, individuals with general secondary education do not differ from those with vocational secondary education in terms of material deprivation and exclusion from culture, but the risk of labor market exclusion is much lower for those with vocational secondary education than it is for those with general secondary education. Acquisition of a particular vocation decrease unemployment risks, but does not assure a higher level of material well-being.

6. Both Russians and ethnic minorities suffer from labor market exclusion more frequently than ethnic Latvians do. Given that the regression controls for the effects of education and skills, this observation gives rise to some concern about possible ethnic discrimination in the labor market.

7. The socio-economic environment has a strong and statistically significant relation to the social and economic situation of individuals. As testified by the regression coefficients of the economic development index, individuals living in economically more developed areas enjoy lower levels of material deprivation, social isolation, and exclusion from culture and the labor market. This result still stands when controlling for such variables as the individual’s other dimensions of exclusion and his or her level of education. This observation can be explained to a large extent by the fact that areas of disparate levels of development differ in the opportunities they offer in terms of job opportunities and access to cultural events.

8. One’s ability to find and maintain a job depends significantly not only on the level of formal education, but also on the actual level of skills and abilities. Higher skill levels are associated with a lower risk of labor market exclusion.
Table 31. The effects of exogenous factors on the dimensions of exclusion

<table>
<thead>
<tr>
<th></th>
<th>OLS</th>
<th>Logistic regression</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Material deprivation</td>
<td>Social isolation</td>
</tr>
<tr>
<td>Economic development index</td>
<td>-.092***</td>
<td>-.047***</td>
</tr>
<tr>
<td>Male gender</td>
<td>-.090***</td>
<td>x</td>
</tr>
<tr>
<td>Age</td>
<td>.002***</td>
<td>.031***</td>
</tr>
<tr>
<td>Ethnicity: Russian</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Ethnicity: minority</td>
<td>x</td>
<td>.112***</td>
</tr>
<tr>
<td>Latvian citizenship</td>
<td>-.054***</td>
<td>x</td>
</tr>
<tr>
<td>Education: less than secondary</td>
<td>.176***</td>
<td>.098**</td>
</tr>
<tr>
<td>Education: secondary vocational</td>
<td>x</td>
<td>.054*</td>
</tr>
<tr>
<td>Education: higher</td>
<td>-.164***</td>
<td>-.218**</td>
</tr>
<tr>
<td>Disability</td>
<td>.243***</td>
<td>.278**</td>
</tr>
<tr>
<td>Pre-retirement age</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Single parents</td>
<td>.252***</td>
<td>.057***</td>
</tr>
<tr>
<td>Family with multiple children</td>
<td>.264***</td>
<td>.066</td>
</tr>
<tr>
<td>Family of pensioners/ disabled persons</td>
<td>.155***</td>
<td>.042</td>
</tr>
<tr>
<td>Skills and abilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² (adjusted)</td>
<td>.160</td>
<td>.225</td>
</tr>
</tbody>
</table>

x - statistically insignificant effect
* - significant at p=0.05
** - significant at p=0.005
*** - significant at p=0.001

Interactions among endogenous factors and mechanisms of operation of exogenous factors

Table 32 shows estimates of regressions that include both exogenous and endogenous variables. Each column corresponds to one regression; column titles indicate the dependent variables in each regression. Each row corresponds to an independent variable. The first nine variables are endogenous; the others can be considered exogenous. “x” in a cell indicates that the corresponding variable is not statistically significant in the respective regression; asterisks (*) indicate levels of statistical significance. The last row for OLS regressions gives the adjusted $R^2$ values (higher values indicate a better fit; the values observed are considered high for social survey data of this sort). These results show the interactions between the dimensions of social exclusion, as well (along with Table 31) provide an insight into the mechanisms by which the exogenous variables affect the endogenous variables of interest.

The information given in the table leads to a number of conclusions.

1. All dimensions of social exclusion are mutually related: controlling for the effects of all other variables, we still observe that a higher score in any dimension of social exclusion is associated with higher scores in all others. Individuals suffering from social isolation are more likely to be excluded from the labor market than those with lower levels of social isolation are; persons excluded from the labor market are more likely to be materially...
deprived than those that do not suffer from labor market exclusion; the materially deprived are more likely to be socially isolated than are those who are materially better off. However, it must be noted that the available data do not allow us to determine the causal directions of these links.

2. Psychological discomfort is strongly and significantly associated with all dimensions of social exclusion: higher objective exclusion goes hand in hand with higher psychological discomfort.

3. Material deprivation is strongly related to a higher risk of health problems; the relation between social isolation and health is weaker.

4. Labor market exclusion is not directly related to health (however, this observation could be due to the low power of the corresponding statistical test, which is due to the low fraction of job seekers in the population and in our sample).

5. The elevated labor market exclusion, social isolation and cultural exclusion risks observed among families with multiple children in the previous subsections appear to have been caused indirectly—through these families’ lower levels of material well-being. When controlling for material deprivation, the social isolation and labor market exclusion risks of families with multiple children are no longer seen to be elevated. We thus conclude that the only reason for the social exclusion of such families is their material deprivation.

6. The higher material deprivation risk of persons with disabilities, as observed in previous subsections, is caused indirectly, through the mediating factors of health, social isolation, and psychological discomfort.
### Table 32. Interactions of endogenous variables with each other and with other elements of the model

<table>
<thead>
<tr>
<th>Material deprivation</th>
<th>Social isolation: strong ties</th>
<th>Psychological discomfort</th>
<th>Health problems</th>
<th>Exclusion from culture</th>
<th>Labor market exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.224***</td>
<td>0.618***</td>
<td>0.253***</td>
<td>1.246***</td>
<td>1.710***</td>
<td></td>
</tr>
<tr>
<td>Labor market exclusion</td>
<td>0.237***</td>
<td>0.139***</td>
<td>0.109</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Social isolation: strong ties</td>
<td>0.035***</td>
<td>0.086**</td>
<td>0.045***</td>
<td>0.684***</td>
<td>0.188***</td>
</tr>
<tr>
<td>Social isolation: family</td>
<td>x</td>
<td>0.053***</td>
<td>-0.027***</td>
<td></td>
<td>0.234***</td>
</tr>
<tr>
<td>Social isolation: organizations</td>
<td>-0.086***</td>
<td>0.160***</td>
<td>x</td>
<td>2.707***</td>
<td>0.696***</td>
</tr>
<tr>
<td>Social isolation: weak ties</td>
<td>0.029***</td>
<td>0.036***</td>
<td>0.045***</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Exclusion from culture</td>
<td>0.163***</td>
<td>0.324***</td>
<td>0.124***</td>
<td>0.036</td>
<td>x</td>
</tr>
<tr>
<td>Psychological discomfort</td>
<td>0.12***</td>
<td>0.082**</td>
<td>0.130***</td>
<td>0.174***</td>
<td>x</td>
</tr>
<tr>
<td>Health problems</td>
<td>0.087***</td>
<td>0.077***</td>
<td>0.221***</td>
<td>0.102***</td>
<td>x</td>
</tr>
<tr>
<td>Economic development index</td>
<td>-0.064***</td>
<td>x</td>
<td>-0.047***</td>
<td>0.031***</td>
<td>0.307***</td>
</tr>
<tr>
<td>Male gender</td>
<td>-0.055***</td>
<td>x</td>
<td>-0.077***</td>
<td>-0.150***</td>
<td>0.399***</td>
</tr>
<tr>
<td>Age</td>
<td>-0.003***</td>
<td>0.022***</td>
<td>0.003***</td>
<td>0.019***</td>
<td>0.016***</td>
</tr>
<tr>
<td>Ethnicity: Russian</td>
<td>-0.023*</td>
<td>-0.061*</td>
<td>0.125***</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Ethnicity: minority</td>
<td>x</td>
<td>x</td>
<td>0.087</td>
<td>0.008</td>
<td>x</td>
</tr>
<tr>
<td>Latvian citizenship</td>
<td>x</td>
<td>x</td>
<td>-0.075***</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Education: less than secondary</td>
<td>0.103***</td>
<td>x</td>
<td>0.175***</td>
<td>x</td>
<td>0.335***</td>
</tr>
<tr>
<td>Education: secondary vocational</td>
<td>x</td>
<td>0.045*</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Education: higher</td>
<td>-0.093***</td>
<td>x</td>
<td>-0.054*</td>
<td>x</td>
<td>0.392***</td>
</tr>
<tr>
<td>Disability</td>
<td>x</td>
<td>0.122*</td>
<td>0.341***</td>
<td>0.720***</td>
<td>x</td>
</tr>
<tr>
<td>Pre-retirement age</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Single parents</td>
<td>0.216*</td>
<td>0.145*</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Family with multiple children</td>
<td>0.214***</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Family of pensioners/ disabled persons</td>
<td>0.093***</td>
<td>0.134***</td>
<td>x</td>
<td>0.138***</td>
<td>x</td>
</tr>
<tr>
<td>Work motivation</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Skills and abilities</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>R² (adjusted)</td>
<td>0.341</td>
<td>0.261</td>
<td>0.284</td>
<td>0.362</td>
<td>x</td>
</tr>
</tbody>
</table>

x - statistically insignificant effect
* - significant at p=0.05
** - significant at p=0.005
*** - significant at p=0.001

3.3.2.4. Comparison of exclusion risk groups

In this subsection, we will assess the social exclusion and psychological discomfort risks among a number of societal groups that have either been identified as high risk groups in previous stages of our analysis or been suggested as high risk groups elsewhere. Unlike the preceding sections, the analysis offered here will abstract from the mutual interactions among various risk factors and will simply focus on the average levels of risk in each group. This approach does not provide any insights into the complex links among the various risk factors, but it does offer a convenient general overview of the
societal groups that are under high risk of social exclusion.

The figures below show the risk levels of each group in each of the dimensions of social exclusion. The groups are labeled by their numerical codes, which are explained in Table 33. The following dimension codes are used throughout (these are abbreviations from Latvian):

- MATER: Material deprivation
- SOC: Social isolation
- DARBS: Labor market exclusion
- ATST: Overall social exclusion
- PSIH: Psychological discomfort
- VESEL: Health

<table>
<thead>
<tr>
<th>Code</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>General population</td>
</tr>
<tr>
<td>1</td>
<td>Persons with disabilities</td>
</tr>
<tr>
<td>2</td>
<td>Families where all adults are pensioners or persons with disabilities</td>
</tr>
<tr>
<td>3</td>
<td>Pensioners</td>
</tr>
<tr>
<td>4</td>
<td>Individuals at pre-retirement age</td>
</tr>
<tr>
<td>5</td>
<td>Low-income individuals</td>
</tr>
<tr>
<td>6</td>
<td>Individuals below the poverty threshold</td>
</tr>
<tr>
<td>7</td>
<td>Individuals below the subsistence minimum</td>
</tr>
<tr>
<td>8</td>
<td>Employed persons with low income</td>
</tr>
<tr>
<td>9</td>
<td>Long-term unemployed</td>
</tr>
<tr>
<td>10</td>
<td>Families with no employed members</td>
</tr>
<tr>
<td>11</td>
<td>Families with multiple children</td>
</tr>
<tr>
<td>12</td>
<td>Single parents</td>
</tr>
<tr>
<td>13</td>
<td>Ethnic minorities</td>
</tr>
<tr>
<td>14</td>
<td>Former prison inmates</td>
</tr>
<tr>
<td>15</td>
<td>Young adults</td>
</tr>
<tr>
<td>16</td>
<td>Unskilled young adults</td>
</tr>
</tbody>
</table>

**Table 33. Group list**

**Group risks for individual dimensions of social exclusion**

Figure 57 shows the risks of the various groups for the three key dimensions of social exclusion. Low-income individuals and the long-term unemployed (groups 5 and 9), as well as individuals below the poverty threshold (group 6) stand out as ones with the highest levels of material deprivation and labor market exclusion (to a large extent by definition). These groups also exhibit a high level of social isolation.

Former prison inmates (14) have an elevated social exclusion risk in all dimensions.
Several groups exhibit a high social isolation risk, coupled with a moderate risk of material deprivation. These groups are families with no employed members (10), families where all adults are pensioners or persons with disabilities (2), as well as individually persons with disabilities (1) and pensioners (3).

Families with multiple children (11) and single parents (12) are notable as groups with an elevated risk of material deprivation, coupled with an average level (i.e., indistinguishable from the general population) of social isolation.

The data show that the hypothesis that young adults form a social exclusion risk group is far from the truth. Both young adults in general (15) and even unskilled young adults (16) have social isolation risks that are significantly lower than those of the general population (0), but their labor market exclusion risks are not significantly different from those of the population are large. It is true, however, that unskilled young adults have an elevated material deprivation risk, but it is the result of their lack of marketable skills, rather than their youth.

**Figure 57. Group risks for individual dimensions of exclusion**

![Group risks for individual dimensions of exclusion](image)

**Group risks for overall exclusion and related problems**

Group risks for overall social exclusion and the related problem areas—psychological discomfort and
health problems—are depicted in the scatter diagrams in Figure 58.

The group that stands out the most is persons with disabilities (1), which is affected by extremely high levels of health problems and psychological discomfort, as well as by a high level of overall social exclusion.

Families with no employed members (10), families where all adults are pensioners or persons with disabilities (2), as well as pensioners (3) individually exhibit high levels of health problems and above-average levels of social exclusion and psychological discomfort.

Low-income individuals and the long-term unemployed (groups 5 and 9) suffer the most from social exclusion and psychological discomfort; they are also at above-average risk for health problems.

Families with multiple children (11) and single parents (12) have an elevated social exclusion risk (however, as seen before, this is due almost entirely to their high risk for material deprivation), but their health and level of psychological discomfort do not significantly differ from those of the general population.

Employed persons with low incomes (8) and former prison inmates (14) do not significantly differ from the population at large in terms of health, but they do exhibit elevated risks of exclusion and (particularly in the case of ex-inmates) psychological problems.

Young adults (15) once again stand out as a group of particularly low risk. This group is doing significantly better than the general population (0) in terms of exclusion, psychological discomfort, and health. Unskilled young adults (16) cannot be identified as a high risk group either. Their risk for health problems is low, and their social exclusion and psychological discomfort risks are close to the general population averages.
Identification of risk categories

In order to classify all potential risk groups by their levels of social exclusion and related risks, we conducted hierarchical cluster analysis with the average linkage method on the data set formed by the average scores of each group of interest in each of the dimensions of analysis.

The dendrogram for the cluster analysis is shown in Figure 59. The dendrogram is to be read from the bottom up. Initially, each risk group is a category of its own, depicted as a “leaf” of the tree (codes given in Table 33). In each subsequent step, the closest pair of categories is merged into one. The process continues until all observations are in a single category. The larger the difference between a pair of categories, the higher in the tree they are merged. The number of final categories to be used is chosen so that the categories are significantly different, yet their number is not so large as to make their analysis intractable. In this case, we chose four categories, corresponding to an L2 dissimilarity value of 0.4. The categories identified are given in Table 34; their risk levels are discussed below.
### Table 34. Risk categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Groups</th>
<th>Material deprivation</th>
<th>Social isolation</th>
<th>Psychological discomfort</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>General population</td>
<td>Average</td>
<td>average</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Individuals below the subsistence minimum</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employed persons with low income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Families with multiple children</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Single parents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>Families where all adults are pensioners or persons with disabilities</td>
<td>Average</td>
<td>high</td>
<td>above average</td>
</tr>
<tr>
<td></td>
<td>Pensioners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Individuals at pre-retirement age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Families with no employed members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>Persons with disabilities</td>
<td>High</td>
<td>high</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Low-income individuals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Individuals below the poverty threshold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Long-term unemployed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Former prison inmates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td>Young adults</td>
<td>Average</td>
<td>low</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Unskilled young adults</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 59. Cluster analysis dendrogram**

The categories identified in Table 34 are illustrated in Figure 60.
Category I, consisting of the general population, individuals below the subsistence minimum, employed persons with low income, families with multiple children, single parents, and ethnic minorities, is characterized by average risks in all three dimensions of interest. For some groups in this category, certain risks are elevated, but not sufficiently so to warrant their grouping in a separate category. Thus, the groups included in this category cannot be considered as highly problematic.

Category II, consisting of families where all adults are pensioners or persons with disabilities, individual pensioners, individuals at pre-retirement age, and families with no employed members, is characterized by a high risk of social isolation and an above-average risk of psychological discomfort. Overall, this is an elevated-risk category. It should be noted that the inclusion of persons at pre-retirement age in this category does not contradict our previous observation that pre-retirement age is not particularly problematic: it was previously observed that age in general increases the risks of social exclusion and related problems, while pre-retirement age in particular is not unusual. The higher risks in this group appear to be due to ageing in general and not due to the nearing of the retirement age in particular.

Category III, which consists of persons with disabilities, low-income individuals, individuals below the poverty threshold, the long-term unemployed, and former prison inmates, is the highest-risk category for social exclusion and social discomfort. All risks in this category are considerably higher than in the general population.

Category IV, which includes both young adults in general and unskilled young adults, is a low-risk category in terms of both social exclusion and psychological discomfort.
3.3.3. Summary of results

We can identify three basic dimensions of social exclusion: material deprivation, labor market exclusion, and social isolation. In addition, we note the separate secondary dimension of exclusion from culture—the inability and/or unwillingness to participate in cultural events and activities. All these dimensions are closely related to each other and strongly influence each other. A high level of exclusion in any one dimension is associated with high risks of exclusion in all others.

Social exclusion, both overall and in each of its individual dimensions, is closely associated with a high risk of health problems and a high level of psychological discomfort. This association is observed even when controlling for a number of external factors: that is, when comparing individuals that are otherwise similar (have the same gender, age, and education level and live in similarly developed areas and in families of similar structures), the individual with a higher level of social exclusion is likely to have higher levels of psychological discomfort and health problems (and vice versa). In addition, the mutual interactions between all dimensions of social exclusion, on the one hand, and health and psychological discomfort, on the other hand, are direct: the effect of each dimension is observed even when all other dimensions are held constant. The only exception is the link between labor market exclusion and health problems, where the association is only indirect: when controlling for other dimensions of exclusion and for psychological discomfort, health no longer appears to be related to unemployment. (However, an indirect effect still exists: the unemployed
suffer from higher levels of psychological discomfort, material deprivation, and social isolation, each of which contributes to a higher risk of health problems.) The available data do not allow us to unambiguously determine the causal directions of the observed relationships between social exclusion and psychological discomfort or health problems, but it is likely that causality exists in both directions.

A number of demographic and other exogenous factors increase the risk of social exclusion. An important risk factor for social exclusion is low local economic development. Individuals living in less developed areas are more likely to have high levels of social exclusion in all of its dimensions, as well as a high level of psychological discomfort. Another factor increasing the risk of exclusion is age. Older individuals are, on the average, more likely to be socially excluded, which appears to be mostly due to their higher social isolation and exclusion from culture; their material deprivation risk is only slightly elevated and their labor market exclusion risk is even slightly lower than average. A significant exclusion risk factor is low education: higher levels of education are associated with lower risks of social exclusion in all of its dimensions. A gender effect is also present: females have a lower risk of exclusion than males do. Groups at elevated overall risk of social exclusion include persons with disabilities, single parents and families with multiple children, as well as ethnic minorities and persons without Latvian citizenship. Families with multiple children and single parents differ from the other groups mentioned here in that they do not possess an elevated risk of health problems. In addition, families with multiple children do not have an elevated risk of psychological discomfort, and the psychological discomfort risk of single parents is elevated only slightly and indirectly: they feel more depressed due to their higher risk of material deprivation.

Most risk factors influence each of the dimensions of exclusion, as well as psychological discomfort and health both directly and indirectly (for example, the psychological discomfort risk of persons with disabilities is higher both because of their disability per se and because of the higher levels of social isolation and material deprivation arising from the disability). Exceptions are families with multiple children and partly also single parents. In these groups, we observe elevated risks for labor market exclusion, social isolation and exclusion from culture, but these risks are elevated only indirectly, due to the lower material well-being of these families. When controlling for the level of material deprivation, the social isolation, psychological discomfort, and unemployment risks of these families are not significantly above those of the general population. We thus conclude that the only reason for the social exclusion of single parents and families with multiple children is their material deprivation.

We find no support for the hypothesis that two age groups—young adults and individuals at pre-retirement age—are high-risk groups for social exclusion. The social exclusion risk of people just below the retirement age is higher than that of the general population, but only because exclusion risks increase with age in general. The data give us no reason to believe that the nearing of the retirement age in particular elevates the risk of social exclusion: individuals of this group score higher
on social exclusion than do individuals in younger cohorts, but their exclusion scores are lower than those of pensioners. Young adults are the opposite of a high-risk group: their risks for social exclusion, psychological discomfort, and health problems are in fact considerably lower than those of the population at large.

We conclude our analysis with a classification of a number of potential risk groups for social exclusion according to their scores on three dimensions: material deprivation, social exclusion, and psychological discomfort. Unlike the preceding analysis, this classification abstracts from the mutual interactions among various risk factors and simply focuses on the average levels of risk in each group. This approach does not provide any insights into the complex links among the various risk factors, but it does offer a convenient general overview of the societal groups that are under high risk of social exclusion.

Category I, consisting of the general population, individuals below the subsistence minimum, employed persons with low income, families with multiple children, single parents, and ethnic minorities, is characterized by average risks in all three dimensions of interest. For some groups in this category, certain risks are elevated, but not sufficiently so to warrant their grouping in a separate category. Thus, the groups included in this category cannot be considered as highly problematic. Category II, consisting of families where all adults are pensioners or persons with disabilities, individual pensioners, individuals at pre-retirement age, and families with no employed members, is characterized by a high risk of social isolation and an above-average risk of psychological discomfort. Overall, this is an elevated-risk category. Category III, which consists of persons with disabilities, low-income individuals, individuals below the poverty threshold, the long-term unemployed, and former prison inmates, is the highest-risk category for social exclusion and social discomfort. All risks in this category are considerably higher than in the general population. Category IV, which includes both young adults in general and unskilled young adults, is a low-risk category in terms of both social exclusion and psychological discomfort.
3.4. Consequences and restrictions of the social exclusion

3.4.1. Accessibility of an education

One of the factors, related to poverty and social exclusion, is inability to provide themselves and their children further education. Not only this minimizes chances to improve their level of living in the future, but also reproduces poverty and social outsiders of the next generations.

Examining currently obtained education level in several risk groups, it’s possible to conclude that poverty, to great extent, is related to a low education level (12. app. 12.1. tab). The percentage of inhabitants who have gained only elementary education averages out to 11, among these results 24% are deprived persons, 22% - persons, who live under poverty line. 20% inhabitants have gained highest academic education, but only 6% - deprived and submerged persons. Of course, low level of education may cause inability to find a job, lower income level and thus – poverty, but research results show opposite coherence – low level income delay further education.

In Latvia elementary and secondary education is funded from the state budget. Whereas 40% college students pay tuition fee themselves and 11% use credits. 41% university students pay full tuition fee with their own resources and 26% use credits. Although disabled persons, young people without parental support from deprived families and families of many children are provided with preferential treatment, the research draws to a conclusion, that deprived people and persons, who live under poverty line, while studying in college, use credit services as often as others. Despite the fact that the wherewithal is often hard to provide, they choose to pay the tuition fee from the resources of their family members or their own savings, as often as others. Probably that represents their unwillingness to use credits and their concerns about paying back the credit in future.

Polls indicate, that young people from families who live under poverty line, more often choose to study in a college than in an university. In professional secondary educational institutions 85% of students’ tuition fees are funded by the state, whereas in vocational schools all studies are covered by budgetary funds. Thereby the lack of resources makes young people from deprived families choose to study in vocational schools. This choice is especially encouraged by possibility to receive a scholarship.

46% families who live under poverty line are families with children under 18 years old, besides 8% of these families have three or even more children. 38%families have a child of school age (7-18 years). 21%families have a preschooler (under 7 years) (12. app. 12.2 tab.).

Preschoolers from families living under poverty line, attend kindergarten or a daycare centre more rarely than children from other families (only 32% in comparison with 42% from other families), and they are more rarely baby-sat by a professional nanny (14%) (35 tab). More often children are looked
after by their mother (40%) or father (4%). A situation like that reduces employment options for person’s living under poverty line.

**Table 35 Daily babysitting (%)**

Base: preschoolers (n=1355 17% of all)

In 49% of families, in which children are babysat at home, the child is too young to attend kindergarten, but remaining families would like to use kindergarten’s provided services: 38% families would definitely like to use this opportunity, but 17% would possibly like to use this opportunity. It’s interesting, that families living under poverty line are less certain if they would like to use this opportunity: only 29% of families, who baby-sit their children at home, would definitely like to use this opportunity. It’s possible that they are afraid that they will not be able to pay the relatively insignificant amount of money that state or public kindergartens require.

Most often the reason, why those children from deprived families do not attend kindergarten is the same as for others – shortage of vacancy. However, an important obstacle to attend a kindergarten, particularly for children from submerged families, is the lack of any preschool institution in the city/community’s area and a fact that the kindergarten is located too far from home. Transport cost means extra expenses, which many families can’t afford.

Children of school age from families living under poverty line neither works nor studies considerably more often than children from other families (Sig. = 0.04). In these families overall 3% children of school age neither works nor studies. The main reason, why the child doesn’t work and studies, is because he wonders around, doesn’t want to go to school. The second most often mentioned reason for leaving school is pregnancy. An additional obstacle is the lack of resources, which prevents the child from getting to school.

For 28% submerged families (38% deprived persons’) their income doesn’t allow to pay for their children education. Last year 6% submerged families met with the situation, when they couldn’t provide the household with necessary means for the educational/scholastic process.

46% families living under poverty line (59% deprived families), considers that it’s impossible to help their children gain higher education.

**Table 36 Ability to financially help their children gain a higher education (%)**
People’s financial situation, who have lost their jobs, is usually very poor, so it doesn’t surprise, that 35% families with an unemployed person, and 39% families, with no one working, considers that for their family it would be impossible to help their children gain a higher education. However, it’s alarming that 36% families of many children and 35% single parents expresses the same concerns. Possibilities to support their children’s effort to gain higher education can be restricted for families with many children or if all education expenses have to be covered with single parent’s income. That’s why it’s recommended to help large families and single parents by providing educational materials, free meals and other support.

For families with a disabled person it’s especially difficult to help their children gain higher education: 34% these families couldn’t help their children. Disablement pension often isn’t sufficient to cover all medical expenses, so other family member’s financial resources get restricted. It once more confirms that disability is not only the disabled persons concern, but also substantially influences life and opportunities of 4% Latvian families with disabled persons.

42% submerged families with someone studying, asked about current expenses caused by their children or their own education, admit that education expenses are saved on the account of other needs. 5% say that because of low incomes, they have to put down their desire to study, and 4% think that their family can’t afford to gain an education at all. Only for one third of all submerged families (34%) education expenses comply with their family opportunities. Situation for deprived families is even worse – 51% have to save on the account of other needs to pay their education expenses, 7% put down their desire to study and 6% can’t afford to study at all.

Most often the education expenses doesn’t comply with financial possibilities of families with a disabled person (45%), families with a long-term unemployed person (54%), families with an unemployed person (47%), families with young people with basic skills (41%), families of many children (43%) and single parents (40%).

Analyzing respondents own educational path, we can come to conclusion that 5% have suspended their studies in an educational institution. Most of the young people who have suspended their studies are persons with low basic skills (20%), as well as young people overall (16%). 26% young people who had suspended their studies, at the moment are once again studying. All in all, suspending studies can be regarded as a very dangerous tendency among young people and we need to pay attention to it in the future. Most often people suspend their studies because of domestic reasons (26%) and because they are unable to combine studies with work (24%). 13% suspend their studies because of liabilities, but another 13% - because they are not contented with the scholar program/speciality.

Although there isn’t substantial differences in suspending ones studies that are defined by the family wealth, however, young people of submerged families more often have suspended their studies in elementary school (43%) or in secondary school (26%), while young people of other families – in
higher educational institution (47%) or in professional educational institution (25%). It indicates that overall, young people of submerged families more rarely begins studies in an educational institute of a higher level. Not finishing elementary or secondary school, the chances to find a better job and to brake away from poverty decrease. The reasons why they suspend studies are also different. Most often young people of submerged families mentions domestic reasons (33%) or discontentment with the scholar program/speciality (28%), but others – inability to combine studies with work (39%).

In this research it’s hard to evaluate, what education level children or young people of submerged families usually achieve, - a longitudinal research would be necessary to achieve this objective. Nevertheless, we can distinct a tendency that, for example, among nineteen year olds of submerged families 40% have an elementary education, 11% - an unfinished secondary education, but 30% - secondary education. For comparison: among nineteen year olds of other families only 16% have an elementary education, 24% have an unfinished secondary education, but 51% - a secondary education. Also of all young people from submerged families who are older than 19 years, approximately 35% have gained an elementary education. It indicates that young people of submerged families considerably more often end their educational path after achieving elementary education, while young people of other families usually (in more than 90% cases) continue their education.

Despite the fact that half of the unemployed contingent of submerged families is not content with opportunities in the labour market that their attained education provides, they considerably more rarely as others (31%) plan to elevate their education level. 50% of the unemployed contingent of submerged families does not wish to do that. Also, in past three years, people from submerged and deprived families and from families living under poverty line have attended some course of study almost twice as rarely as others (18-19%). As mentioned before, educational level of these groups are relatively lower and they, more rarely as others, as a reason mention that they haven’t had need for it. As a main reason for not attending any courses, members form submerged families, more often mention the lack of a consistent offer (12%), inability to afford courses due to financial reasons (11%) and domestic reasons (8%)

Only 18% unemployed persons from submerged families plan to study some courses or tuitions, but for 19% (considerably more than for others) it’s hard to answer to this question. It indicates that for many the willingness to attend some courses will depend on the offer and the ability to afford them. On the other hand, those who doesn’t want to attend courses, most often as a reason mention health, difficulties to get to the courses, as well as a view that holds that the courses have little sense and they haven’t got any assurance that after the courses they will find a job. It means that attendance of courses has a lack of motivation. We have to note that submerged inhabitants twice as often as others (20%) think that their household situation will be worse in five years, but twice as rarely as others (20%) – that it will improve. A feeling of hopelessness in submerged families can considerably prevent them from further education and from improving their conditions.
We can observe a completely reversed situation among young people of submerged families. They considerably more often than others wish to attend courses and elevate their education level (79%). Young people most often are not to blamed for their families’ bad financial situation, but they have experienced a life in poverty, so they especially wish to ‘break away’ and to live differently.

At the moment submerged inhabitants rate their skills as being very low. Only 12% have good or very good computer literacy, but 56% have none. 2/3 of submerged persons can’t work with Excel, Word or Internet. 12% have bad or very bad Latvian language skills and 18% have bad or very bad English language skills. Only 37% have good or very good skills to adapt to and to work in new conditions. 44% can use their time efficiently, 48% - organize their work. Without English language skills and computer literacy as well as with poorer personal skills, submerged persons have more difficulties finding better job and improving their financial situation. However, financial situation can often prevent them from improving these skills.

To improve submerged people’s education, it’s necessary to provide them with extra information about education possibilities and educational institutions. They often lack this kind of information (only 51% have sufficient information). Especially members of submerged families most often point out that they would require help to choose a profession (27%). At the same time, they are worse informed about possibilities to receive free consultations – only 37% know where to find them. Awareness about education institutions, courses and other measures for increasing qualification could engage more submerged persons in education, increasing their competitiveness in a labour market and providing them with a chance to break away from poverty.

3.4.2. Cultural activities and political involvement.

Cultural accessibility, especially its restricted accessibility, is closely related to the concept of poverty and social exclusion. (In section 3.3) alienation from culture was analyzed as one of exclusions’ additional dimension. Hereinafter we will discuss accessibility of cultural activities and adaptation within them related with affiliation to exclusion risk groups that were analyzed in the research.

Involvement in cultural activities and acquirement of cultural values, the accessibility of cultural activities was clarified in two levels: first of all, respondent’s own active participation in cultural activities and secondly – relatively passive participation in acquirement of cultural values, attendance of cultural events. On the ground of responses, we estimated a new dichotomous feature, where respondents, who don’t participate in any of the activities (nor actively, nor passively participating in any cultural activities) were labelled with “1” and respondents, who participate at least in one cultural activity, were labelled with “0”. This feature is used in further accounts to estimate coherence between affiliation of different risk groups and involvement in cultural activities.

The data of this research indicates that more than half of respondents (54%) practically hasn’t
involved in any activities, which would describe participating in a cultural life or an attendance of a cultural event. Comparing involvement or alienation results statistical differences were noted after indications of gender, age and ethnic background. Women more actively than men participate in different cultural level events (49% women and 41% men can be considered as active cultural life’s participants or as cultural event attendants). Especially considerable differences are among different age groups. With increasing age, involvement level of cultural life, proportionally decreases (from 67% in group of young people (18-24 y. o.) to 28% in preretirement age group and retirement age group (55-65 y. o.) among respondents. Comparing participation’s description after ethnic background features, we can see, that Latvians are more active in the cultural life; in their turn, Russians are more active than other ethnic minority contingent.

Examining the involvement index in exclusion risk groups, we have to conclude that among all of them (except young people, including those with low basic skills) and average index, overall there are considerable statistical differences. An average involvement level features 45% both active and passive involvement level, but in all risk groups it’s considerably lower. The lowest involvement index features the deprived persons (17%). Evaluating after individual features, disabled people and former convicts relevantly differ. Only 18% of them participate or attend cultural events/activities. Low level of activities describe families that live under poverty risk line (20%), families that have a disabled person (21%) and retirement households (19%). Registered unemployed persons (especially long-term unemployed persons), families with unemployed persons, families of many children, single parents, inhabitants of rural communities compared with inhabitants of cities, can be considered as equally more excluded from the cultural life activities. In all mentioned groups involvement in cultural life processes is in average lower than other inhabitant’s involvement together, and their involvement range from 20% among long term unemployed persons to 38% in the group of rural community inhabitants.

Examining separately the active involvement in cultural activities and the passive ones – the attendance of theatres, concerts, we can note earlier described differences. Exception is only in families with many children and employment seekers, for whom the attendance of cultural events does not differ from other respondents.

As the main reason for not taking part in any cultural activities, is mentioned the lack of interest (in 46% of cases), next reason – lack of spare time (30%). Health, financial obstacles, the lack of organisations and activities in the inhabited area is mentioned more rarely – in 6-4% of cases. But, talking about theatres, concerts, cinema and other cultural events, 15% respondents emphasise, that they would like to attend them but can’t get to them, but 25% - would like to attend theatre, concerts and other events, but can’t afford to do so, not enough finances.

Overall, we have to conclude that the main obstacles to involve in a cultural life for all groups is the lack of interest and time, while the restrictions of accessibility of cultural values, most often, are
related to the lack of financial resources and territorial accessibility, for example, limited choice of
cultural events in rural regions etc. That’s why the exclusion from cultural life endangers all in this
research discussed groups to the highest degree, except for the young people (among them also young
people with basic skills). Speaking of the respondent involvement in cultural activities, the exclusion
risk is relatively smaller for families of many children as well as for group of employment seekers.

**Political involvement**

Social and political involvement is usually described with a number of different level parameters.
Political involvement includes interest about politics, confidence in social institutions, participation in
political activities and events, participation in social and political organisations.

In this research we contained only particular activity parameters as well as involvement in social and
political organisations. The latter has been already analyzed earlier, while examining the phenomenon
of social insularity (look in the section 3.3.) and the results of this research confirms that inhabitant
active involvement level in socially political organisations is very low – less than 1% respondents are
engaged in political parties or movements, the involvement level does not surpass 2% also in other
social organisations (except in labour unions). The share of respondents who are engaged in socially
political organisations is so little, that it’s impossible to find coherence between affiliation to some
exclusion risk groups and involvement in these organisations.

The involvement in political events is described with the most common form of political involvement
i.e., participating in elections, which includes two indicators – participating in parliament elections
(Saeima) and participating in local elections. Accordingly the respondents’ replies, 72% municipals
participated in Saeima elections – 71% respondents (the replies were counted in relation respondents
over 18 years, who have the right to vote). It was important to verify within this particular research
the hypothesis that affiliation to the excluded risk groups correlates with the parameters of this
political involvement. The link between participating in elections and affiliation to any of the risk
groups was verified in relation to the part of respondents who have the rights to vote but didn’t
participate in parliament elections. There are statistically considerable differences in these indexes of
political involvement at characteristics like gender, age, nationality. According to the replies, 28%
respondents did not participate in Saeima elections. Once again, more passive are men (34% did not
participate) and young people in age group to 34 years. There are differences in nationality features as
well – in elections did not participate 22% Latvians, 43% aliens (ethnical minority contingent).

Examining individual characteristics, former convicts’ behaviour differs the most. Among these
respondents there were 84%, who did not participate in elections. It’s possible that political actions
are greatly influenced by person’s psychological mood, previous experience and confidence in state
institutions, government’s ability to do something for its citizens. The second largest group that didn’t
participate in parliament elections were families living under poverty line (36% didn’t vote) and
deprived persons (42%). Disabled persons are more passive in elections as well, however these differences are not that statistically significant. Besides, the odds are that this action has other reasons. The actions of unemployed persons, including the long term unemployed ones, families with a disabled person or an unemployed person, families of many children, single parents a. o. contingent of the risk groups, does not indicate statistically significant differences.

Overall these results once again indicates that there is a firm relation between the exclusion dimensions and that the material and social exclusions, both directly (lack of finances, to attend cultural event) and implicitly (psychological discomfort, discontent with himself/herself and with ongoing of one’s surroundings encourages sceptical attitude towards the government and social events, reduces civic activities and the involvement level) influences the accessibility to every kind of resources and encourages political alienation.

3.4.3. Psychological alienation

In previous section (3.3) we already discussed an individual’s attitude towards himself/herself and his/her social status in interpretation of exclusion’s and alienation’s concept. Psychological discomfort can be seen as both – cause and effect for insularity and exclusion. Here we will merely discuss prevalence of sense of psychological discomfort in different risk groups. We used factorial analyses, that allowed us to batch the respondents’ replies about their self-evaluation and society’s attitude towards themselves in four dimensions.

In this revolving model of factorial analyzes there were included 22 of all 27 evaluations and in a new variable model were included factorial values, which characterises the four dimensions of psychological discomfort (11. app.11.3. tab).

First dimension includes low self-esteem indications – disbelief to ones skills (they feel that there isn’t much they could do to change something), sense of helplessness while struggling with life’s challenges; it includes statements like – sometimes I think I am good for nothing; I haven’t got much to be proud of; I would like to have more self-respect; I often feel underestimated, rejected and unwanted in the society; as well as nays toward personality attesting statements – what will happen with me in the future depends on myself to a great extent, I can achieve as much as most of the people etc.

Examining these opinion dimensions or prevalence of low self-esteem in different risk groups, we have to conclude that, with a statistical significance, this kind of psychological evaluation, compared with other inhabitants, to greater extent is characteristic of older people (in preretirement and retirement age), long-term unemployed persons, disabled persons, former convicts, ethnicnial minorities.
Psychological status, which originates from disbelief in ones skills, most often dominates among deprived families, families living under poverty line, households with disabled persons and unemployed families.

We can conclude that from the exclusion risk groups surveyed in this research, sense of psychological discomfort, that’s related to a low self-esteem, is not only characteristic to families of many children and single parents.

Second dimension – insecurity and awkwardness while communicating with others, that’s originates from disbelief in ones skills, low self-esteem and communication difficulties – similar to previous dimension, it includes statements like – I can’t do much to change things that are important in my life; these persons dealing with life’s challenges, often feel helpless, sometimes they think, that they aren’t good for anything; they feel that they haven’t got much to be proud of; they feel tense in the company of strangers; they feel nervous while talking to seniors; when they attend public events, they feel secluded; they feel underestimated in society, rejected and unwanted. This dimension also includes a negative attitude towards statements like: I will express my opinion even if others thin otherwise.

Opinion dimension that originates from insecurity and also from a low self-esteem, significantly more often is common among groups of long term unemployed persons, labour seekers, disabled persons. It characterises deprived families, families living under poverty line, unemployed persons and families of disabled persons.

Unlike previous dimension, this kind of psychological sensation is not characteristic to the contingent of ethnical minorities, those who have reached the age of preretirement, families of many children and single parents, as well as to former convicts.

Third dimension – in this dimension we can distribute a leading desire to improve communication skills and to expand ones social network: additional self-esteem – I feel like I have nothing much to be proud, they include statements that simultaneously indicates about the difficulties while communicating with others and about the desire to change something on their life: I would like to have a higher self-esteem; it indicates that they wish to expand their social connections: I would like to communicate more with my colleagues, neighbours or other people, I would like to have more friends.

This opinion dimension significantly more often characterises unemployed persons, job seekers, former convicts, as well as deprived persons and persons living under the poverty line.

This kind of opinion aggregate is not characteristic to the contingent of ethnical minorities, families with disabled persons as well as to disabled persons themselves, there isn’t a significant difference between young people and those who have reached the age of preretirement, families of many children and single parents.
Fourth dimension originates from distrust towards others and includes the experienced disappointment when trusting in others. It includes an opinion that other people will try to become wealthy on my expense if they will get the chance, as well as a negative estimation to statements like: in general most of the people can be trusted and I feel safe in the area that I live.

This opinion dimension significantly more often characterises job seekers, former convicts, persons living under the poverty line and this time also families of many children.

It is not common to families with disabled persons as well as disabled persons themselves, the contingent of ethnical minorities, deprived persons, long term unemployed persons, young people and those who have reached the age of preretirement.

Speaking of psychological discomfort and sense of psychological exclusion in general, we have to conclude that mostly the same social groups, that marked out in the previous analyse are subjected also to this exposure. After individual characteristics, we see that most often, with few exceptions, older people, disabled persons, former convicts and deprived persons are subjected to a general exposure to risk. After household characteristics, those are the families with unemployed persons, disabled persons and mainly – families living under poverty line.

But, like in the characteristics of social insularity, families of many children, single parents, young people as well as young people with low basic skills are less or not at all subjected to the psychological discomfort.

3.4.4. Accessibility of a labour market

As different research data indicates, poverty is related to an exclusion from a labour market. Poverty can do both – be the effect of the unemployment, and in mean time contribute to it. It’s hard to find a job if you can’t afford to improve your education and efficiency, if you can’t afford to dress well and present yourself. Whereas, if you can’t find a job, its hard to break away from poverty, that could increase a possibility to educate yourself and find a better job. That’s why people often get stuck in the so-called poverty circle, from which it’s hard to get out without the help of surrounding people or government institution.

Among people, who live under poverty line, there are comparatively less working persons in total – 40%. There are 44% economically passive persons, who don’t work and don’t look for a work actively, and 16% are looking for a work. (ill. 61.)
Analyzing the group of people who are looking for a work, we can conclude that 70% all them live under subsistence level, 54% live under poverty line, but 29% are deprived persons. 57% persons, who search for an employment, can’t afford new, stylish clothes, but 21% can’t afford the necessary clothes at all. 42% persons, who search for an employment, can’t afford to subscribe to magazines and newspapers, in which they could read about the want ads. Only half of them could provide 100 Ls if such an unexpected necessity arises. Only 20% are engaged in any organisation or group of interests. This result indicates that people, who look for a work, have limited opportunities to find one.

However, we have to admit, that poverty motivates to look for a work. For example, last year only 20% unemployed persons from families which aren’t poor, had looked for a job, but submerged persons – 40%. Their demands for the job are much lower than other unemployed persons’ demands – 68% persons are looking for any kind of job, but 7% have difficulties to tell what kind of job they are looking for. Inadequat salary more rarely prevents them from finding a job. More often as a reason for not being able to find a job, the submerged persons mention employers’ negative attitude, unsuitable environment traffic difficulties. More often submerged persons are force to refuse a SEA’s offered labour supply, just because of the difficulties caused by the transport. We can draw to a conclusion that inaccessibility of the transport or inability to afford the transport, greatly delays submerged person’s involvement in a labour market. Travel expenses that other could afford are often unavailable to them.

As mentioned before, poverty is often related to a lower education and qualifications level, that’s why persons living under poverty line who have received labour supply from SEA, more often than others get rejected by employers (14%), basically because of the inadequate qualification (29%) or education (24%). Only 60% persons living under poverty line have gotten a profession or qualification, which is acknowledged with a diploma. Also those submerged persons, who have work, usually (36%) is an unskilled labour (37. tab). An inadequate salary often is insufficient, yet doesn’t allow the person to qualify for different benefits secured by the government.

In general, submerged persons are more dissatisfied with their work than other workers: 19 % are very content, 52% are content to a certain extent, but 29% are not very content or not content at all. In this case, even if the submerged people have a work, they often do it, because they just can’t find a better offer.

Submerged persons more rarely than others have signed a contract with the employer to a definite time (65%), but more often work without a contract, basing their job on a verbal agreement (11%), with a temporary signed agreement (18%) or work occasional odd jobs (2%). 9% are self employed persons. It means that the deprived persons are less protected also from the side of legal employment relations and can easily lose their source of income, which provides their family at the moment.

Poverty and lifestyle related to it can alienate one from the labour market, change their attitude
towards it and change the value of labour. Submerged persons more rarely than others consider that qualification level or professional experiences is most important to find a job (58%), but more often are convinced that computer literacy, language skills and willingness to go abroad is relevant. Asked about preferable occupation, apart from material conditions, submerged people more often (14%) say that they would like to not work at all. In general, they admit that if they had a lot of money, they wouldn’t work (41%). Considerably more often they agree that labour is necessary only to gain money (69%), however they disagree that work would take their time from exciting activities. 71% disagree that at the moment it’s easy to find a job in Latvia, 81% thinks that salaries in Latvian enterprises aren’t just, and 35% would be willing to work abroad. These opinions reflect the submerged Latvians sceptical attitude toward work.

Persons living under poverty line are often prevented from doing something to improve their situation, by the lack of faith in themselves and in their skills. 59% think that there isn’t much that they could do to change something in their life, 63% often feel helpless and 26% disagrees that their future depends very much on themselves.

However, unemployed persons living under poverty line twice as often as other unemployed persons have reiterated in SEA as unemployed persons or persons looking for a job (28%). Their awareness about who is competent to receive unemployment status is also even higher than other unemployed persons. It’s possible that their more frequent contact with state institutions and other different services’ has been useful in this case, but it’s also possible that help from SEA is more important for them. As a reason for registering, they more often mention the provided help of finding a labour supplies (25%) or wish to receive social aid.

3.4.5. Accessibility of health care

Inability to provide a health care is another consequences that can be caused by the lack of material resources and that can cause lasting, chronic illnesses and untimely death. In this section we discuss the health care accessibility, particularly – it’s accessibility to excluded social groups at risk.

Describing state of health in general, we have to point out that every fifth inhabitant has a chronic illness, 4% have received a disability group, but 3% suffer from injuries. Despite that, majority of inhabitants (49%) considers its health as being good or even very good, and 2/5 (41%) have described it as satisfactory. Every tenth person has a bad state of health.

As the research data indicates, approximately in every fifth household (21%) one of the family members have had to declined from health care services because of the lack the finances. While comparing the indexes of health care accessibility, statistically significant coherence can be observed in all excluded social groups presented in section 3.3. For example, Last year, in families living under poverty line, necessary health care services were partially denied for 2/5 households (42%). But this
index is even higher among deprived persons and it constitutes up to a half of the deprived families. We have to add that approximately every fourth deprived family (24%) has had been denied three or more various health care services. Among these groups, almost half of whom health care services were denied, are also disabled persons and form custody unfettered persons, that means – persons whose health status is hypothetically even worse than others.

Most often inhabitants have had to decline from dentistry services or from a visit to a professional because of the lack of the finance. Some (9%) have declined from dentures or from purchasing necessary medicines. We have to indicate that 7% of all inhabitants couldn’t have a visit to a primary health care doctor, because of the insufficient resources, among them - form custody unfettered persons (36% from the group) and deprived families (25% of the group in total). For 17% long term unemployed persons and submerged families the primary health care had been declined at least once in a year.

We have to indicate that the index of necessary medicines is considerably higher for social groups of unfettered convicts, long term unemployed persons and deprived families, because approximately every fourth has been forced to decline from purchasing medicines because of the lack of the material resources. But for single parents, families of many children and preretirement persons, this index is lower and in range from 14 to 15 percentage.

Comparing possibilities to provide dentures for all social exclusion groups, statistically significant coherence could be observed among disabled persons, former convicts, submerged persons and preretirement persons, who have had to decline from this health care service twice as often as all inhabitants at an average.

Consequences caused by the inaccessibility of health care among the socially excluded groups, reflect the common health status. From all inhabitants, 10% describe their health status as bad or very bad, but, from submerged or deprived people, as well as from preretirement group, approximately every fifth person (22-23%) has a bad health status. In the mean time, compared with average health care index of all inhabitants, there aren’t significant differences in the characteristics of former convicts – those, who have increased exposure to an inaccessibility of a health care caused by financial reasons. But disabled persons for whom just like former convicts, the health care services are declined because of financial reasons, in more than half the cases (61%) have a bad or very bad health index.

3.4.6. Evaluation of the significance of social difficulties and necessary aid for social groups.

As a separated issue, we clarified what, according to inhabitants, are the main problems in the area of their domicile and what social groups should receive the most governmental and local, as well as all society’s support. The most relevant problems were evaluated on the scale of 10, where “1” indicated
that it’s not a problem, but “10” – that it’s a very actual problem. In general, evaluating current problems urgency, inflation was mentioned as the most pressing problem (average rating – 8, 29). Significantly lower, but as a second urgent problem was mentioned alcoholism, but the third – poverty. If inflation was the most pressing problem in all regions, then other topical problems were evaluated separately in different regions and in order of domicile type. On the hypothetical supposition that the range and urgency of certain problems depend on the different type of domiciles and different quality of the life, the average assessment were compared by using qualification index of territorial development. The index of territorial development was divided in quartiles, thereby forming four groups, where in the first qualification is included cities and communities with the lowest index of territorial development (from -3.255 to -5.25) but in the fourth qualification - cities and communities with the highest index of territorial development (from 4.27 to 2.735).

As mentioned before, in all territorial groups as the first was mentioned the inflation. But the further main problems significantly differed. In the first two territorial groups with the lowest development indexes the next mentioned problem was alcoholism. In less developed territories (usually in rural regions) inhabitants were concerned about the unemployment (lack of work places) and inhabitants’ migration. In the second quartile the responses are similar – alcoholism is mentioned right after inflation, then - the quality of life and unemployment (lack of work places). But in two territories, where the index of territorial development is the highest, inhabitants are concerned about the low quality of life and the bad condition of roads. Alcoholism and poverty is mentioned only after these two. Note, that in the highest group, where are included mostly the inhabitants of Riga, corruption is mentioned as the fifth most pressing problem, but in other regions it’s evaluated considerably lower.

Comparing territorial administrative regions, in separated evaluation assessment, we can observe significant differences. Replies to this question indicate the problem circle that’s more topical in every region. Inflation as one of the most pressing problem is mentioned in all regions except Latgale, where in the first place is alcoholism and then poverty, inflation and unemployment (lack of work places). Rigas inhabitants are the most concerned about poverty, corruption, condition of the roads and streets and crime. In proximity of Riga it’s alcoholism, low quality of life, poverty and corruption. For Vidzeme’s inhabitants the most urgent problem seems the unemployment, that’s followed by alcoholism, low quality of life and migration to other residences. But for Kurzeme’s inhabitants, relevant seems the problem of alcoholism, - as well as the crime, low quality of life, migration. Note, that in Zemgale the second most urgent problem, after inflation, is the low condition of streets and roads, only then - alcoholism and residents migration.

In general, the inhabitants of all regions are united by a common opinion, that the main problem, other than inflation, is poverty and the closely related low quality of life as well as increasing alcoholism. On the other hand, the inhabitants of Riga and the proximity of Riga, unlike others, are greatly concerned about the increasing corruption, while others that a pressing problem is alcoholism and
people migration to other residences.

Describing social groups that should be helped the most, evaluation was given in two levels: about which groups in need should be supported by all society and which should be supported more by a local government. Examining the result, we have to draw to a conclusion that among the average evaluations (replies were evaluated on the scale of 10, similar as in the case of evaluation of problems) there are statistical differences among the replies from all respondents in general and among the indices in different respondent groups. In respondents’ opinion, the social group that needs to be supported the most are orphans, second – disabled persons and in the third place with a significantly less average assessment – lone pensioners.

With the same average evaluation follows partial families with children and families of many children. In respondents’ opinion the groups that need to be supported the least are former convicts and Gypsies (the latter is evaluated with 3.92, which can be interpreted as a respond that the society doesn’t need to particularly help this social group).

It’s interesting to note, that the contingent of socially excluded groups at risk, think alike and that the majority of these respondents don’t think that the primal support needs to be provided particularly to the social group that they represent. Respondents have tried to evaluate the needy for aid in an even-handed manner, i.e. for example, both, pensioners and former convicts doesn’t think that they primal support should be given to them. All as the first group mentions the orphans, then – disabled persons and lone pensioners. The value of the average assessment doesn’t differ much, but the evaluation of the social groups that need the support is equivalent.
3.5 Social exclusion risks and opportunities of reducing them for different social groups

The analysis of in-depth and expert interviews was performed for each social exclusion risk group individually: the unemployed, considering individually the long-term unemployed and unemployed of pre-retirement age; large families and single-parent families; disabled people, including also persons with mental disorders; homeless people, persons released from imprisonment, representatives of the Gypsy ethnic minority.

For each of the above mentioned groups the main fields of manifestations of social exclusion are considered: material factors (living conditions, housing, main income and expenditure), employment and unemployment factors, availability of education, availability of medical services, availability of information and cultural services, involvement in the community life; as well as ways of reducing the social exclusion are analysed in the aspect of promotion of employment and social support. The analysis of each group is based on in-depth and expert interviews.

It must be emphasised that the peculiarity of the analysis of qualitative data is to discover the variety of the existing situation by the help of expressions from respondents’ everyday, simple language that does not characterise the statistical distribution of an opinion. The analysis of interviews given by representatives of social exclusion risk groups includes the most vivid quotations that may be both rather unique or frequent.

Expert interviews concerning the role of local governments in reduction of social exclusion have been analysed individually. It has been done, in order to clarify and emphasise the role of local governments in reduction of social exclusion.

Below the interview the respondent’s name within the framework of research (it does not correspond to the real respondent’s name) and age is given in brackets; in some chapters also other features are given in brackets for characterisation of respondents. In case of quoting experts the scope of their work is indicated in brackets. References to representatives of local governments are not provided, in order to preserve the anonymity of representatives from small local governments.

3.5.1 The unemployed

In-depth interviews with the unemployed have been conducted surveying the long-term unemployed, the unemployed of pre-retirement age and unemployed young people. In-depth interviews provide detailed information on particular causes that stimulate the incapacity of each group to integrate or re-integrate in the employment.

According to the data of the Labour Force Survey conducted by the CSB in 2005 among the active
persons seeking work the largest proportion (12.9%) is still formed by young people (within the age group from 15 to 24 years) (Main indicators of the Labour Force Survey 1996 – 2005 of the CSB of the Republic of Latvia, 2006). In-depth interviews identify such causes of young people’s unemployment as difficulties to combine studies, internship with employment, but complete dedication to studies is not possible because of the low income level in households of young people who study. As since the amendments made to the Law on Support for Unemployed Persons and Job-Seeking Persons the circle of those persons, who are entitled to the status of an unemployed person, has been extended, also the persons participating in full-time studies at higher educational establishment can be registered as unemployed persons (Social Statement of the Ministry of Welfare of the Republic of Latvia for the period 2004/2005, 2006). In-depth interviews also show that one of the causes for the unemployment of young people is the fact that a part of them has a low level of education, and some other part does not have previous work experience.

The other largest group of persons seeking work are people of age between 45 and 64 years (10.3%). Although the pre-retirement period is considered to be 5 years before reaching the old-age pension, respondents above 40 years old qualify themselves as too old to successfully integrate in the employment. Respondents of this group have lost their jobs mainly because of the personnel reduction. Problems of re-integrating in the labour market are caused by poor health, lack of knowledge of Latvian language, necessity to help incapable members of family, distance between home and work place, and the SEA, unavailability and expensiveness of the public transport, as well as psychological problems.

The analysis of data provided by in-depth interviews shows that unlike young unemployed persons who are aware of the education’s role in promotion of successful employment, people of pre-retirement age and long-term unemployed persons do not appreciate the significance of lifelong education in improvement of the employment situation.

3.5.1.1. Long-term unemployed

The long-term unemployed person is an unemployed person registered with the SEA and cannot find work for more than 12 months. According to the data of the SEA at the end of 2005 the long-term unemployed were 26.2% of all registered unemployed persons (Social Statement of the Ministry of Welfare of the Republic of Latvia for the period 2004/2005, 2006).

In accordance with the data of the Labour Force Survey (LFS) conducted by the CSB in 2005 45.5% of all persons seeking work could not find any job for more than a year. Although this number has been reduced since 2004 (47.2%), it is a large number of persons without employment (Social Statement of the Ministry of Welfare of the Republic of Latvia for the period 2004/2005, 2006).

According to the data of in-depth interviews the unemployment of this group is basically caused by
health problems, addiction to alcohol (mainly for men), psychological problems. One of causes for long-term unemployment in this group is also a suffered crisis or traumatic event, for example, death of the spouse or parents, compulsory military service at “hot spots” – in Chernobyl, former Yugoslavia – which has psychologically traumatized respondents and after experiencing of which they have not been able to return to normal life.

Employment and description of the existing situation

The time period of unemployment of respondents in this research varies between 13 month and 13 years. Most respondents residing in the countryside have become unemployed due to liquidation of collective farming and state owned farms and have not been able to find an official job ever since.

Some respondents and their family members work unofficially and engage in different incidental jobs (sawmill, logging, loading, construction works, cleaning of premises etc.). The respondents explain that it is unprofitable to do an official work. Net salary is too small to ensure subsistence and the official working hours and amount of work does not leave a possibility to do other part-time jobs and gain addition income.

I am unemployed for about 5 years. I didn’t work because they didn’t pay enough. Then this company went bankrupt and I got fired. I worked as a bartender in cafe, I did the training and settled there. But they didn’t pay much, it was disadvantageous to stay there. I worked till late but earned santims. Till then I haven’t found a decent job so I decided to engage in farming. Before that I was employed and received a salary – small salary. Now I don’t have an official job, I work in my household and I have everything I need. (Aivars, 31)

Respondents reveal their experience of not receiving the salary they were promised and that is another reason to stay out of the official employment relationships.

Almost all respondents, except the few, have done low-qualified work, also abroad.

I worked in Germany. Almost 10 months. I was chef’s assistant. Cooked pastas, lasagnes, pizzas. They screwed me, didn’t pay what they had promised. (Ivars, 41)

The level of education and qualification of respondents is usually low and that is an obstacle in their search for a well-paid job. Another important difficulty is that there usually are no appropriate places for work close to home and the local transport services are not accessible.

Yes, we work for relatives, for those who have a lot of land. The money-bags. There is no official work by now. Transport is a big problem. If we manage to get to work at 8 o’clock in the morning, then getting back home in evening is an even greater problem. Busses do not go regularly. In winter, when the roads are full of snow, it is impossible to get anywhere. Almost everyone here has a private car, the jeeps. Sometimes they give us a lift. Sometimes the neighbour helps out. (Uldis, 51)

The information obtained in interviews shows that abuse of alcohol has caused the loss of jobs and inability to reintegrate in employment in many cases.
I started to drink after my wife died. I lost my job because of this. I got fired. Employment Exchange didn’t offer anything good. I delayed payments for my flat. And then they threw me out. Now I live in a shelter. (Igors, 44)

Some respondents have health problems.

It is difficult with work now. I was fired after the operation, nobody needs sick people at work. To find something new... I don’t know. I cannot do physical work. (Igors, 43)

Women have to take care of children and that is a problem in their search for work.

I don’t know anyone who can baby-sit my child during the day. In the evening it is easier, but not during the day. And I cannot leave a 2 years old child, can I? (Lāsma, 29)

It concerns especially the underdeveloped or children with special needs.

The girl cannot go to school on her own. She has to be brought back home also. This is the problem. She can be left at home, but she won’t go anywhere alone. (Rita, 45)

In some cases the unemployment is connected with the illness or disability of family members in cases when they need a special care and attendance.

I am ready to do anything. I could be a worker or a janitor. The best, however, would be to work at home. If I go away for work, what happens to my mother? She cannot cook for herself. She cannot even slice bread. If I find some kind of social work, I could get away for some 4 hours. Not for all day. (Antonija, 42)

Respondents with university education and even with a master’s degree cannot find a job that suits their expectations and education. They are also not willing to retrain.

Respondents that suffer several unfavourable factors like health problems, lack of knowledge of the Latvian language, small children or disabled people in the family and low level of education risk to become socially isolated and do not have many possibilities for employment.

People registered in SEA and work in their rural households, usually does not regard themselves as unemployed. Their experience shows that it is difficult to combine farming with paid employment far away. There are no vacancies in their neighbourhood (mainly rural municipalities).

Well, I am not unemployed actually. I work in my household and take care of the house, so it doesn’t concern me. (Aivars, 31)

The fact that the respondents have been repeatedly unsuccessful in their search for work leaves a negative impact on their psychological readiness to try again, although the need for manpower has lately increased.

...it is getting only worse. Unemployment. I don’t work for almost 9 years now. I am 45 years old and that doesn’t help. They kindly explain me that I am too old. Yes, that’s right. But there is work that I could do. I am a tailor’s cutter, 4th category. Bet they only need the young people. They said, they will call me, but of course, no one did.[...] And really, what it is – forty five years! What about my pension? My length of service is only seventeen years. (Zaiga, 45)
Informal networks

The informal networks of social relations of respondents are mainly horizontal. They are formed by the family members, spouse, some relatives and in some cases also neighbours. Those people can help with lending some money, but there are no close friends that could assist in settling big financial problems or offer a well-paid job.

Most respondents admit that together with the job they have also lost some of their friends and relations, ex-colleagues have alienated. They say that friendship is closely connected with money that has to be spent on transport, presents and parties.

I still have friends, but we don’t meet often. And they cannot help me, they are in the same situation. Don’t earn much. Sometimes we visit each other, drink some tea, but only for a short while, so that the quests don’t eat everything that is in the house. (Galina, 54)

In the times of trouble respondents can relay mainly on their parents, closest relatives or only on themselves.

I don’t really have relatives, most of them are dead already. And who can help me? Those who live in the country side are drinking all the time. During my time of unemployment I sometimes helped my relatives with field work. They didn’t pay me, just gave something to eat, a couple of sacks of potatoes in autumn, milk and some curd. (Inga, 50)

The relationships of respondents with other members of the society and opinions on the mutual help are different. Some have experienced negative attitude due to their poor circumstances, especially from the more wealthy neighbours.

Yes, there are some that have married rich men. Before that they were like me, but now...nose up in the sky. No need for them anymore. If I go and ask for something, they give, but don’t come round anymore. It is not necessary. (Zaiga, 45)

Others do not have such negative experience. Neighbours help each other, lend certain sums of money, give away the children clothes that are too small, exchange books, newspapers and magazines. Friends and relatives cannot help with big amounts of money, they all are in a similar situation. Some admit that they are lonely and do not have anyone to ask for help. They relay only on themselves.

Now everybody have their own life. They have work and many have families, others are gone to Ireland. We don’t have much in common, nothing to talk about, they avoid me, don’t come to see me. At first, when I had just quit the job and didn’t have Aija (daughter) yet, was not pregnant, I met with friends and it was fun... But when you are unemployed, people treat you differently. You are nothing. And I simply keep my mouth shut, not because I have nothing to say, but because I have become a stranger. People underestimate you if you don’t work or study. (Lāsma, 29)

Only one respondent during the interview reveals that she has a good network of friends that are helping to find occasional work and can lend some money in case of necessity. This respondent has a university degree and she is looking for a well-paid creative work.
Possibilities of education

People with long-term unemployment have different level of education, starting with the basic education till university diplomas, but most of them have secondary vocational education.

Respondents of the long-term unemployment group are usually sceptical towards further education or retraining. They believe that it cannot improve their situation. However, there are exceptions. Some respondents realize the necessity of further studies in order to improve their situation in the labour market. The older people (above 45 years) that are unemployed for a long time are afraid to apply for SEA courses. They consider themselves to be too old for studying and reintegration in employment. Women with children are reluctant to study, because they have to take care of the children, especially those with the special needs.

Most respondents are positive about their children acquiring education, but hardly any has a possibility to ensure a better education than the respondents have themselves.

_The oldest daughter has finished nine grades. She couldn’t get any further. Now she works as a shop-assistant. The boy can choose what to do after he comes back from the army. Maybe he stays in service for longer, has not decided yet. Maybe he will return and get a job. Now there are different ways of studying. The smallest girl is in seventh grade. She also has not decided what to do next. The other boy has finished the school and now studies the carpenter’s profession here in Aizkraukle. All in one place, it is much easier. He can live and eat at home. It is good this way, otherwise it would be a problem. Well, of course we want education for our children, so that they can achieve something more in their lives. Without school you are nothing. We will manage somehow, it is important that the children get a bit of education and can live their own life._ (Inga, 50)

Health

Some respondents have registered with the family doctors and use their services, but most of them do not take the advantages of health care. This is mainly due to the expenses or because the family doctor is far from their homes and cannot be reached with a public transport. Some do not have health problems, they are the younger respondents.

_I suffer pain in joints, legs and the back. Sometimes in mornings I cannot even get out of bed, it hurts so much. I have visited doctors. Medicaments are very expensive, I cannot afford it even if the doctor has prescribed them. The cheap remedies, some teas or pills against the pain, yes, but what use is of a doctor if I cannot buy his medicine... Now they said I need a massage for my back and legs, the whole body actually, but how can I do it if it costs 7 Lats. If I go for that, there is nothing left over for the children and school. Well, what to do. Sometimes I get depressed, but that is only because of the nervousness._ (Inga, 50)

Most of the respondents do not visit dentist because it is expensive, although they need it. Sometimes they use the help of their friends that are dentists free of charge or for a small payment.

The free of charge health care services for children are very appreciated, because many of the respondents find it difficult to pay for them. Some respondents and their family members have
received a low-income acknowledgment statement that makes the health care services more accessible.

I have this low-income statement and I can afford to visit a doctor. I go there very often, every time when something is wrong. I have a family therapist. It is mainly for the children, I don’t have health problems at the moment. Of course, we cannot afford the dentist’s services, but there are no problems so far. (Veronika, 27)

Respondents usually treat themselves with herbal teas and natural products. They buy medications only in the case of emergency, after consultations with pharmacists or according to their own experience.

Some respondents are positive regarding the availability and quality of health care services. One respondent informs that the previous employer has covered the operation expenses.

Availability of information and culture events

Respondents are basically interested in what happens in their neighbourhood, country and the world. They find out about the news from the local, city or central press editions which they buy or subscribe. The interviews reveal that the biggest sum spent on press editions is 6-7 Lats per month. Those respondents that cannot afford to buy press editions, borrow them from friends or neighbours. Sometimes neighbours join their forces to subscribe the press. Some read the free of charge newspapers.

Most respondents cannot afford to take part in cultural events.

I want to go somewhere, to the theatre, to Riga. We cannot afford it. Sometimes our neighbour takes us to see some sports with his car, but if we have to buy a bus ticket there and back and also pay for the entrance to some event, it is too expensive. It is too much for our family. (Uldis, 51)

Some time ago we had enough of money to buy a book. Now we cannot afford it anymore. I visit a library. There are courses in Balvi, I go to the library then. The streets and shops...well, sometimes I go shopping, but most of the time I spend in library while waiting for the bus. I like different cultural events and there are some in the municipality. Now there will be the local celebrations, the choir is celebrating its anniversary. (Sarmīte, 41)

Information about the latest news is acquired also from TV and the radio. Most respondents have TV and radio at home, but in many cases this equipment is outdated and there are no possibilities to buy a new one. Those who do not have a TV sometimes go to neighbours to watch it.

Internet is used only by the respondents of a younger age. Those having children of a school age or older say that the Internet is used in the educational establishment or the library free of charge.

Some respondents do not have a phone. In the case of necessity they use the neighbour’s phone. Only a few have a fixed telephone line, some have mobile phones. Most respondents pay around 3 Ls to 12 Ls per month for the phone calls.
Only two respondents have a private car that is old and rarely used. Usually respondents walk, if they have to get somewhere in order to save the money for transport. Some have bicycles.

Respondents feel the connection with Latvia, they appreciate the work of the municipality and vote in all elections, but they support only the work of their municipalities. Respondents either criticize the work of the government or do not have an opinion. People who live in the countryside and the small towns are more positive regarding their municipality and enjoy the organized cultural events as opposed to those who live in big cities.

**The effectiveness of social assistance**

Most of the long-term unemployed respondents that were interviewed are not receiving social assistance and have never received it. It is characteristic that the women are more informed about the possibilities to get the social assistance than the men. Men are not interested in acquiring information about the social assistance, they believe that it is humiliating to ask for something from the municipality or the country. However, there is an exception, one respondent highly appreciates the work and the attitude of social service employees. His hospital expenses were covered by the social service and partly also the cost of expensive medicaments.

Women are more active in applying for social assistance, especially those who have children. Some respondents receive state benefits for the families.

Some children are granted a 50% free or totally free lunch at school by the municipality. Some children from the respondent families are receiving allowances to start a new school year in September.

Respondents with a low-income family status emphasize the availability of health care services and the fact that the social services have covered their hospital expenses and partly the costs of medicaments. One respondent is happy to say that the social services had covered rehabilitation costs for her mother-in-law as well as sponsored a wheelchair after she had suffered a stroke. The municipality is also covering her public utilities payments since she has a large family.

They somehow forgot that we live here. One day we received a bill for three month, 42 Lats. We paid, but the social service will cover our expenses. When I pay for the electricity, I always bring the receipts and they give us back the money. We also have the low-income statement. It means that the hospital and health centre visits are free. So is wood. We don’t have a central heating at home. (Antonija, 42)

A certain help from the municipality, similar to a loan for purchase of real estate, has also been received.

I guess, it was back in 1992. I asked for help from municipality to purchase this house. They gave me 300 Lats, but I returned it all within a year. (Igors, 43)
The attitude of the social workers is evaluated very differently. The personal qualities of the officials are very significant and so is the impression of people who apply for social assistance.

**Description of social exclusion**

**Influencing factors**

Based on analysis of interviews several factors influencing social exclusion of long-term unemployed can be singled out:

- Low income of interviewees’ households caused by unemployment;
- Unemployment and lack of funds minimizes opportunities for social contacts – visiting or inviting friends;
- The target group have a horizontal network of social contacts – they meet and are friends with people with a similar social status and income level. Such a situation does not promote their vertical social mobility;
- Health problems, serious and chronic illnesses;
- Children and adult members of the family that need to be taken care of, which prevents active participation in employment and improvement of skills;
- A record of imprisonment, which hinders participation in the society, in particular if accompanied by lack of good education or poor health. Imprisonment also leaves a psychological trauma;
- Minimal opportunities to visit cultural events, go on excursions, visit the nearest towns;
- Minimal opportunities to use public or private transport, which also disallows looking for work further away from the place of residence;
- Reduced education opportunities for their children and for themselves. Children of long-term unemployed acquire university education only very rarely;
- Low self-esteem and depression caused by limited access to various resources;
- Alcoholism.

**Opinion on social exclusion**

Some interviewees do not understand the concept of social exclusion and have not heard about it. They believe that poverty and unemployment cause exclusion of people, but it should be noted that not all long-term unemployed feel as being socially excluded.

Most interviewees think that the population groups most exposed to social exclusion are single mothers, large families, older people in pre-retirement age or retirement age, who should receive more support from the state, who are very poor, lonely, also homeless people. Not young people because “*if a person wants, it is possible to make money*”. (*Imants, 38*)

In communities where a large proportion of the population are unemployed interviewees do not view
unemployment as an exclusion factor, because the status and income level of the people is similar. Also, the attitude of municipality staff plays an important role. Positive and interested attitude from the staff reduces the feeling of exclusion among the unemployed.

The interviewees feel excluded when former friends turn away only because they do not have enough money to maintain contacts. As a result of unemployment and poverty contacts with friends and acquaintances become less frequent, the network of social contacts becomes narrower, accidental and fragmentary in nature.

*Usually the friends go shopping together, but they tell me they have no time, have to work or something like that, but in the reality I guess they are ashamed to go out together with me, because I have second-hand clothes, although always clean, but not brand-name.* (Lāsma, 29)

**Comparison of manifestations and factors from various aspects**

A private dwelling is an important resource that ensures certain economic and psychological stability. Risk of exclusion is much lower for those interviewees who live in a family and thus have a certain level of social contacts and economic stability. Interviewees living on the countryside and managing their farmsteads experience social exclusion or risk of social exclusion to a much lesser extent that those living in major cities.

**Gender differences.** Interviews show that after marriages fall apart men are highly exposed to risk of social exclusion. In all cases alcoholism of the man has either the cause or the consequence of the marriage falling apart. Alcoholism is also one of the reasons for unemployment. The questionnaire identified cases when these alone men have no permanent home, wander around or live in shelters for short periods of time.

**Age differences.** In-depth interviews show that many people after 40 years of age or even younger people do not believe it is still possible to get a job, and for this reason depression is particularly widespread in this age group. Most interviewees over 40 do not plan to study, improve skills or acquire new skills, i.e., do not recognize the idea of lifelong learning. Such a situation underscores the need to explain and promote lifelong learning.

Taking into account that in the recent years the demand for labour has increased and also the fact that long-term unemployed live with certain thinking stereotypes about lack of vacancies, the SEA should look for ways to reach clients instead of waiting for them to go to SEA branch offices.

**3.5.1.2. Pre-retirement age unemployed**

**Household description**

The interviewees live in different homes – ranging from very tidy to dirty and shabby, and this depends less on income level than on health condition and psychological mood, which is significantly
more positive for those who live in a family. Most interviewees, except for a few, say that life has worsened during the last few years.

Oh, earlier I could afford different things, all sorts of things, I could afford to go to concerts; now I can go nowhere, sometimes I can afford to go to the shop and then I have to look whether I can buy something there or can’t. (Marta, 57)

Financial situation in a household improves when children have finished their studies and thus there are no more study-related expenses for the parents. For several of the interviewed men of this group worsening of living conditions was caused not only by unemployment but also by their marriage falling apart. They do not have a regular job and they earn their living from odd jobs.

**Strategies for making ends meet**

Main income is the interviewee’s or his/her spouse’s pension, as well as odd jobs, which are done unofficially and are low-paid.

For some interviewees a kitchen garden or other piece of land provides a significant addition to subsistence, although all say that it is hard to cultivate it due to illness and old age. Material situation is relatively better for those with a family. Average monthly income per one member of interviewee’s household ranges from 24 to 100 Lats.

Main expenses in a household are for food, utilities and rent of flat, except if the interviewee lives in a private house or flat. To make both ends meet, interviewees economize on everything including food, buy almost no new clothes, do not use public transport and try to walk except when in extreme need.

Well, I save literally on everything – on clothes, also on food, say, I do not eat meat, actually I have no high requirements, it is enough for me, I eat very little and then I buy a bit for the cat, and that’s all actually. I can’t afford to go to restaurants or cafes; sometimes I go to some events, some cultural events, but only now and then. Mostly I spend only very little. (Ivan, 57)

The interviewees’ families have no cars. They rarely attend cultural events and usually choose free events. The fact that income varies quite a lot among interviewees also means they are not equally able to fulfil their wishes. Interviewees with the lowest income buy the cheapest food products not the ones they like, and they can afford practically nothing more.

**Employment and description of existing situation**

The length of unemployment for interviewees of this group is from 13 months to 11 years. In one case the interviewee has never worked officially and has only earned money from odd jobs in the forest.

Women have become unemployed mostly due to staff reductions. Problems in finding a new job are mostly due to:

Health problems
Well, I could do some easy job, for example I could work even as a babysitter, I can do no harder work any more where you have to bow your back, my back is totally ruined, the whole left side of my body is really bad. (Marta, 57).

Lack of Latvian language skills

I can’t find a job in my profession (commodity expert). They offer me a place as a saleswoman, but then I need to know Latvian. But I’m already old, I can’t learn it any more. (Irina, 56)

The fact that care must be taken of incapable parents

Long distance from home to a job or the SEA office, or unavailability or high cost of public transport

I’d have to use two means of public transport, but that already takes a lot of money, now the transport is expensive. Therefore I quit my search for a job. (Irina, 56)

Judging from the interviews, some men are unemployed because of problems with alcoholism. Although in some cases they have good and sought-after professions (construction worker, electric welder), they consider that at the SEA they had been offered only low-paid jobs, therefore it is better to work unofficially. In some cases it is hard to find a job due to an illness or disability; nevertheless the interviewees want to work in a paid job and are sure to find one.

Women either did not go to the SEA or were not offered an appropriate job. They say that due to health problems they can’t do physically hard work any more, which is the kind of work offered at the SEA. An important reason why interviewees do not accept jobs offered by the SEA is low wage. Interviewees would like to find a well-paid official job to improve their financial situation and also “to be among other people” (Marta, 57), but most of them believe that due to their age it is no more possible, because where they live there is insufficient demand for labour.

Informal networks

Informal networks of social contacts are horizontal, because friends and acquaintances are mostly unemployed or work in low-paid jobs. Main informal networks are formed by family members – spouse, parents, in some cases also neighbours. All interviewees receive help from sisters, parents, grown-up children either financially or in the form of food or clothes.

All interviewees note that after losing their job and lower income they have rather few contacts, their circle of friends and acquaintances has become narrower.

Naturally, the circle of acquaintances has become much narrower. When you’re working, meeting people, then you have money, you can go to celebrations. Naturally, the circle of friends has become much narrower. I mostly meet relatives and neighbours. My friends are unemployed just like me, and I rarely meet them. (Ludmila, 49)

All interviewees feel the lack of community and social contacts. They try to compensate this by reading books, magazines, newspapers, although not all of them have enough money for this purpose.
To compensate this, they read newspapers in libraries or at their relatives.

**Availability of education**

Interviewees of this group have different levels of educations ranging from primary to higher education (education in economics, acquired in Russia). It is characteristic that the more educated interviewees recognize education as a valuable resource and say that it provides a stable economic and social status, therefore they try to support the education of their children if possible. Manu pre-retirement age unemployed do not appreciate the opportunities or need for lifelong learning. When assessing their possibilities to participate in SEA courses or study otherwise, they believe they are too old to integrate in the society even if they acquired some new skills or knowledge.

> Yes, an adult, if she/he is 40 years old needs to study. But if I am 56 and will soon be within the retirement age, what sense does it make for me to study? I think that even if I study for some years I still won’t get a job. In the town of Balvi I will never get a job. In general it is never too late to study, one should learn things all the time. (Ināra, 56)

Interviewees positively view and some of them also attend various courses organized by the SEA, but this has not helped them find a job. In some cases insufficient Latvian language skills are mentioned as a significant drawback in finding a good job. Not knowing of Latvian is explained by having lived all life in a Russian language environment, which has not promoted learning of the Latvian language.

**Health**

Interviewees mostly evaluate their health condition as poor. The most common complaints are about depression, high blood pressure, poor eyesight, and poor teeth. Also gynaecological problems, backache, varicose illnesses are mentioned.

Due to lack of funds the interviewees do not visit doctors to get a health check even if they feel sick. Doctors are visited only in extremely pressing cases, because interviewees have no money to pay for the visit and further examinations. Accessibility of doctors is assessed positively, medicines are prescribed with 75-100% discounts. The interviewees mostly treat themselves with herbal teas and other popular means of treatment, they do not use vitamins. Dentists are visited very rarely or are not visited at all.

**Availability of information and cultural events**

Interviewees read local and national newspapers both by spending small amounts on subscribing and also reading newspapers and magazines in libraries and at their relatives. They watch TV - both local and Russian programmes. Interviewees almost never go to cultural events where entrance fees must be paid. They take to heart that they can’t afford to educate their children aesthetically as they could when they had a job.
My daughter is 15 now. During all these 15 years she has only once been to the movies, when she was small. I even think that your stomach is not the most important thing. You can get by with potatoes too. But we are raising a human. How will, she be when she grows up? With our older daughter we went on excursions, visited museums. Now it is not possible. You can’t raise a child only with a TV-set, can you? Theatres toured here earlier, we could go see them play. We could go to concerts. Now we can’t do anything like that, not any more. (Iveta, 52)

Although most interviewees are interested in local events as well as national politics, they sceptically view how the state and municipality take care of people. The interviewees participate in elections although they believe that this does not change anything.

I think that even if nobody went to cast their vote, still we would live just as before. With government or without government, makes no difference really. (Ināra, 56)

**Efficiency of social assistance**

This group of interviewees are mostly rather passive in requesting social aid. Only one woman notes that she receives the guaranteed minimum income allowance and has also requested and received help from the municipality – has received firewood. Also, following her application, a flat was offered, but as it was on the 2nd floor she did not take it because of ill legs. The other interviewees do not receive state or municipal benefits because they think it is not worth getting all the documents required for receiving the seemingly very small benefit. Benefits are not applied for also because some do not believe they would receive them, because “they are only for alcoholics” (Ināra, 56).

In some cases the interviewees do not apply for social aid and do not register at the SEA due to loss of documents (passport), because there is no money for renewing them.

I have one problem. I lost my passport in the forest. And I have no money to get a new one. And it gets only more expensive, I have heard now a new passport costs already 15 Lats. With only these odd jobs, where do I get such money? (Aldis, 58)

Interviewees tell about their negative experience or express scepticism about possibilities of receiving social aid. Marta (57) had asked for social aid in the local municipality but received an answer that she has a sister and other relatives in the town of Saldus who should help her, and they also “laughed at me”.

**Description of social exclusion**

**Influencing factors**

Interviewees state unemployment as the main factor influencing social exclusion. As a result of being unemployed they experience shortage of money - can’t pay for good housing, renovate their house or flat, buy wholesome and healthy food, pay for necessary healthcare services, purchase new clothes, to improve their looks, attend cultural events, use public transport, maintain social contacts with friends and acquaintances, provide their children with good education.
Interviewees lifestyles are fairly secluded, and they meet mostly only with their relatives. Particularly lonely are those without family or children. Judging from the interviews, interviewees have a very low self-esteem, they have “written themselves off” as old and unnecessary for the society, thinking that nowadays the society is ruled by a cult of youth and that jobs are only for young people. These opinions were caused by repeated failure in search for a job. Also should be noted the lack of interest from the side of the interviewees in learning new skills. Although most of them recognize the importance of education in promoting employment, they still believe that it only refers to young people and that at their age it is difficult to learn new things. Promotion and explaining of lifelong learning could significantly help in overcoming these stereotypes in thinking.

Improved accessibility of healthcare services could significantly improve the employment of this risk group, because for the most part these people need treatment that they currently can’t afford.

For some interviewees lack of state language skills is a major obstacle in finding a job.

Positive thinking, optimism and activeness in job search facilitate integration in employment, but this group of unemployed is characterized by very pessimistic view on life, low self-esteem, lack of confidence and depression.

In order to improve their employment, individual approach and consultations of a professional (social worker, psychologist) are necessary.

**Opinion on social exclusion**

Almost all interviewees of this group feel social exclusion and consider lack of money to be the main reason for not being able to live a normal life.

*Normal life would only require a job and money. (Marta, 57)*

Exclusion and social isolation is particularly painful when someone from the rest of the society has expressed a scornful remark. The feeling of social exclusion is also caused by instability and feeling of insecurity, which is in turn caused by the absence of a regular job.

Education and overall culture level of an interviewee is a positive factor that helps combat the feeling of depression and social exclusion, by reading books, showing interest in politics, trying to attend cultural events, studying English, even writing poetry. Most interviewees are interested in politics and events happening in Latvia, participate in elections, although almost all of them think that the state does not care about its people, and they feel unneeded and rejected by the state. Interviewees are interested in the life and events in the municipality where they live. Their opinion on the attitude of municipality specialists depends on personal experience.
3.5.1.3. Unemployed youth

Employment and description of existing situation

Unemployed youth mostly live in households together with one (one parent family) parent or less frequently – together with both parents and other relatives – sisters, brothers, grandparents. Some interviewees live together with a girlfriend/boyfriend. This ensures them with a certain minimum of subsistence. Those living alone and also single mothers are in a much worse financial situation.

For a part of young people the reason for unemployment is difficulty in finding a well-paid job, this is particularly true in the case of interviewees without a profession. Some have registered at the SEA and receive a benefit and have also attended courses. The interviewees say that job search is more successful with the help of friends than through the SEA, and they believe that the SEA only offers low-paid jobs.

It’s bad, bad. For them it is convenient if they send you to work somewhere even for as little as 110 or 100 Lats, because then they don’t have to pay you the unemployment benefit, and they totally don’t care if you will be able to sustain yourself or not. (Roberts, 24)

I didn’t apply to the State Employment Agency any more because after the time when they rejected me I haven’t gone to them. At that time I was also registered as unemployed, but now I went away. I don’t know why there was such attitude from the SEA; at first they promised things but later it came out that there was nothing. (Sintija, 17)

A large proportion of young people work unofficially – as waiters, computer specialists, odd jobs on construction sites, in the forest, renovate flats. Youths choose unofficial work because it is possible to earn more if taxes are not paid.

I work unofficially only because if a student is employed in his free time then the salary is very low if it goes with a work record card, and it even less because taxes are deducted from that. I would be glad to have an official job if the salary would be adequate. (Sandis, 21)

Some interviewees do not work because they can’t find a job due to low education level and lack of work experience. Employment opportunities are also decreased by the need to take care of children.

I had my child when I was still studying, and I don’t have a proper education... therefore I can’t find anything...I studied to become a hairdresser, but then I got pregnant and couldn’t finish the studies... I had only just begun. In the summers it is quite ok. I pick berries, help neighbours, and weed gardens. I have told my friends that I’m looking for a job, but everyone says that I have a small child and no work experience. I would like to work as a shop assistant. I also asked about job opportunities in the market, maybe there will be something... (Madara, 21)

Informal networks

The closest people of the interviewees are their family members – parents, sisters, brothers, grandparents. In the interviews often also uncles, aunts, cousins were mentioned. Young women who have formed a family also mention their husbands’ parents among the closest people. Interviewees rely on these people, who in many cases provide the interviewees with means of subsistence, pay for
their studies.

Interviewees spend their free time with classmates, childhood friends. The ones with the worst financial situation admit that the circle of their friends has gradually become narrower.

**Availability of education**

Interviewees mostly recognize the value of education and that only with education it is possible to find a good job.

Unemployed youths are from families with low or very low income which has been the reason for not being able to acquire secondary or higher education.

In-depth interviews identified another significant reason for youth unemployment – it is difficult to combine studies or field practice with work, while the interviewees cannot afford full-time studies due to low income level. Because of this studies are discontinued. Job search is mostly done through mass media – newspapers, internet, as well as with the help of friends and acquaintances. Young people without a profession find it difficult to get into a well-paid job, which is also mentioned as a factor hindering employment. Interviewees would like to work in a paid job to financially support also their family.

**Health**

With a few exceptions interviewees of this group have good health. Nevertheless they admit that they would not be able to afford the expensive healthcare services if there would be such a need. In cases of illness they are helped by their relatives or neighbours by herbal teas or some medicines.

*I spend absolutely no money on maintaining health, but I do sports for my health, therefore I do not go to doctors, my sister also jogs a little sometimes, she has a very good health...*  
(Agris, 21)

*I’m still young, Everything’s all right. Well, the teeth… they ache and some had to be extracted. I can’t afford to go to the dentists, no, no, it’s so expensive there! I’d like to go to some doctor sometime… but I still don’t have to.* (Madara, 21)

**Availability of information and cultural events**

Availability of information and cultural events among unemployed youth is low due to low household income, and thus it is impossible to go to expensive events. Use of means of information and going to cultural events is very much influenced by the different preferences in spending free time.

*I attend events that are organized in Skrīveri, I very much like to go to Rīga to the cinema. I like to go to the opera. I calculate if and when I can afford to go. Not long ago I went to theatre, I had Valentine’s Day discounts, and I was able to buy a ticket for 1.20 Lats, normally it is 5.50. I bought a ticket and went together with a friend. (Sintija, 17)*

*I go to friends sometimes, when I have some money… I like water sports, water tourism, for example on Gauja River and… it does not require much money. We paddle down rivers in*
inflatable rubber boats. It’s not expensive, I’ve got one myself, but it’s small and wasn’t expensive. I bought it, when I worked for 50 Lats. Now I wouldn’t buy one that is so expensive. (Roberts, 24)

I read books, magazines, listen to the radio, watch TV, go to local cultural events. (Iveta, 21)

Interviewees have mobile phones, although in some cases this is only one phone per whole household. Some households have fixed phones.

Young people mostly use internet in libraries, sometimes in internet cafes, those working unofficially have access to the internet in the places where they work. Young people watch TV, to a lesser extent read newspapers. Interviewees of this group have a relatively active interest in topical national and local government issues.

Social exclusion

Unemployed youths state that lack of money is an obstacle to leading a normal life. Due to this they can’t buy things they would like. Interviewees have experiences negative attitude towards them from the side of wealthier people. The young people think that in our country insufficient assistance is given to groups threatened by risk of social exclusion. Young people say that the most excluded groups are retired people, disabled people, large families, who need help the most.

Retired people, the disabled...The young people have it easier, they have many different career opportunities, they can fight for themselves, but retired people... Their pensions should be increased; if I had the say I’d double the pensions; for them a lot of money goes on medicines. (Mārtiņš, 21)

The ones who need help most are the disabled, large families, poor families. If compared to other countries our state provides little help. The disabled and the poor are socially excluded. (Agris, 21)

3.5.1.4 The unemployed as a social exclusion risk group

From the information collected in interviews with unemployed and also employers it can be concluded that all groups of unemployed share common problems, but there are also differences in the causes of unemployment. The interviewed unemployed mostly feel their exclusion and relate it to the loss of official job. Unemployment is the reason for their low income, which in turn hinders access to various resources ranging from inability to choose wholesome and healthy food, limited accessibility to healthcare services, opportunities for them and their children to attend cultural events.

Lack of money limits access to information and means of communication, reduces the network of social contacts, and creates a feeling of inferiority. Interviews show that family is a significant factor reducing the risk of extreme poverty and feeling of social exclusion.

Most of the unemployed express willingness to integrate / reintegrate into employment.

Employers believe that during the last 3-5 years opportunities for finding a job have improved for
unemployed and social exclusion groups.

At the moment there is a shortfall in labour rather than surplus, so everyone has the opportunity to be employed. The possibility for unemployed and social exclusion groups to get a job depends on each individual person. (Employer)

A serious problem hindering official employment of the unemployed is the low level of wages.

See, we are a state institution, and therefore we don’t have very high salaries, and most people don’t want to work at us. The main problem is that salaries would have to be increased, then there would be people willing to work. (Employer)

By working unofficially and in addition to that receiving social benefits the unemployed can ensure higher income.

Employers mostly give a positive answer to the question whether the vacancies in their organization could be filled in with representatives from unemployed and social exclusion risk groups, noting that the most important thing is whether the potential employees has adequate knowledge and skills. However some employers from their experience say that nobody from the mentioned social exclusion groups could fill in the vacancies, because representatives of these groups don’t want to work. This applies particularly to long-term unemployed.

Long-term unemployed – many of them have problems with alcohol. And they have become accustomed to not working. There are opportunities for everyone, but still it influences the person – no, if he hasn’t worked in a long time, then I think it’s kind of unlikely. There will be problems when trying to restart working in a normal job, and the alcoholism I already mentioned. There have been instances when a person comes to us and tells that he’s been out of job for a long time, ok, we take him, but it never really works out. (Employer)

The requirement of knowing the state language depends on the character of a particular job. When working in a state or municipal institution, where there are contacts with people, good state language skills are a compulsory requirement. In physical work “state language skills are required only so that the worker understands what the employer is saying”. Foreign language skills are considered an advantage but not a compulsory requirement.

Analysis of interviews with employers and unemployed shows that there is significant connection between the length of unemployment, shortfall in jobs in the nearest vicinity and unsatisfactory transport connections with the main administrative centres with better opportunities of finding a job.

The study also shows that integration and reintegration into employment is also hindered by such serious problems as alcoholism and insufficient feeling of responsibility. As employers say during the interviews: They have become disaccustomed to having to go to work regularly, to having to earn their money instead of receiving it just so as a social benefit.

Employers say that unwillingness to work is characteristic of all social exclusion risk groups and that it is inherited from the family, because children of the unemployed usually don’t want to work too.
Employers also point out the problem of inadequacy of training courses of the unemployed with today’s situation, stressing that the state must change the education system by creating new programmes suited for today’s labour market requirements.

In-depth interviews with the unemployed show that there is a connection between education level and length of unemployment – low education level is typical for the unemployed. People with lower education level usually are less motivated to work and search for a way out of the existing situation. Such an opinion on the unemployed was also expressed in interviews with employers, who stressed the correlation between length of unemployment and the person’s ability to see and use opportunities.

Employers believe that now there are good education opportunities, for example by attending the courses organized by the SEA. Thus, provided the person is willing to learn new things, lack of education can’t be the main factor determining the length of unemployment.

Employers are mostly positive about subsidized jobs and are interested in creating them, because afterwards good employees stay to work in the company. However, in some cases the opinion is that “as long as the state pays the salary to subsidized workers it doesn’t matter if they work poorly, but I myself wouldn’t want to pay for such poor performance”.

Among employers there are different views on training opportunities for new employees. There are employers who train their employees in their company and think that the SEA courses do not provide the specific training needed in their companies. Other employers do not want to spend time on training, therefore they prefer the SEA organized training and retraining courses and are positive about the usefulness of SEA courses.

Most of the interviewed employers create and actively maintain social dialogue and also recognize the need for it, because it can help solve the problem of shortage of labour.

**Pre-retirement age unemployed**

**Pre-retirement age** is mentioned as a major factor influencing unemployment.

As evidenced by a questionnaire involving both the unemployed and employers, health problems are an important factor in this age group.

Employers underscore that people in pre-retirement age who had lost their jobs due to the changes in the 1990s can no more adapt to the current situation.

The length of unemployment in pre-retirement age is also influenced by overall lack of aspiration, loss of hope – psychological problems.

Some employers nevertheless believe that unwillingness to employ people in pre-retirement age and
unemployed people from other risk groups is the result of a thinking stereotype.

*The biggest problem, from the point of view of the employer, is for older people, people with health problems and ex-convicts, because the stereotype that an older person works slowly and unwillingly and that he can make excuses and not come to work; and ex-convicts, that’s an obvious thing, the stereotype that you can’t trust them.* (Employer)

**Long-term unemployed**

Analysis of interviews shows that long-term unemployed are those for whom it is the most difficult to find a job. Employers’ negative experience shows that they mostly lack motivation for long-term job relationships, many have problems with alcoholism and they go to work only until the first pay-day.

Long-term unemployed have found various strategies of sustaining themselves by working unofficially and by receiving social benefits.

**Unemployed youth**

Employers generally express a positive and optimistic opinion on employment chances of unemployed youths, and this is based on the employers’ experience in employing this group. *“Young people only need to be given a fishing rod and they can catch fish themselves.”* However, there are also some employers with negative experience with unemployed youths and their motivation to work.

According to employers, the main problems preventing young people from participating in the labour market are lack of work experience and practical skills.

Interviewees state improvement of quality of education and teaching of practical skills already at school as the main solution for unemployment of this group – it is completely up to schools to involve appropriate specialists and teachers.

Speaking about subsidized jobs for unemployed youths the need to increase work pay is stressed, because currently it is tied to the minimum wage. The size of wages is mentioned as a motivating factor.

When looking at the correlation between length of unemployment and education of unemployed youths, employers also stress the need for correct choice of profession, i.e., importance of professional orientation. Problems connected with education and studying of a wrongly chosen profession increase unemployment and make it difficult to integrate into the labour market.

**Solutions to problems**

In order to promote employment of the unemployed and thus reduce their risk of social exclusion:

*It is necessary to promote overall entrepreneurship at national level with the help of guarantees and tax allowances. This would facilitate employment of unemployed people and those*
threatened by risk of social exclusion.
The problem of alcoholism must be dealt with by creating a national alcohol policy.
One of the problems that need to be dealt with at the national level to promote employment and reduce social exclusion is increase of the level of work pay.
Specialist psychologists need to work with the risk groups, to increase the motivation of these people to return to the labour market and by especially supporting those who strive towards something better.
Employers should stimulate their employees with adequate working conditions and remuneration.
The SEA must provide better explanations to the unemployed about obligations, rights and opportunities, because “It is necessary to create confidence in these people that they can change something in their lives.”
It is necessary to deal not only with consequences but also with causes, by increasing awareness of the importance of education. The role, importance and opportunities of lifelong learning must be promoted among the general population and in particular among unemployment risk groups.
Increase of qualified social workers, which would give the opportunity to provide consultations and psychological support to people in crisis, by helping them not to “fall out” of employment due to traumatic events (serious illness, death of a family member etc.), thus eliminating the risk of long-term unemployment in good time.

3.5.2. Large and single-parent families

The dominant perspective choice in the interview analysis is determined by the research selection – due to the fact that mothers are interviewed, their opinion is reflected. In separate cases fathers were interviewed raising three or more children alone or with a partner, however their number is too small to make conclusions. But legal preconditions for acquisition of children perspective are too complicated to implement in group, where the number of divorced couples is high. However exactly their social exclusion risk and non-compliance of living conditions with international norms might be the most problematic aspect of the present situation. Although one cannot speak of outright discrimination of these children, there are a lot of spheres, where they are denied different possibilities.

Part of socially excluded mothers does not reflect and speak on this issue or their answers are laconic. Interviews with laconic answers account for approximately one third of the total volume of the interview transcription material.

For the purpose of convenience both social exclusion risk groups (large and incomplete families, which very often “overlap”) are denoted simply with the word “families”.

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3.5.2.1. Household characterisation

Mostly household comprises two generations, sometimes young single mothers live with their parents. Very often partnership is not officially registered, which burdens allowance receipt possibilities. Several mothers stated that financial benefit was the most important motivation and basis for willingness to complete formalities related with kinship status. The second aspect of non-compliance to nationally established statistics categories is, for example, the fact that husband or children do not live in the household – they are included in the family definition formulated by women despite that there is no common, joining daily practice. Daily life is more touched upon in interviews by respondents working a lot and being aware of fact, that they cannot devote enough attention to their relatives.

As if I live alone, my daughter lives with my parents, because it is impossible to maintain her in Riga in so good conditions, therefore I am working day and night and studying. (Ilze, 28, 1 child, single parent.)

[...] We cook only in evenings – only once a day. I am at work, children are at school. (Boriss, 43, 4 children, single parent.)

Due to the immense load [at work] I am too tired for family relationships. I do not have strength for children. (Zita, 38, 4 children, single parent.)

Mostly families live in narrow flats of multi-storey houses, which are either privatized, or in the property of local government. Conditions are quite unsuitable for rising children – without warm water, gas and electricity, with dry toilets. Local governments very often allocate such flats, when families due to debts for public utilities payments are turned out of houses of private owners. Mothers exposed to the social exclusion risk mention often change of living places, protesting against inappropriate living conditions and the order of living-space allocation.

[I live here] Approximately half a year, I was fed up with the previous hut, at least here we have a garden. (Ita, 37, 2 children, single parent).

I wanted to write to Riga to the Child Protection Agency. I told her [employee of local government] so. When she called me the second time she advised me to go and write application and then she allocated me one room. I told her that we are a decent family, we do not drink, we have several children. We did some repairs and so we have been living here for 2 years. (Līga, 38, 6 children.)

Mothers, which lived better before divorce, have different understanding and situation. On the one hand, others still are of opinion about their previous welfare and these women are ashamed to ask help. On the other hand, if large family lives in normal conditions, hints of employees of local government on poverty may be annoying.

That is why I am ashamed to go to the parish and ask something. Everybody thinks – why are you coming here and asking something? You have a husband there, what are you short of? You live in a three room flat in the centre, what else do you need? Such is the situation. That is why it is hard for me. (Madara, 32, 3 children, single parent.)

Honestly to say, I do not go to local governments. [...] I just do not go and do not ask. Two years ago I went to the house manager’s office and our social service and they told me that
inspection of my house will be carried out and they will come and evaluate whether I live beyond my means. They pointed that I have three-room flat and that I might change it to smaller or sell something to settle debts. This is ridiculous, why should I sell something? (Solveiga, 41, 3 children, single parent.)

Rapid decrease in welfare level may be not only the result of parent divorce, but could be related also with the transition from the regulatory economy to the market economy. The demographic policy of the Soviet Union was oriented towards mother with children, but today in Latvia in compliance with the Law On Social Services and Social Assistance the target group is nuclear family based on marriage. Criteria in such context are too strict, because part of parents live in officially non-registered partnership. Inaccurate definition of the clause 33 of the Law On Social Services and Social Assistance may expose large families to even greater poverty risk due to the fact that complicated documentation prevent from allowances receipt.

Since 1992 [I do not work] because my life was as follows: I lived in Riga with husband and children in flat. Then our life changed, family broke apart and I lost the job [...] in those new times. Before that I had work in factory, but then everything broke apart and I came back to my parents’ place to Pļaviņas, I could not pay for the flat in Riga [...] thus I came here before some 10, no 14 years. (Tamāra, 42, 2 children, single parent.)

I think that this is harder time for incomplete families, where mother is alone. Earlier they were respected, but now nobody counts on them. There is an opinion that they are dissolute, but each of them has her own history. (Gaļina, 39, 6 children.)

[...] In soviet times [...] if the family had the status of large family, mummy was greeted and praised [...] in socialism, I think that she did not felt excluded. (Silvija, 40, 4 children).

When they were very small, it was long time ago (1988, 1989, 1990), mummies with children had more privileges and advantages than now. It was easier to raise children then (Solveiga, 41, 3 children, single parent).

3.5.2.2. Income and spending strategies

The proportion of wage in the household budget is very different – there are families living from the earned, but some live only on allowances. The latter situation is more characteristic to large, not incomplete families, where women more often are employed. Quite often the women’s pride prevents from asking financial help neither from fathers, nor local government, although usually minimum sustenance is paid, at least with the mediation of the state. Almost all mothers complied about shortage of money, continuous “racking of brains” on how to survive. On the one hand, they are not willing to acknowledge their poverty, but on the other – they feel powerless in fight with bureaucratic requirement to acquire allowance.

My salary is approximately 90 Lats per month plus child allowance, I do not receive alimony. Fathers of children have forgotten about them and I even do not need their assistance. (Ita, 37, 2 children, single parent.)

I have not asked allowances on purpose. Oh no. Only the child allowance due officially. (Guna, 39, 4 children).

Earlier my earning were good, I had a lot of gold jewellery, with time I brought them to the pawnshop to give back money I borrowed. [...] The total income is approximately 250 Lats for
six of us. When I had husband, I also had to nourish him, he did not give us the remaining part of his salary. (Natālija, 38, 5 children, single parent.)

Women speak of changes in their individual life cycles as reasons for their material problems – death of husband or divorce can significantly decrease the financial situation, birth of child prevent from involvement in the labour market and receipt of decent salary. Macro-social changes, for example inflation, are rarely mentioned as cause of poverty.

Now one cannot afford to buy something more expensive, at least at the moment. I hope this is not for ever – such financial conditions, and I hope to start working myself soon. (Madara, 32, 3 children, single parent.)

This all started approximately six years ago [when husband died]. It became harder and harder and harder, but the last three years were total nightmare. I have had the situation when I rise in the morning and have last 20 santims in the wallet, I go to the work and do not even know, how to get home. (Solveiga, 41, 3 children, single parent.)

One of the poverty indicators is the proportion of the household budget spent for food – usually it is even up to 80%. It is to be mentioned that mothers not so much told about the amount of money they spend as for inability to ensure children with adequate, valuable nutrition. In the large family context the metaphor existing in the culture discursive level “no bread to put on the table” has quite direct and practical meaning.

[..] I have not calculated thus honestly to say we economize very much – macaroni with meat, some cabbage rolls, soups, frankfurters. We often cook them because it is faster [...] Milk, for example milk products [we cannot afford]. They are very expensive, we are four and we need much. Look at the price of the cottage cheese – almost 2 Lats per kilo. For my bows half of kilo is nothing! (LiGa, 38, 6 children.)

Bread. We need a lot of bread. When I go shopping, I buy full bag of bread. After having eaten potatoes, each child needs a slice of bread. And how much additional slices each of them eats! In 2 days [...] Almost every second day we have to go to the shop to buy bread. (Sanita, 40, 5 children.)

People save also on water, electricity and other public utilities payments. Mothers of large families buy clothing in the shops of humanitarian aid, which is not so characteristic to divorced women. Very often people are short of means for housing improvement, repairs, furniture. Mothers with comparatively better living conditions speak of lack of possibilities to provide children with prestige things and services – travel and modern clothing.

When we have money we go shopping to humanitarian aid shops. We do not buy very tattered clothing, we buy some that can be worn. (Letcija, 38, 6 children.)

We cannot afford, I would like to by furniture, but we cannot. If all that money came together, may be then we could, but as we receive one part of it, the other is already gone. (Antonija, 42, 4 children.)

[..] They see nothing except for their native village, football field from morning till evening, that is their recreation with local children. There are no excursions, which are organized quite often during school time and are quite expensive if one wishes to go, and I know that they want to go. (Madara, 32, 3 children, single parent.)
One of girls walked the whole winter in sports shoes, because boots cost 60 Lats and we cannot afford that. [...] Good boots she would wear, modern and stylish, I do not know with cords or something, unfortunately are expensive. If there are no good boots, she wears sports shoes, but one cannot buy bad, it is no use. (Silvija, 40, 4 children.)

The poverty in the Western analytical context is linked with the comparison of the wealthy and the poor – on the one hand, it is clearly seen in school, where some children can afford to wear modern clothing, but others cannot. On the other hand the surrounding, which beyond the capital is poorer, provides for adaptation and inclusion requirements – sum of money, which would not be sufficient for Riga to survive, but which may turn out to be sufficient in rural area. Usually parents are concerned about the way children look and their clotting thus saving on their own needs.

It happens that they reproach to my daughter: “You wear humanitarian flubdub, I bought everything new in the shop. They [children of wealthy parents] are completely different – lavishly dressed, wearing make-up. (Boriss, 43, single parent.)

I have salary and allowances, thus rounding up we get 226 Lats. Recently we calculated – it is 22 Lats per each of us. It sounds awful to others, but here in countryside we have food to eat and clothing as well. It does not matter clean or dirty. (Gunārs, 39, 8 children.)

Strategies of making ends meet differ – some mother chose to feed children and to be in debt for flat, others mention settlement of payments as priority. Larger purchases, if such are possible, are planned closer to the dates, when allowances or salaries are paid. Food is purchased in such cheap shops as “Super neto”, Maksima”, bread is widely used, some mother proudly indicated that she can afford also fruit and yoghurt.

We spend out income very reasonably and carefully, every santime is dear for us. Firstly we settle invoices for flat, the remaining sum is for food, clothing and school, but school also offers minor help. As far as it can, one cannot ask so much help from others. (Ilona, 35, single parent.)

Currently the shop “Maxima” is the cheapest shop, where during campaigns it is possible to buy almost everything. We take also fruit and yoghurt. Not kilos of them. My children get too much of everything, they even throw all on floor – cookies, candies. (Veronika, 27, 3 children.)

3.5.2.3. Employment

Employed mothers

Employed mothers, which are more in incomplete not large families, mostly work in low qualified jobs with low remuneration. As the financial gain is insufficient, significant motivation is relationships with colleagues, possibility to be in society. Attitude of the manager is related with the opinion of working women themselves towards the employment environment – some of them are glad for support to their families, other strive to get additional payment for overtime thus revealing quite conflicting relationships. Low salary is quite common problem, which can be tolerated indicating other gains or planned change of job.
I have to say that too good [relationships in work], I even did not expect them to be so good – employer is kind and nice. I have even been allowed to take food home. I work part time and I am looking for new job, also part time, but with the possibility to earn more. (Ilona, 35, single parent.)

No, she [manager] does not pay me for the overtime work. It is convenient for me to take free days, but I cannot get them. When it turns out that I have worked many hours overtime, she does not pay me for them. [...] There is no discussion, there is only shouting. (Aija, 28, 1 child, single parent.)

When you are unemployed, you have a feeling that you are completely alone and nobody needs you. Thus I am very happy that I have this job. It is low paid and it is not normal that I have to go from Pļavijas to Jūrmala [...], but I am happy that I have work collective. (Tamāra, 42, 2 children, single parent.)

Solutions for combining child care and employment are different – some mothers purposefully choose to work part time, others – quite free working hours. It was mentioned several times, that getting from place of residence to employment place consumes considerable time and financial means. If children are teenagers, continuous money difficulties may motivate mothers to take additional jobs.

I have to go early to work. I get up at five o’clock un work until five, at six I am at Saldus, while I drive and walk until home, it is half past seven already. But if I have to work longer, I get home only at nine or half past nine. (Boriss, 43, 4 children, single parent.)

I am here on duty [additionally], I had those two graduations to cover and I needed lot of money. It was a significant gap in the family budget, so I work intensively for three months. (Silvija, 40, 4 children.)

[I am office cleaner.] I can work in the morning or in the evening. In winter I have to heat the central furnace, this is optimum for me know, when the child is small. (Rudite, 31, 3 children.)

Although the social exclusion mainly can be mentioned in cases of unemployed women, the problem of the employed is low remuneration. The respondents’ earning are below the average level, but needs and expenses are high. For some of them awareness on lack of well-paid jobs causes feeling of hopelessness, other, despite the hard conditions, are proud of the large number of children they have.

We hold on, but sometimes I feel really hopeless, despite the hard work – I work in two jobs now – everything goes for travelling and everything becomes more and more expensive. The salary does not increase and we cannot afford anything. Despite the thorough saving, each month I am short of money [...] and there is no hope that something will improve. If even I found other job, salary would not be higher. (Tamāra, 42, 2 children, single parent.)

There are a lot of advertisements, that employees are sought. The problem is not finding a job, but the low remuneration for such extra employee’s work. In a large family it is nothing, may be one person could find [...] we spoke in work, everybody complained about the low remuneration, which should be increased. I said: yes of course, I understand you, but I have four children. The answer was – it is you own fault. I understand, that nobody is to be blamed, that I have four children, but I have to live on the same remuneration. (Silvija, 40, 4 children.)

Unemployed mothers

The unemployed mothers who are mainly occupied with child care do occasional work unofficially. It allows them to earn additional money for the family budget, as well provides an opportunity for
spending some time outside home in the company of other persons.

Well, if someone asks me to replace him/her for a day or two – with remuneration in cash, I, of course, don’t refuse. (Taga, 45, 2 children, single-parent)

In essence, you want to go outside from this home and start working. But at the moment nothing has come up. I have some odd jobs [...] now and then, 2–3 Lats can be earned. I am very eager to work therefore I go out of the home – even to dig up potatoes. (Nata, 24, 4 children)

The main reasons for unemployment which define also social exclusion risk are 1) little children, taking care of whom takes a lot of time, 2) inadequacy of woman’s age to requirements of labour market, 3) problems with transport. Insufficiency of education or inapplicability of the profession was mentioned rarely by the respondents. Thus the idea about life-long learning was hard to understand for this target group. Particularly, because typically those women have got married after graduating from high school, and they have started to give birth to children – employment periods of mothers of large families tend to be short. They cannot afford to hire a nanny, people are waiting in rows at the kindergartens, as the result of which the women themselves are not working. The view on their short exclusion can be regarded both as self-evident and as strong objection.

Following the graduation from the school, I started to work and I worked till the birth of my girl. Afterwards, my children have born one by one, therefore I am not working. (Natālija, 38, 5 children, single parent)

[I am not working] because I got a little child. If the mother have taken a maternity leave then she cannot [work], for then she can lose Child Care Benefit. [...] And as the social assistance service said – how will you deal with that child, the two-year old could be placed in kindergarten, but the baby? The services of nannies are expensive nowadays, and therefore I am not working. (Zane, 21, 3 children)

The children who are grown up and are living independently, they are not posing obstacles. Employment relations are employment relations. When you start working, you have to fulfil your duties – no matter what. Yes, but that little child... (Guna, 39, 4 children)

Hard to say, how well-grounded it is, but several mothers of large families pointed out, that their age and looks is not appropriate for finding a paid work. Someone even contrasted herself with “the young and pretty ones who don’t have to worry about children”. As the third reason for unemployment was mentioned the distance to the work place, which causes problems in the context of transport schedule and the high expenses.

In general, who would hire me? Nowadays only the young people are hired. At the moment it is not possible, in that case I have to go to the bus at 7 o’clock. (Margarita, 50, 3 children)

The unemployed [SEA] offered me to work at „Maxima” as charwoman. I went to speak with the manager, but she said, if you are from Mežvalde, then you cannot make it without your own car. I cannot combine it, for such buses are not running. (Ilze, 39, 6 children)

The courses offered by the State Employment Agency frequently have an inclusive, socialisation function. As the studies in certain professions are requested, not everyone can take up them. The courses are frequently unattended due to the lack of persons who could stay with the child for that
time. Only one woman, who is successfully making use of the hairdresser profession entered into eight years ago, told about the successful application of the acquired knowledge by working at home unofficially.

*I wanted to try shop-assistant [courses], but I failed in the selection. [...] If many have applied, then it happens. They have special questionnaires, the person having a brighter head will pass. I was only few points shy. Then I applied for the cooks, but I "overslept".* (Zane, 21, 3 children)

*They [SEA] have one employee who I do not like. [...] But she yells – have you completed the courses, why are you not willing to work? Afterwards I thought, what's the point that I have completed computer courses, but they are sending me to work as a tailor.* (Rudite, 31, 3 children)

Mothers having one child have said that there is a rather negative attitude from the surrounding people regarding unemployment. Perhaps, in case of large families, people understand what amount of work women have to do at home. The factors which define the unemployment can be both individual – lack of experience or profession, and also social – lack of work places. If women manage to return to the labour market, an increase in self-confidence of the women and change of attitude from the surrounding people can be observed.

*I don’t know, I haven’t asked anybody for help, but surprisingly everyone think that I don’t want to work, but they do not understand that actually there are no opportunities [...] no one will bother anyone by clearly and properly explaining what is what, right? One thinks that I am simply a lazy person, other – something else.* (Juliija, 23, 1 child, single parent)

*There were moments when I was very upset, even crying [...] For she [social worker] simply doesn’t understand that there are no jobs in our small town where is no production, where actually nothing is really going on. [...] And now when I got the job a lot of persons have again started to greet and speak with me. You feel that in that moment you weren’t as a person, but, well, you simply existed [...] even seems that you were needless. Not excluded but needless.* (Sigita, 45, 1 child, single parent)

The mothers of large families can consider their unemployment in different ways – ones are proud of the fact that they are taking care of their children all day long, other feel rather excluded, for there is no adult with who to talk. Exactly those women could be regarded as social exclusion risk group due to reservedly spending their life at home for a long period of time.

*As I have five children, then, I think, you understand that I spend all day taking care of my five children. The oldest daughter now is 11-year old, the youngest child is a year-and-a-half of age.* (Natilija, 38, 5 children, single parent)

*It is changed [range of acquaintances, since I am not doing paid work], nobody to talk with, earlier it was different.* (Leticija, 38, 6 children)

The poverty subject can be looked at by comparing themselves with other members of the society or also analysing it from the historical point of view. The first approach, which is more characteristic to Western understanding, of women regarding themselves was not so topical, nevertheless frequently it developed when speaking of children. In general, contrast between stories of the wealthy and the poor women is understood as distinction between entrepreneurs and workers. One can get satisfied with
his/her position, but one can also protest against the unfair remuneration system.

[...] not all of us will be entrepreneurs, everyone will not have their own business, right? [...] we are the people of that time, we can’t. (Maruta 47, 4 children, single parent)

I guess that I consider the work remuneration system to be unfair. They [employers], of course, try to develop human relations but we will never be equal with them. They are not willing to be neither. (Olga, 25, 1 child, single parent)

[...] you understand that others look at you as you were, how to say it to be not disgusted with, well, useless. But someone has got to sweep those streets and weed those flowerbeds. (Ita, 37, 2 children, single parent)

As a large number of the questioned women have grown up in the Soviet Union, they speak more on the poverty in comparison with the previous system. One of the housewives, whose ex-husband is supporting her, and who is raising a minor child, says that at that time everyone had to work, but nowadays you can do as you want. Frequently the beginning of the women unemployment and thus also social exclusion can be dated from the moment Latvia regained independence and liquidation of collective farms. Liquidating factories, as well instability of medium companies is characteristic to the transition-type economy lead to the lack of opportunities for participation in the labour market. Stories about the unemployment caused by the transition to post-socialism period is characteristic to large, not single-parent families where women work more frequently.

Then again I was living at home and started to work in state-owned wage-paying farm as livestock receiver, well, as it was at the animal husbandry establishments. And when the state-owned wage-paying farm broke up I started to live at home. (Margarita, 50, 3 children)

[ Husband] builder, earns good money, but at the moment his company he was working for went into bankruptcy. He didn’t work at the company, he worked at owners’ place, but they went into bankruptcy in May. (Veronika, 27, 3 children)

A long time [not working]. When the farm was wound up. When the Russian currency and Repše’s currency were changing. In the beginning of 1990’s [...] Actually, then I was working at the fuel depot, but it was liquidated and thus I am not working anymore. There was no work anymore. (Sanita, 40, 5 children, single parent)

3.5.2.4. Social communication, informal assistance

Social exclusion risk is also defined by the environment in which the family lives – connections are stronger usually in rural areas, but in urban areas – more formal. The nature of neighbour relations is related with the lifestyle of respondents – persons actively participating in the labour market and hard working may have no time for such communication. As the people living nearby are as poor as themselves, conflicts can be provoked due to different reasons. Dangerous is the fact that a number of children are growing in the environment which is hindering and even deteriorating their development.

[...] I have also no time to meet with a neighbour, for all day I am at work. We go fishing on holidays. I met very rarely with anyone. [...] if sometimes it happens that I don’t have enough money till the next month, if some unexpected costs occur, then he never refuses, if he has any money himself. (Boriss, 43, 4 children, single parent)

We have neutral relations, we are greeting, exchanging few words, but no one is asking him – how are you. No one is going deeper in the other person’s life. (Silvija, 40, 4 children)
Then a reprimand is given. Then the case can be brought in front of orphan’s court. Last Saturday I had a quarrel. I came to grips with my neighbour. It was over the edge. I was pretty much drunk. She broke glass of my doors. Then the quarrel broke out – the police was called out, the social assistance service arrived. (Zane, 21, 3 children)

It is hard to say, how frequently are the people visiting one another in the current Latvia, but the information retrieved from the mothers of large families is suggesting about seclusion. Though usually they have time, there are no resources to buy a present – perhaps, women are not invited to anybody’s place or the fact that acquaintances are very busy is hindering. The biggest celebrations usually are the birthdays, because there is insufficient amount of money for preparation of major events.

Where will I go, if I would pay visits, I will need presents and everything else everywhere I go – with bare hands no one is going. It’s the way it is! (Maruta 47, 4 children, single parent)

We rarely pay visits, for we are very many, we have never managed to squeeze even in the room of my mother. (Günārs, 39, 8 children)

Of course, for everyone has to do their own business. They cannot visit me always. (Natālija, 38, 5 children, single parent)

You want me to fish for an invitation [to pay a visit] – never! I am very principal in this matter. Actually, I am an awfully principal girl. (Aija, 28, 1 child, single-parent family)

Women speak rarely about her friends – probably because there is no time or resources to maintain those relationships, for everything is devoted to family. Nevertheless a single mother spoke of mutual support and assistance between women. One can speak about friendship in the context of acquaintances, “bottle companions” – of the husband – by being proud of the fact that they have been able to get them out of the house.

My friend is very, very helping me, she is a very nice person. She has lend me some money, brought my spirit up, cheered me up when I felt that I wasn’t able to manage my life anymore. (Ilona, 35, single parent)

My husband didn’t have normal friends either, he only had those. I swept them all out of my house with a broom, therefore my mother and no one else is visiting us. (Eva, 35, 4 children)

The importance of ties between relatives, with an exception of cases when very young single mothers rely on support from their parents, is limited. Those people are mentioned as the first ones to whom to seek for assistance, but it is rarely done in real life due to both their own pride and being distant.

Initially we [with brother] we frequently met, but at the moment he spends more time with his family […] he got his own worries […] we meet hardly ever – honouring those who have past away. (Ilona, 47, disabled child, single parent family)

I am not doing so, rarely, if I have no other options only. I feel awkward to ask for, she [sister] says to ask her, if I need it. (Letičija, 38, 6 children)

A specific, based on gender roles seclusion is characteristic to women, which are raising their children on their own. Their pride does not allow them to seek for assistance, but at the same time they are feeling helpless, for they cannot do on their own. This is very common for women who are
representing the middle, not the youngest, generation.

_ I try not asking them [neighbours] anything and be independent [...] you know, if the women stays alone, it can be wrongly understood. (Taņa, 45, 2 children, single parent family)_

_ It is hard when people ask you and you have nothing to give. It used to be that I relied on my husband, and when we were two it was a lot easier. Now I know, if I don’t have it, then I won’t have it! I will not go to any neighbour and I will not ask anything, once I relied on and it was easier. (Madara, 32, 3 children, single parent)_

Assistance in the modern individualistic society, even if it is required, frequently is not sought. Previously (in the Soviet Period) the environment was more appropriate, but at the moment he/she has to try it to make it on his/her own. There are also women who stressed that nowadays everything is done only for the money, there is no mutual assistance principle. It is hard to say if it has ever existed, but mainly the answers on this subject are normative. Those who rely only on themselves and their family are very proud to ask for assistance to other.

_ The fact that grandma is not present is to ensure that children are not wandering to unknown houses. I don’t want to trouble other people either. [We could somewhere] leave them, go to Čēsis, for example. (Nata, 24, 4 children)_

_ We rarely ask for assistance. We have always tried to deal with our troubles on our own. We are Latvians, we won’t wait for several years till someone will help us. The time goes by, children are growing, and we have to deal with our problems on our own. (Gunārs, 39, 8 children)_

_ I think that previously it was better. People were different in former days. Nowadays they are kind of fiercer and stingier. (Vita, 33, 2 children)_

The mothers of large and single-parent families spoke about certain kind of solidarity which is based on poverty and scarcity in the context of a wider community. Even the employed women agree that their social networks are not so rich with resources, when it comes to borrowing of some money in case of necessity.

_ No, no one has it [money]. Then we have to go to Jēkabpils. If there is a great necessity, even borrowing those two Lats for children to drive to the school is not possible, no one have them [...] everyone is in equal position. (Ilona, 47, disabled child, single parent)_

_ Many wish to help, but unfortunately we all are in somewhere similar position that it is not possible, for we don’t have neither [...] few days, a week before receiving salary [colleagues] are searching, where to borrow those five Lats, but no one have them. (Tamāra, 42, 2 children, single parent)_

### 3.5.2.5 Education, children’s education

Mothers of large and single-parent families mainly have the secondary vocational education or professional education that is acquired in Soviet times and thus cannot be applied nowadays. They say that it is necessary to study, but in reality they do it rarely. The reasons are different – employed mothers do not have time, but the unemployed believe that they are not able to work at all.
If there is something you can understand and do, then you can work. But I cannot think of anything like that right now. [...] I don’t know and I am not able to do anything. (Sanitā, 40, 5 children, single parent)

It is very difficult to find a moment of time to sit down and study. When you come home from work, you have to prepare dinner, do something else and as a result I have no time for studies. (Helēna, 36, 2 minor children, single parent)

I have received some offers, but I have been offered to pass an exam in Latvian language [...] I understand everything, but I will not pass the language exam. [...] Well, I don’t know, they ask such questions that will make me fail. I am not going to torture myself or others, I will not pass the exam. (Antonija, 42, 4 children)

On the level of everyday communication the attitude of mothers towards the education of their children is rather indifferent – they have to decide on their own what and how to study. Rarely mothers are proud of their own achievements in this field; just one of them was concerned about not being able to afford the necessary additional classes.

Yes, one of my boys should take additional classes in algebra, but I can’t afford them. It is definitely not possible. (Solveiga, 41, 3 children, single parent)

Well, I don’t know, some children from her (daughter’s)school dance, sing and perform at concerts. I don’t know if she wants or not. I can’t read her mind. [...] They must decide on their own what education they want. If we say something, they will answer – “I don’t want it”. I let them study and think for themselves, whether they will work or study. (Antonija, 42, 4 children)

In its turn, speaking on values and normative delusions mother of large and single-parent families often expect their children to make successful and progressive careers and improve their social status during the lifetime. The higher education is perceived as the main channel of mobility.

Well, let them study, at least they will advance in their lives. Let them study – they will have education, money and everything. Nowadays if you don’t have education, you don’t have anything. (Marūta, 47, 4 children, single parent)

I am already saying – you will grow up and earn by yourselves. But now we have certain concerns – how will we be able to afford the studies? Because, if it doesn’t work out – how they will be able to find those good jobs, in order to earn by themselves? (Tamāra, 42, 2 children, single parent)

The hope that children will succeed in their future was expressed by simply poor women, whereas the mother of permanently socially excluded family told with regret about the disorders of language (as well as thinking) development. Another mother proudly admitted that the academic knowledge is not necessary at all for doing the blue collar work.

I have many professions. But I have acquired all of them “on the spot”. I work with my hands, but not with my head (laughter). [...] Well, the hand work. I don’t have education, I have the secondary education. (Dārta, 45, 1 minor child, single parent)

At school she has trouble with reading, other subjects are being acquired more or less smoothly, Sintija has difficulties in English [commentary by Edgars: She can’t say a word…] It’s good that you can say a word. (Rita, 31, 4 children)

The school is more often mentioned not as a place for acquisition of education, but rather as a place
for mutual socialisation of young people. In this aspect the contrast between children of wealthy and poor families sharply appears – their status is recognized also by the help of modern clothes, luxury items. Mostly mothers feel guilty for their inability to provide adequate standard of living and identify themselves with others, whose situation is similar. There are also women who are expressing protests and will not let their children go to school in clothes purchased in humanitarian aid stores because of their pride.

[...] Some additional things for Laura should be bought to go to school. Well, many people do understand, but there are some, who don’t want to understand. It is complicated at school - nobody can perceive it in a way that we simply don’t have something. How you can not have it? We don’t and that’s it. (Sigita, 45, 1 child, single parent)

Everybody keeps it down. There are a lot of such people. Well, yes, there are some people who can afford anything they want. We somehow try now when they have started to go to school, we try to buy something new. (Sanita, 40, 5 children, single parent)

Well, it is obvious which families are wealthier and which aren’t. Those, who can buy anything they want and those, whose children are dressed in those humanitarian aid clothes. We can’t afford any excursions to Riga, not even speaking about computer or skates. (Tamāra, 42, 2 children, single parent)

But some local women come and say: “Go to the humanitarian aid stores and buy some!” No, I just go to collect some clothes for them to wear at home. But I won’t let them go to school in such clothes! Don’t expect me to do that! (Ilze, 39, 6 children)

3.5.2.6 Healthcare, medical assistance

Mostly the interaction of mothers from large or single-parent families with the healthcare system is mediated by children – doctors are often visited during the prenatal and postnatal periods. Expenses for services rendered by doctors (as well as expenses for public utilities) have a seasonal character – they are larger in winter when people become ill more often. Health problems may be caused by both insufficient and low-quality food and overload at work. On one hand, sometimes parents work so much, in order to support their children. On the other hand, they realise the responsibility of being the only supporter in the family.

The only expenses are caused by pills, but those pills are expensive – one package costs 6 Ls. [...] Otherwise I probably would not buy them, but if I think of my children who need clothes and shoes - how I will support them, if I become ill and can’t work anymore? (Boriss, 43, 4 children, single parent)

I can say that I am not lucky in this aspect – I visit doctors very often [...] as I work in two shifts, my organism and health can’t handle it. (Helēna, 36, 2 children, single parent)

Women have rather good knowledge of the institutional procedure of receiving the support from the local government for provision of medical services. One of them is proud that because of her status she can visit the doctor free of charge, in her turn another of them accepts the fact that she must cover the largest expenses (for medicine) by herself. Often women are grateful for medical services provided free of charge for children.
As I am one of the poor, I have the statement and I can afford [medical services]. I go very often to my doctor. If something happens, I go straight to her; I have a family doctor. (Veronika, 27, 3 children)

I had that earlier; it was still in this winter; when the family doctor wrote prescriptions, he wrote on it “paid by the rural municipality”. But now it is not written anymore. And I also don’t ask. I will better buy them by myself, if it is necessary. Well, in this last week we had to have medicine, but actually they haven’t been really ill. (Nata, 24, 4 children)

3.5.2.7 Communication and availability of information

Saving strategies can be referred also to the use of information and communication technologies – families often do not have the landline, but have the mobile phone without permanent connection. One of mothers pointed out that it is not an item of status, but rather the means of communication; she talks very shortly and only answers to the calls of others.

We try to be [talk] as short and fast as possible. Anyway we spend up to 10 Lats. We try not to talk too long. (Sanita, 40, 5 children, single parent)

Well, I buy pre-payment cards; people knowing that for the most of the time I do not have credit call me themselves. Along with this I save money. (Madara, 32, 3 children, single parent)

Since a part of large families live in rural areas, the geographical distance is commonly the determinant factor for social exclusion. Often respondents travel to the nearest populated area only once a month – to receive the benefit; because of the distance they are not able to attend cultural events. Families do not always consider it necessary to use the discounts for transport granted by the local government.

When we needed transport, I had to go and write the application; I went to do that, when I had to receive the child care benefit and pay for the electricity. It may be said that once a month. Well, if I need also medication, I am going to the pharmacy too. But usually I don’t go there at all. (Sanita, 40, 5 children, single parent)

The school has such a system that you can get cheap passenger tickets, if you need them. I have been enquiring about that, but they go on foot, and everything is ok. (Silvija, 40, 4 children)

I have been also told that I could get a discount for transport, but I don’t need it; I don’t travel anywhere. (Antonija, 42, 4 children)

Those, who have transport, attend them [the events at the centre of rural municipality], but us coming from country estates do not have any interest in that. (Boriss, 43, 4 children, single parent)

The main channel for acquisition of information and type of entertainment is usually the television – sometimes newspapers are purchased, but rarely someone subscribes to them, because it requires a large sum of money at once. Local newspapers are read more often than those of regional or national scope. Sometimes they are borrowed from someone. For the most of children of these families the computer and Internet connection is “a dream beyond their reach”, but one of mothers proudly emphasized that she has been able to purchase it.
Everything is spent for covering monthly expenses; I don’t subscribe to newspapers or magazines. I have one colleague, who has magazines – “Ieva”, “Santa”, “Privātā Dzīve”. At work we look through them, read and discuss them together. (Ilona, 47, disabled child, single parent)

Maybe we have less wealthy life, but we have the television at home [...] Of course, we don’t use the Internet, but I bought the computer for my children ... (Helēna, 36, 2 children, single parent)

3.5.2.8. Social assistance and exclusion

Quite often the only assistance from the public sector is the state family benefit. Employed parents even in cases when they have low income do not bother themselves with formalities. Meanwhile a characteristic of the unemployed women is the fact that the guaranteed minimum income benefit, which is supposed to be a short-term assistance in crisis situations, is received every year, with the three-month interval stipulated in the legislation. Cooperation with the social worker has formed in different ways – there are cases where it is on the point and constructive while in other cases it is exercised in a controlling form rather than as assistance. Although there can be also very negative attitude towards gifts from the municipality.

The municipality – [presented] a bag with sweets on Christmas for the children. I don’t even want them to, because then they would have as if bought me with that. I prefer it neutrally – I buy it myself. Maybe it depends on the particular person. Some might find it not bothering at all. (Guna, 39, 4 children)

Both employed and unemployed parents speak of not being willing to ask for assistance to public sector institutions – because of earlier rejections and their pride. Some understandingly recognise the limited possibilities of local government budget, while others are protesting.

Well, I haven’t asked for anything lately. Haven’t gone there to ask anything. Well, they have rejected a couple of times, when they say they don’t have the budget and they can’t help. One must understand how big is the village and what budget it has. If they have, they can help, if not – they can’t. (Dace, 39, 4 children)

How can I feel at home there [in my municipality], if I go to them and they reject me, it is not like being home. I can understand if they would be willing to help but have no possibility to do so, but if they can and are not willing to? (Boriss, 43, 4 children, single parent)

A type of municipal assistance oriented towards children is free lunch at school. A mother was proud of not having asked for such assistance, while another one indicated sorting into those being well off and those being poor.

We have applied, but the children themselves don’t want it [free lunch at school]. Because in the school cafeteria those who can buy themselves lunch are eating at one side of the cafeteria, while those having free lunch – at the other end. They are looked upon as bums [...] Officially everything is fine and right; while in reality it is not so. (Guna, 39, 4 children)

No, you can have it [free lunch at school] if you are low-income family, it’s not for large families. Since I am doing all on my own, I didn’t apply as low-income family. (Zita, 38, 4 children, single parent)
Respondents reflect also on objectivity of the existing system of benefits – sometimes you might be better off being unemployed than working for low payment. Although most employed mothers because of their women’s pride and the idea that they must make it on their own do not ask for assistance in their municipality, a father indicated that to certain extent being employed is not that beneficial. An excluded lonely mother having neither profession, nor experience, asked about inadequacy of payment system with social benefits schemes.

[...] in the first year the social service bought me exercise books for school, brought firewood free of charge, on Christmas brought some food over, potatoes. Now, when I work, I have nothing [although the salary is LVL 170], it is difficult to “get” something from the local authorities, they think if I am working, I am provided for. (Boriss, 43, 4 children, single parent)

I don’t understand, while the child benefit is now granted for newborns? Those growing up need it more. They must go to school and they eat more. Our system is upside-down. (Jūlija, 23, 1 child, single parent)

Opinions on whether low-income people are excluded, discriminated, considered being of less value, are as different as are the respondents. One of them has felt being sorted into those well off and those being poor, this process being applied to children as well, while another one says that nowadays the rest has it not easy as well – there are not so many people well off at all.

I haven’t felt it [excluding attitude] myself, because, unfortunately, we are surrounded by those even poorer. And of course, there are those rich, stylish, with luxury cars, but in attitude - no. Everyone has it tough, who has it easy? (Silvija, 40, 4 children)

Well, we are large families. Well, we are not rich, we are low income only. Almost as if thrown away by life. People look at us rarely. And our children are also sorted the same way. You are not as rich as I am, don’t come to me. (Ilze, 39, 6 children)

3.5.2.9. Involvement in social life and leisure time

Large families attend culture and social events when those are free of charge. This is another area where it is tried to save on it.

Wherever you turn, everything costs a lot. Even a ticket to a movie or going to a cafe. And that spoils the fun that you are even doing it, then it is better to sit at home. (Tamāra, 42, 2 children, single parent)

We save on it, we were to “New Wave” in Jūrmala, right behind the fence, because the cheapest ticket was 5 Lats. We attend events that are free of charge – in Dome Square, on the Embankment. (Silvija, 40, 4 children)

We don’t attend events where they charge for entry, because they are always organised in the end of month, when we are out of money. (Nata, 24, 4 children)

[The population can be divided] in two parts – those who want to go, but don’t have the money for it, and those having money, but for some reason not going, they are not interested even. (Madara, 32, 3 children, single parent)

Lack of money is not the only reason why culture and social events are not attended. Sometimes lack of willingness to attend such events is related with the idea that one can not go there alone. Similar to
the situation in employment, women are “temporarily excluded” because of having to care for small children. While others are simply family-oriented.

\[ I \text{ don’t know. I don’t like going anywhere alone. If I would have someone to go along, then - maybe. (Sanita, 40, 5 children, single parent) } \]

\[ To \text{ go and listen is free of charge, but with a child you have to stay at home. This time they let me. They told me to go and have fun. Mainly I am staying at home only because of the child. (Marija, 23, 1 child, single parent) } \]

\[ In \text{ winter I don’t like going anywhere, I am coming home from work, I don’t like going to other people’s homes, I’d rather stay home with children. (Eva, 35, 4 children) } \]

Women are participating in election mostly and have more or less the sense of belonging to Latvia. The women with alien status also receive different types of benefits, sometimes they are living on it. One of them changed the phrase “rich and poor” into “government and the people”.

\[ \text{Well, of course, I feel belonging to Latvia, I have lived so many years here, I am only concerned about not having voting rights. (Taņa, 45, 2 children, single parent) } \]

\[ I \text{ don’t know, but the government is well aware that we are living in bad conditions, living poor, everyone knows it. (Maruta, 47, 4 children, single parent) } \]

The opinion about leisure time is related to one’s lifestyle – mothers looking at home after their children have some leisure time, while the employed mothers have such a load that often prevents them from resting or being alone with themselves.

\[ I \text{ think we are so tired nowadays that we don’t need anything else, just some time to rest. Even at home I am rarely alone, but I need some time on my own, and then I really enjoy being alone. (Solveiga, 41, 3 children, single parent) } \]

\[ Oh, my God, I have free time all the time, what else do you have when you are not working. (Dārta, 45, 1 minor child, single parent) \]

3.5.2.10. Summary

From the policy making point of view the risk of social exclusion for large families and single-parent families is more problematic not in the context of parents, mostly mothers, but because of the large number of children growing up and socialising in such households. Unfavourable environment and conditions for development can create a re-generation of the “poverty culture” in the next generations. A practical way to improve the current situation would be to change the definition in Section 33 of the Social services and social assistance law, according to which benefits are granted, replacing the understanding of a family based on marriage with orientation on the needs of a child. Potentially, from the legal point of view allocation of public financial assistance could be based on the concept of paternity.

Usually large families are understood to be a household with a mother, father and at least three children of their own. In reality the parents are in most cases divorced. In the Soviet times the role of the father was assumed by the state with special assistance measures, social policies, benefits, but now
in the free market economy (including employment) the woman is often alone there. The issue of the reproductive motivation, when giving birth to three or more children, is outside the scope of this analysis, however, the replies provided by the mothers interviewed show some aspects to this question as well. First of all, the belief that “children are given birth to just to get the benefits”, in most of the cases is wrong. Second, mothers of large families are a group of women with a rather traditional system of values in most cases. Third, for a part of mothers now raising at least three children used to have a higher standard of living earlier (which is often related to separating from their partners). Thus it is difficult to speak of “large families” as a homogeneous group or an analytical concept – it is rather a statistical category used in public policy making. While the individual cases are different.

Considering the daily load in household for mothers of large families, even for those not working paid jobs, it would not be correct to call them long-term unemployed. Problematic is the fact that no social insurance contributions are made on their behalf and thus their pension capital is not growing.

Large families and single-parent families are closely integrated in different types of social networks (kinship, neighbouring, friendship), yet in most cases they are poor in resources and thus can serve as an alternative support only in crisis situations.

Relatively, the analysed large families and single-parent families can be divided into two groups – those where poverty is a short-term phenomenon, often caused by transitions in individual life cycle (e.g., divorce), when the parents usually tell themselves: “Children will grow up, then it will be easier!” The other group is the so-called “socially unfavourable” families, where poverty is a long-term phenomenon and possibly will be re-generated in the next generation.

If we try to single out different areas of social policy, then mothers of large families are rather the target audience for the policy for “combating poverty and social exclusion”, and not “promotion of employment” policy.

On the one hand, disregard for the requirements of the law characteristic to the post-socialism area as an acceptable practice is also a characteristic of this group – both in relation to not going through formalities of marriage, and employment in the sector of “grey economy”, on the other hand – the mothers of large families are well-informed about the institutional requirements and procedures for receiving social benefits.

As often the number of children in single-parent families is more than three, the groups analysed in many cases overlap. The problems are also similar – budget for all households is too small, the employed mothers are often overloaded with work, because of wanting to ensure better life for their children, for the unemployed mothers the long period of being only at home and lack of social contacts with other adults creates the feeling of isolation. Although one can not speak of intended discrimination based on lack of resources, the concerns of mothers of large families and single-parent
families regarding the disdainful attitude of other school children towards their children in educational establishments is not groundless. The situation these women are in is difficult also because they have been growing up, socialising and adopted in part their reproductive decisions in the context of a different state support system. The Soviet Union policy where the well-being of large families and single-parent families was promoted on different levels in the name of promoting the demographic situation differs considerable from the current approach. Therefore for transition economy in the context of these groups subjected to the risk of social exclusion has rather adverse effects.

3.5.3. People with disability

People with disability along with mentally challenged people form the larger group subjected to risk of social exclusion. This risk is based on the health condition of these people that limits the possibility of engaging in employment and other social activities. According to the disability and health classification, "disability" is a general term meaning shortcomings and factors limiting activities and participation in social life. An illness might create shortcomings placing the individual in an unfavourable condition compared to other members of the society (Koroļeva, Rungule, Trapenciere, Mierina 2006). The obligation of the society and the state is to effect of disability as a risk factor of social exclusion.

3.5.3.1. Lifestyle, income and spending strategy

Income sources

The material status of the disable is stabilised by disability pensions. Amount of the pension depends on disability category and duration of social insurance before becoming disabled. All of the interviewed disabled people stated their pension to be one of the main sources of income. The pension is a significant type of support for them, some of them characterised the time before receiving the pension as particularly tough.

\[ \text{It was really hard. When I was at hospital and was released from the hospital, I had no salary, no pension, nothing. That was back in 1994. I couldn't even look for a job, because I was not able to work. (Ivars, 64)} \]

Other income sources are mainly related to employment of the disabled people and composition of their families. Families where the disabled people are employed the material status is better. The marital status affects the material status of the disabled to different extent. The material status in families where besides the disabled person someone else works is better. Different cases were mentioned during interviews when the main breadwinner works in Ireland or Riga – actually not living together with the family but contributing earnings to the family budget.

\[ \text{Husband working abroad... if my husband would not go to Ireland, I would not able to sustain my family with the money I have. (Alise, 38)} \]
More difficult is the situation in families where the disability pension is the main and only source of income. Even if living together with someone and every member of the family receives a pension, it is difficult to make the ends meet.

*My pension is 76 Lats. My mother has her own pension. We spend each our own money and have a common budget only for rent that we share. We eat separately. Mother has a lot of things that she can’t eat. We don’t sort bread and other small things – whose is it... Some three or four days before the pension we are out of money. Then we have only bread and milk.* (Ludmila, 62.)

The material status of the family is more unfavourable in situations when the disabled person requires special care and supervision, in such cases the partner cannot work full-time or a mother not working and cares for her disabled child, which, in its turn, has consequences for the family budget. Even when the main breadwinner suddenly falls ill and the family expenses for medication and medical services increase, making ends meet from the disability pension alone becomes more difficult.

*...my wife doesn’t work anymore, everything is on me, but I have to buy the medication for my wife. I am taking her to doctor once a week, I just bought medication for her for 41 Lats, excuse me, when we all were working, ok, it was not perfect, but it was alright, but now for me alone to take care with my Chernobyl pension... its rather tough.* (Oskars, 55)

There are also situations when a mother with the disability pension has to provide for her adult son who is unemployed and using alcohol excessively.

*Only my pension. And my son also lives from it. For the third year already. That’s why it’s so very, very hard this year. For one year I was living alone from my pension and I was doing quite well.* (Alma, 50.)

**Income and spending**

Main expenses are related with housing, forming the larger part of the required expenses.

*Oh, it’s difficult to say now, I haven’t followed it, then there is the apartment, 70 Lats for rent alone, plus electricity, gas, water and what remains is spent on food, practically leaving nothing for clothing and footwear, only in summertime, what our son and my husband can earn, from that we live.* (Liene, 36.)

Some respondents indicated that those living in private hoses with heating on wood have it better, since it is cheaper to buy firewood than to pay for all the operational costs of an apartment. But it is not something all the disabled persons can use, because some have difficulties with arranging the firewood or preparing it for use.

Many disabled persons have medication free of charge or on discounts, yet expenses for medication is the second most important group of expenses.

*... I have to choose, because it happened ... that the price on medication was increased dramatically. Now for us, the chronic patients, I know it’s not just me, we have to make a choice. In the pharmacy I must choose – to eat or to buy medicine. I simply will not be able to walk.* (Milda, 60)
The remaining money is spent on food. The spending on food is limited – people are trying to buy cheaper products, so that there would be enough money for the whole month. For example, visually impaired Aleksejs, living alone and only from the disability pension (LVL 51), characterising his expenditure as following:

*For food only – you see, I bought buckwheat, peas – I am buying what is cheaper, buying bread, this I can afford... I don’t buy meat – it’s expensive, sometimes I buy fish. I would buy a fillet and remember what it tastes like – you know, meat with no bones, bake it with eggs – that would be really good. But I can’t.* (Aleksejs, 42.)

Older residents emphasise that they are buying food of lower quality and cheaper, limit use of meat. While, for example, Alens spends his social benefit (LVL 45) mainly on coffee and cigarettes:

*As I am a smoker, a lot is pent on cigarettes. Well, actually smokes, coffee and yes, I buy some food, but nothing special, well...* (Alens, 28)

Considering rather tough material status, some respondents could not understand the question about saving money.

*We don’t save anything. We spend all on food. Not saving on anything.* (Jurijs, 38)

Others have indicated that they save on clothing and footwear that they receive as humanitarian aid, or their relatives help them out with clothing.

*...I have clothing that is 30 years old. I am sick, for example, of the same old coat or the same old shoes wearing off. During all these years I was never able to afford footwear. Not a single pair, nothing, only – social room ... I have trousers now, a full bag of them. I can now dress up, seems fresher. It helps a lot. A lot. This social room is taking care of us.* (Milda, 60)

Some respondents have indicated that they have abolished the use of a car, because they can not afford it.

*The car is in the garage, but I have to take bus. Because then it needs technical check-up, you must buy insurance, buy fuel. Now it’s easier to take the bus.* (Anna, 55)

Because of lack of money the obligations of their citizens towards the country are postponed – changing expired passports, formalities of a divorce.

*I have to change my passport. I can’t do it now, I don’t have money for it, 5 Lats are needed for it. And then you need a photograph.* (Aleksandrs, 32)

*I can’t afford to file for divorce – it costs 50 Lats.* (Lauma, 38)

Depending on the material status of a family there is different attitude towards borrowing. If the disabled person is employed, then he/she can afford durable goods on leasing.

*I can afford something, get into some leasings. We have bought monitors, computers, a photo camera. Now we think of getting into a bigger leasing, it is necessary to change the car. The level of wages allows us to try it at least.* (Ivars, 43)

If the material status of the family is poorer and it is not possible to make it from one pension to another, then in rural areas one can get food in the local store on credit.
We can buy food on credit, and then we take it and again live in debt. When we receive the pension, we pay the debt and then take again on credit. This is how we survive from one pension to another. And it continues on and on. But this is a small place here and everyone helps the others out. (Lauma, 38)

While other have indicated that it is better to limit oneself rather than to live on debt, therefore they closely follow their spendings to make it within the monthly budget.

I try to avoid the situation when I run out of money. I don’t want to borrow money, I try to plan ahead and count on the amount I have available. (Vita, 31)

Day centre is a good solution for the problems of the disabled persons, helping to make the ends meet and providing the opportunity to meet other people. It makes the existential problems less hard and takes people’s minds off the issues, what they will eat and how they will manage to pay the rent and for utilities services.

You know, dear, they are feeding us here three times a day: breakfast, lunch and afternoon snack! So in working days I eat well! They give me something for dinner and the working day is over then. I am very satisfied with this centre! I can’t even imagine now not having this centre! (Merseda, 45)

Limiting one’s needs is one of the most popular survival strategies on the part of disabled people. In some situations it might become an obstacle for finding a solution for improvement of one’s own situation. For example, Aleksandrs, who has the 2nd category disability due to visual impairment, says that it is much more difficult to live only from the pension after he used to have more income earlier, compared to when one lives all the time from pension.

Well, the more money you get, the more you can afford to buy, but it is difficult to get back, when you have no more money. It is hard going back to having just the pension. When I still was earning something, then I bought this and that. But now, when I have nothing, I think it is difficult. I used to be able to afford things, but now I can’t. (Aleksandrs, 32)

Poverty that people living only from the disability pension have endured – being afraid not to be able to pay for everything that is necessary, depression and insecurity for future, - has been a traumatic experience.

Ok, now it’s more or less... But back when it was just 36 and 50 (LVL), despair, I was on medication for nerves, just not to go crazy, and I paid all the expenses, I went home and was wrecked. I thought I will go crazy. How to survive? The only good thing is that I don’t eat much, it comes as a benefit now – I don’t have appetite. And then there is the depression all the time – when you have to think all the time how to survive, when the bills come, when the deadline for payment comes closer, then you count all the expenses for gas and electricity, everything, you know what you can pay or not.. One Lat here, one there and there, another debt to pay and all of that costs nerves, it’s difficult. (Milda, 60)

Disability pension provides means for survival, but does not provide for all the main needs of life, therefore promotion of employment for the disabled people that are able to work is of particular importance. Employment can improve the material status of the disabled and to facilitate their interaction with other people.
3.5.3.2. Employment

The Importance of Employment

The employment of disabled people is an important aspect of the social integration. A job gives a feeling of independence and usefulness, furthermore, it also improves the financial situation.

"You have the feeling that you can earn for yourself, you earn yourself. Psychologically it creates a different feeling, not the one you have when somebody allocates a certain amount of money for you." (Julija, 46 years)

A job gives an opportunity to be among people, increases the possibility of communication and information exchange, a job makes life more interesting and varied.

"Well, you see, you are at least among people, see something, know something, you can talk about something. What can you do at home – talk with the same person, well, fine, you can do some gardening, something else, but I would like to go somewhere out." (Oskars, 55 years)

A job raises self-confidence, the attitude towards oneself changes. A job employs also brain. An employed person feels better than unemployed.

"Attitude, I think. As soon as you are, it increases... well, self-esteem, although I have never lacked it, you know, but anyway, you feel differently, you know. You can work, you are something. Brain is working, moving." (Inese, 41 years)

Working sets a daily schedule, that helps organizing the daily life better. Having no job it is difficult to find something to do, there is not much to fill the spare time with.

"Well, of course, there is some change, if I had a job, I would wake up in the morning, go to work, come home – that is something, but now – I wake up in the morning, there is no electricity, walk around, walk around, cook something, but in general sit here for whole day." (Aleksejs, 42 years)

Searching for an appropriate job

It is not easy for disabled people to find a job. It is determined by health problems, that do not allow this person take any job available. Therefore, the choice provided for disabled people is not as wide as for other unemployed.

"She says: ‘There are many offers.’ Yes, there are vacancies for men, but I, for example... As I have huge health problems, I have two ruptures in my nape, I am not allow to carry anything heavy." (Anna, 55 years)

Also, searching for a job through acquaintances, the chance of finding it is lower for disabled people than for other.

"Well, more through acquaintances, today it is always needed to get a job. I have acquaintances in many places, but when it comes to the issue, he already knows that I have been a driver for whole my life, I am a Chernobilian – you have health problems, oh, sorry, there is no need currently, when there will be, I will inform you." (Oskars, 55 years)

Age combined with disability makes finding a job even more difficult – if disability is not an obstacle.
itself, then the fact of being in age of pre-pension becomes one. Although a person does not thing 55 years is much, it was the age of retiring and this prejudice is still alive in the society.

\[\text{Although I do not think I am old and not smart enough, they like the young people better. And actually, if I start thinking, I had a boss who retired in age of 55, I was 40 then and she seemed old for me already. Quite old. And I think that the youth of today has the same plan... (Anna, 55 years)}\]

The way to employment is different for those who has become disabled during their lifetime and those, who are disabled since their very childhood. After becoming disabled, it takes some time for one to understand what one can do now and resume the career.

\[\text{Financially, I think, we are better now. I had a low paid job. But some six years passed, until I got back in the labor market after my trauma. You just cannot. While you are sitting between four walls, out of certain layers of society, nobody remembers, knows you, who will give you a job? Now I even do not accept everything that is offered. (Ivars, 43 years)}\]

People, who are disabled since their childhood, should be tought to work, they have to get used to work, otherwise it becomes hard to employ them. For example, Jurijs’ mother characterizes the problem:

\[\text{How to say, it is not easy with disabled people, they do not work just like that, they need... They have to be assisted since their childhood to get them used to work. What now – if it has not be done since the childhood, he can only do some dish washing, nothing more, I have missed that time. He is 38 years old already, the time when he could get used to work has gone. Huge patience is needed. But where will you find an employer with huge patience? (Mother of Jurijs, 38 years)}\]

**A job appropriate for disabled people**

Depending on characteristics of the health problems, disabled people seek for appropriate job. Interviewees mostly explained how people with physical disabilities and people with mental disabilities.

The main problem of physically disabled people is the accessibility of the environment.

\[\text{“Working from home” or “bed office”, as Ivars calls it, is admitted to be a good solution. At home, I work mainly in the bed, “bed office”, as I say. Lay back, sleep a bit and then again. (Ivars, 43 years)}\]

Working at home allows to organize the work according to health – it is possible to sleep, when neccessary, the working room is well known for the disabled person and appropriate to the specific needs, there is no need to go out to the office.

\[\text{Officially, I am an assistant accountant. Yes, I have to do, what I have to do, when I do it – it is my own bussiness. In the night, on the morning, or... I will never go to work somewhere, where I have to sit outside my home whole day. It is not phisically possible. I know, those working there... I have to sleep also in the day, I have to rest, at least to lay back for ten minutes. And then all those WCs, everything, everything else. To sit whole day.. There are people who sit, but it is hard. Not me. It is also about getting to working place, it is fine in the} \]
summer, but there is also rain, snow... Clothes... That simply does not work. I work when I want to. (Laughs). (Inese, 41 years)

Working at home, the communication with the employer is important and demands a certain level of support and willingness to cooperate of employer. If these issues are solved, then it becomes a good way of employing a disabled person.

There is no communication problem, we can call, exchange email, I have never been to the office. (Ivars, 43 years)

The mentally disabled people has other kinds of problems. Julija admits she could not cope with the speed of the work, she was not able to work as fast as required, therefore she quit the job. She thinks that opportunities for disabled people to work at lower speed should be created.

The State should have programs, that provides those people with something to do, or some interest groups, because it is obvious, that with such speed requested by the company, this person will just not fit in. It is clear he will be wiped out, if so. (Julija, 46 years)

Such disabled people finds a job to be suitable if they can define the speed of working and the workload themselves, for example, Vita considers the job of “Oriflame” cosmetics distributor.

Now I take medicine every day and the health problems do not disturb. Simply, there is less stress for myself. Thus I do not want to get involved in any job that would require going to the office every day and be there for certain time. I like the best when I can plan my working time myself. Now it is so. Because, if I do not feel well, I can stay at home not being afraid that I could get fired. (Vita, 31 years)

Mentally disabled people have different opinions about the issue of informing the employer about the disease: some of them admit that the employer should be informed to avoid any problems in future working process, others considers the informing of the employer creates problems in relationship with employer as well as colleagues.

When I go to my employer, I tell about my disability immediately and ahve never had any problems with that. (Liene, 36 years)

I never stress the fact of having a disability, at my work nobody even knows that. And it is fine. To my mind, if they would know that, the attitude would be different – how to treat me, this scares people. They worry that something could go wrong. But in general, the people are not sorted by outfit or disability. (Vita, 31 years)

Disabled people with mental disability are happy for opportunity to work a physical work, for example, Liene and Kristine, employed by the Social service, helps out elder people, but Alens has helped his aunt with simple works.

We go to ladies. Old ladies... Well, we do some cleaning there, we clean the windows too, put the wood in piles. (Liene, Kristine, 33 years, 28 years)

The attitude to remuneration of disabled people differs. For some of them it is more important to have an opportunity to do something, for example, Sandris works as volunteer.
In the society I spend my time, I do not work, but I do at the same time, just it is not a paid job. I take care of documents, I do the computer related things more or less. (Sandris, 31 years)

But there are cases, when disabled people do not want to work for a salary that is too low, considering such job to be worthless.

I was in that society, where they make those bags. I calculated, that as I worked there, I earned just 30-40 santims a day. I felt that I am not very good at it, I cannot earn anything, while those bags are so cheap. (Andris, 55 years)

Help and Support

The disabled people interviewed appreciated the support provided by State Employment Agency regarding the searching for job and courses offered, but they also admitted that not always they can be used successfully afterwards.

When I was on employment bureau, I learnt to be a cook, I have even a certificate, but I could not work, as I fell sick all the time. (Alma, 50 years)

The attitude to the subsidized jobs differs. It seems that some of disabled people cannot believe that the subsidized jobs are meant for their employment.

They made an offer for me this way: you will find a job, just walk around a bit, find a job and then the bureau will pay my salary to my employer, but the employer will give it to me. I do not know, how much will the bureau give, but the employer will give the other part. I will go to the employer, I will say - give me a job, he will look at me, see the 2nd group, blind and say goodbye! (Aleksandrs, 32 years)

For some of disabled people the largest problem is exactly the finding of the job, because not all employers are willing to employ disabled people.

Well, you have to find the job yourself, that subsidized job. I have asked to everyone, nobody needs. They still have to pay taxes, they do not have to pay the salary, but they have to pay taxes. And then they are thinking – oh, you are with a group. Will you be present at work or perhaps you will not be? And then starts that thinking. (Anna, 55 years)

To create a subsidized job, both sides should be interested, it is not enough just to ask about the necessity of such jobs, they also should be persuaded, for example, the societies of disabled people cooperates with employers to create such jobs.

Now we are going to employers ourselves, we take part in the negotiations as the representatives of the society, for example, it is possible to get the subsidized jobs, some reliefs, well, negotiation... we try to do smoothing by ourselves. (Sandis, 31 years).

One of the most important things affecting the employment is the activity of the disabled person – willingness to work, searching for a solution, reminding about oneself. The allowance should not be the only solution for the problem, because it only increases the level of dependence on the support.

Yes, they like to go to the social department, to cry a little and to get the allowance. Each of them can chose ones own way. I know lads who earn and work, sitting in wheelchairs. You
have to strive, you have to keep in circulation, you must be known. If they know you, they will offer you a job. (Ivars, 43 years)

3.5.3.3. The accessibility of the education

The courses of State Employment Agency.

All the courses available to any registered unemployed person are available also to disabled people. However, the unaccessible environment can be a reason for not attending the course, therefore the physically disabled people have to choose courses they are able to enter.

Yes, some kind of floristics course... I did not attend anymore, because all the other courses, for example, accounting, those advanced ones, were located in the second floor. (Inese, 41 years)

Training for improving the competitiveness of the unemployed is highly valued as useful, as it helps to avoid of falling in pessimism. Anna has attended six courses during the last winter (2005) and she gives only positive references.

I attended all courses offered. I am interested in it. I like it. Very much. Now I attended the courses for my soul, so to say. We learnt painting, composition, leather processing. This is very good for an unemployed. The unemployed feels better among the people. You get out of the depression immediately and the mood is cheered up. (Anna, 55 years)

Anna would like to have more information about the content of the course, what exactly will be taught, what lecturers will be there, this information would make easier to take the decision whether to attend. Julija had attended the course of confectionery and considers it to have been too theoretical. The fact, that the program of the course was not well considered, was understood by attenders as well as by lecturers, just nobody could do anything to improve it.

They were organized as for students. They gave you a piece of paper and you have to do the test. And the entrepreneurship basics, drawing, for example, specific drawing, that is completely irrelevant to the program of confectionary. Not the teacher... The teachers were very good, weren’t they? The program was not good. I still do not understand what is a tort. The tort was not in our program. (Julija, 46 years)

Education for disabled people

The education for disabled people is provided by Social Integration Centre. The education acquired here is highly evaluated by disabled people. For example, Zoja has attended the course of accounting for 2 years.

I think it is very positive, I think that everybody, well, not everybody, but disabled people should go there to learn, if it is possible. There is very good atmosphere – living, studies, people around, I recommend going there. It is worth of that. (Zoja, 24 years)

Ivars had taken part in a course of distance learning offered by the centre, he would gladly do it again, but the supply of distance learning programs has not increased much during the last years. Distance learning is a good solution for education of disabled people, but there is lack of such opportunities.
I have applied for a course of Programmer at the Regional Adult Education Centre in Jelgava. It is a course of a professional education. This will be a distance learning course. I applied just because I do not have to go anywhere. (Ivars, 43 years)

The course for Ivars is sponsored by the funds of project. Lauma, who lives in a small town with limited education opportunities, admits that would gladly choose part time studies at a university, but it would cost too much.

I could apply for a correspondence course, but there is no group that is subsidized by the State. The disabled people of 3rd group can apply for such group, but only for full time studies. (Lauma, 38 years)

Not all disabled people are interested in education opportunities, because there are stereotypes in the society, for example, referring to mentally disabled, that education is not accessible for them.

I would like to, but they do not take me. As mom says, disabled people are not taken anywhere. (Liene, Kristine, 33, 28 years)

3.5.3.4. Health

Disabled people are related to receiving medical service and taking medicine. They admit the importance of government support for providing medical service. For example, Oskars is a victim of the catastrophe in Chernobila, his opinion about the health tests subsidized by State is positive.

Right, I have to visit all the doctors in Valka, see, then I am directed and go to Riga, to Stradini, to 29th section, then there is the doctor – what can you complain about, what problems do you have? See, I have this, this and that. Then a week passes by and I have to walk around and see all those doctors, I sleep in the section, wake up in the morning, then I have to see this doctor, that doctor, I tell them to check up everything. Here, in Valka we do not have such possibility, there is no such machines. If State quites subsidizing us, then the finish is soon – who will be able to pay? (Oskars, 55 years)

The insurance is admitted to be a beneficial way of decreasing the medical expense. For example, Liene buys insurance for 55 Ls each year.

I receive my medicine for free, but I do not pay for the medical services either, as I buy my insurance every year. (Liene, 36 years)

Rehabilitation is an important issue for physically disabled people, but it is difficult to solve it, as one has to wait for quite a long time or stay at the hospital to get to the sanatorium.

I do not need a nurse, just a sanatorium once a year. The sanatorium “Jaunkemeri”, noone else. There is everything I need. Every year, to be sent to the sanatorium, I have to stay at hospital, otherwise I cannot get there. Time ago we had our own funds for those who has broken the backbone and those who moves around in a wheelchair. It was completely separated from all other. We had our own queue, we could get there even twice a year. IT is even neccessary. All the life depends on the hands, but when a situation f crisis comes, it is not possible to move the hads at all. I just need to sleep in mud sometimes. IT is definitely better than eating the medicine. To go to the massage, mud, water procedures... (Inese, 41 years)

But before you have to go the hospital with a smart diagnosis, then you can get sent to the “Jaunkemeri”. Then there is social rehabilitation in Jaundubulti, but the length of the queue there is five years. I managed to get there last year. (Ivars, 43 years)
Due to the expensiveness people cannot afford to buy all the medicine needed or glasses. There are allowances for many of medicine, but the interviews revealed that people are not allways informed about them.

*It changes all the time. Sometimes there is some kind of percents, sometimes theygie it for free, sometimes you have to pay.* (Nina, 45 years, mother of 25 years old disabled person).

It is not possible to afford the dentist too, for example, the teeth of Andrejs were pulled out by his neighbour.

*Yes, I should implant teeth, four teeth were moving, my neighbour pulled them out, now I should implant them, otherwise I cannot eat anything but porridge and other such soft things. I have forgotten what does the dentist looks like, when I went to school, then I visited.* (Aleksejs, 42 years).

Dzintra regrets having not implanted the teeth while she was working and could afford more.

*Well, when I could live well of, earned much enough, had some money, there was lack of time, because I had to work. Now, when I could implant, I have no money.* (Dzintra, 61 years).

Lauma has cured her teeth on credit.

*I still owe the dentist. After the operations all the fillings are out again and the tooth is also not good anymore.* (Lauma, 38 years)

Not all the disabled people trust in medical service and medicine today. For example, Ludmila was cured by a healer, thus she does not trust doctors anymore.

*The doctor said I will never walk again. I went to one healer to Lithuania and he got me on feet. The attacks of epilepsy were not that heavy I could walk. Now I use the walking stick only sometimes, when I do have to walk. I do not trust in doctors, as they said I will never walk again, but you seewhat happened – I walk.* (Ludmila, 62 years)

### 3.5.3.5. Accessibility of information and culture

Attending cultural events has two important aspects – it gives an opportunity to be among people and to satissfy the need for culture. Many of interviewed disabled people stressed that one should not disassociate, to stay in a limited environment, it is essential to go out, meet people, and attending cultural events is one way how to achieve that.

*Well, sometimes I go out, you see, I do not go to every of them, but I go to some of them, to an event or theatre, concert. Good, that all this happens, otherwise, if one does not go anywhere, then he starts... you know, how it is, when you live all the time among four walls, it is like you come out of a jail...* (Oskars, 55 years)

Anna is a musician and attending the concerts is an important part of her life.

*We buy two season tickets for the concerts of Latvian Symphonic Orchestra. This means eight concerts per year. If we see that there is an organ concert for free, we definitely go. We were to regate, to Song festival.* (Anna, 50 years, a mother of 24 years old disabled person)

Attending cultural events is limited by two main reasons – the accessibility of the environment for a
disabled person and financial accessibility. Inese, who moves in a wheelchair, explains that her entrance into the Culture house can be solved by two men, but the entrance into the locations which men attends less often, for example, library, is more difficult.

No, I cannot get into the Culture house. If I want it very much, then I can. The accessibility of this environment means two men... If there is a concert in the Culture house, you know that men and lads are there. But in the library who can... Will those grannies carry me? They cannot walk themselves/ Men are not present there. (Inese, 41 years)

The financial situation of disabled people is not so good to be able to attend the cultural events with expensive tickets, therefore they chose the events where the entrance is cheaper or free.

Well, where the ticket is expensive, I cannot go. When it costs 4 Ls, I cannot afford such event. But otherwise, where is, for example, for free, I allways go and see. And if there is an exhibition for free, I go to see it. (Anna, 55 years)

The Disabled people society sometimes helps to get cheaper tickets.

I am a member of the Disabled people society in Daugavpils. Sometimes I can get some concert tickets there. I like the concerts of classical music very much. (Ludmila, 62 years)

The access to the information is also important. The usual sources of information are radio and television. The people of elder generations, if possible, uses newspapers as a source of information. For Milda the newspaper of the local government is an important source of information, where she gathers all the information she needs.

We are so well informed about the documents to be handed in any cases – funeral, sickness or curing. Everything is in the local newspaper – very detailed, the phone numbers of doctors, police. We are informed about everything that is happening 0 everything, aslo about the meetings of the local government. (Milda, 60 years)

Ludmila (62 years) has taken the opportunity, provided by the Society of disabled people in Daugavpils, to subscribe to one newspaper for lower price. Neighbours exchange the magazines among themselves, assuring a wider spread of information available and saves money.

Neighbours also bring their magazines there – “Prakstiskais Latvietis”, “Ieva” – read the news there, takes, reads, brings back, what can happen to that magazine, nothing, everybody wants to know something, something new, read some newspaper. (Oskars, 55 years)

Internet has also become an important source of information and way of communication.

Well, at first, I chat in draugiem.lv, then I go to that google.lv and read different news about politics and about children, well, different things I can find there I read. (Liene, 36 years)

For internet users it has become a substitute of newspapers and one of main ways of communication.

I will say as it is – I do not read the newspapers almost at all anymore. Since I have internet, I have no need for reading them. (Inese, 41 years)

Inese, for example, uses internet as a source of information, for work and also getting new acquaintances.
For information, work and getting new acquaintances too (laughs). That is it. I have a huge communication out there in the internet. (Inese, 41 years)

3.5.3.6. Required help

Who needs it?

Most of the interviewed disabled people does not consider their situation to be the most difficult one. The pension paid by State due to the disability assures the basic funds for existence, if one has no job, there is still something for living. The situation is more difficult for people who has no source of income, these are people who receives the biggest sympathies of others.

There is small pension, but at least there is something. I have never had a situation of having no bread. You just have to plan, you can’t throw out a lat uselessly. But if I did not have that lat, I would not know how to live. Would have no job, would have no lat, really, go to the rubbish bins to search for some food. (Anna, 55 years)

In the interviews, it was especially stressed that the lonely disabled people and old people living on the countryside are the ones who needs the help most.

Let’s say, the disabled people are taken care of in the social centres, he is washed, cleaned, but how do the people on the countryside living, they are home alone, an old lady alone, who takes care of here, nobody. She barely can move out of home, it is good if neighbour brings her some bread. You should take care of those elderly people who does not have anybody. (Oskars, 55 years)

The parents of disabled children needs help.

To mothers, who has to take care of disabled children. They are completely... They cannot work, they cannot afford a nanny. It is hard to get a sitter for a healthy child, what to say about a sick one. (Inese, 41 years)

The families with three and more children also need help, as some respondents admitted that the expenses related to children education are quite big.

Well, clothes, for example, or subsidized lunch at school, perhaps some financial support to buy all the things required for school. (Liene, 36 years)

What kind of help?

Several interviews emphasized that disabled people do not expect financial help, they would rather receive an opportunity to work, to be active.

Not allways help means that you are given something, you are caterred, everything is fine. There is another side, the help is when you are allowed to do something. Then you have that feeling. (Julija, 46 years)

It is even more difficult to find a job on the countryside, it is complicated for a disabled person to search for job far away from home or abroad. A solution for this problem could be the subsidized jobs. Alise has taken this opportunity.
Give me nothing but a normal job. Everything that was here back in Soviet times is liquidated now. This should be considered by the local government – what to do to create jobs for people and make them stay. (Alise, 38 years)

Another aspect of help is related to the integration of disabled people into the social life, to make them not to disassociate, but take part.

The only thing needed, you know, it is necessary that a disabled person can get to go out in society, this is really, really important. Well, some classes or simple gathering where to come together and chat, something like that, because it is essential for a disabled person, as if he sits at home, it is a big problem again. (Liene, 36 years)

Going out is limited for parents who are catering their disabled children, they would need some help in form of opportunity to go somewhere, go out.

I would understand, this would be some help, if I am alone with a disabled person, I live with a disabled person for 25 years, I cannot go anywhere, because I have no place to leave him. And he also has never had a vacation. They do not have any camps or sanatoriums. We are like hostages of each other. (Anna, 50 years, mother of a 24 years old disabled person)

The elder people needs also a help in form of consultations, advice and suggestions, how to solve one or another issue, they need someone to discuss with.

Elder people needs the help more in form of a caterer rather than financial support. Of course, not anybody available, but a professional, qualified person who comes there and knows exactly what that person needs and to whom that person can talk to – this kind of help. (Sandis, 31 years)

Sometimes assistance is needed with absolutely simple issues, for example, Milda is not able to dig her garden herself, but it is an important part of her life. She has no money to pay to somebody who could do it for her.

I cannot live without my garden. Just cannot, it is very difficult. Sometimes it is even so, that I cannot step out of my bed, but then I step out and go, because I have to – I love that piece of land too much. I dig it metre by metre, step by step. If I would hire a person, that would cost three lats, today perhaps even five, but I do not have them. (Milda, 60 years)

Disabled people would need financial support for their rehabilitation, medical service and medicine.

Informal assistance

The main thing disabled people relies on is the support provided by their families.

If there have been some difficult moments, then I can always rely on my family, they are the most close to me. (Ivars, 43 years)

Disabled people who do not have their own family, are afraid of situation when they could be left alone.

I have no children, that is how it is right now. Now, when I am getting older, I regret very much having no children, otherwise I would have somebody who helps and takes care. If my mother dies, I will be completely alone (cries). I do not want to be alone... (Ludmila, 62 years)
The interviews show that people who have encountered some difficulties, limit their meeting with family and friends. One of the main reasons is financial issues – visiting friends and family requires certain expenses.

*I had more friends before, we visited them, as they also had less problems. Now the level of the daily life... it is hard, very hard. If we have to go to somebody, we have to bring some present, but we have no money for it and those we would like to visit, also do not have. People do not invite, if they have nothing to put on the table and we do the same, there is nothing to put on the table.* (Nina, 45 years, mother of 25 years old daughter who is disabled)

Some of interviewees admitted that their friends are the same also after becoming a disabled person.

*All the friends stayed with me, nobody has left me after the accident. Perhaps we are meeting less often, as we moved to other place to live after I got the trauma.* (Ivars, 43 years)

Other disabled people explained the change of their friend community with phenomena they call “Society turns away from sick people” and decline of the financial situation and social status.

*When I had that large flat and big salary, hi... I had many friends then. They brought me bottles... As soon as I had no money, they disappeared extremely fast, the relatives and those friends. I can just wonder...* (Ivars, 64 years)

Decrease in number of friends and acquaintances can be observed also because of disassociation of disabled people and the lost willingness to meet other people.

*Friends, acquaintances? I can say, I have none. If you do not go somewhere together, you naturally do not have any. You have to work on your friendship to have friends, nobody will search for you specially at home.* (Julija, 46 years)

*I rarely go out. There is no place to go, really. Where could I go. To my friends – they have their own work, families. I had friends time ago, when we could meet each other more often. Now it is like I did not exist at all.* (Aleksandrs, 32 years)

The help of friends is different – lending money, paying for lunch, inviting to a cultural event, emotional and financial support, donating blood for operation. The people of elder generation say that the people of today thinks more about themselves than some time ago, therefore they help out less often.

*Today is just such time, when everybody is only about oneself. Now I do not ask how much do you earn, how are you and where do you work. It is not like that today. Everybody is individual, each little kopeck is important and is to be saved, it is better to know less about others and others know less about me.* (Oskars, 55 years)

3.5.3.7. Social help

As it can be concluded from the interviews, disabled people requests the social help only in extreme cases.

*I was brought to the Day centre by complete despair... There were that Fund of Compassion, later it changed... There were a group for children. I was unemployed already then and we often had no bread at home... and I did not want to go to beg for it to somebody. Diana still*
checks often whether we have bread at home. She is worried about it all the time – whether we have bread. (Nina, 45 years, a mother of 25 years old disabled daughter)

Disabled people are more or less informed about the help they can receive. However, as Inese pointed out, there are unlogical limitations for receiving the help. One of such is the limitation that does not allow the family members to receive the allowance for caring of disabled person.

*I remember, that we wanted to get at least these ten lats per month as the allowance for my mom, but we could not do that. There is some magic circle in the law. I live with my mom, but she cannot be my nurse, as she is my mom. It is an absurd. (Inese, 41 years)*

Another type of illogical limitations is related to allowances for purchase of hygiene goods to disabled people with limited movement possibilities.

*Let it be, that allowance for hygiene goods. Well, you might think, what can it be, but if every month... There was time we could get all of it for free, well, certain amount. Then somebody in the Ministry had sat, read and figured out, what hygiene goods could a disabled person need, shampoo or what. But in fact there was pampers and catheters. And they were taken off from list for some six years, was not there at all. Had to buy everything for full price. It means 20 or even 30 lats a month. Depends on where do you travel, how do you move. Now it is half price. (Inese, 41 years)*

Inese objects to having a previously determined list of hygiene goods assortment, as she cannot buy exactly the thing she needs. Now she has to buy the goods that are on the list.

*It is included, but not what you exactly need, not what you choose but what they principally think you need. It would be better having a certain amount of money and I can take whatever I need – big, small. Well I do not need... There are included different trousers, I do not need those big trousers, they are the most expensive. I say, the ministers are sitting, they could at least have some consultations, where do we exactly pee. (laughs). (Inese, 41 years)*

The social allowances are too small to assure normal living. Ivars admits that GMI allowance is meant to die because of hunger.

*We have to die of hunger, how much was there – if more than 25 Ls per person, I cannot get the allowance.*

An opinion that allowances should be commensurable to the living wage was expressed.

*My pension amounts to 45, it is aproximately a half of the living wage. How can it be a half of the living wage? The living wage is the minimum benchmark itself! (Alens, 28 years)*

GMI allowance can be assigned also in form of coupons. The family of Silvis ahs received such allowance.

*The allowance was just for the food – coupons, we were given coupons, 40 coupons a month for 6 people. It meant one lat per coupon, like they gave me allowance of 40 lats a month. It was not cash, it was in form of coupons. (Silvis, 38 years)*

In Latvia, the GMI allowance is negatively affected by unofficial employment and paying the wages “in envelopes” to avoid the taxes.
What is more negative here – it is not a secret that most of it comes in an envelope. I worked at a timber producing, received a normal wages, something above three hundred lats a month, and if the taxes had been paid as they should be, now I would get an allowance amounting to 180 lats, but I got only 80, the minimum instead of it. (Jurijs, 37 years)

As it can be concluded of what the disabled people told, there is much dependent on social worker and his/her professionalism and attitude to the work. Much good things were heard about the social workers, but there were also some cryticism.

... the closest person for me, who helps me when I encounter difficulties, the first I turn to, when I have some problem or I cannot get along with myself or need some help, is our social worker. (Milda, 60 years)

There is much dependent also on the person asking for social help – this person also should be polite and kind.

There are some, those poorer, their own level of culture and attitude is... they come, hit the table with the fist. If you cannot ask, you will get nothing or as less as possible. If you will be positive yourself, you will get the attitude like that. (Ivars, 43 years)

In other coutries, for example, in Finland the State support for disabled people is more significant – bigger allowances, support in obtaining a flat, quotas for employment.

When I was in Finland – visited those disabled people – everything is very different there, there that policy is different, he gets that allowance paid, 80% of transport is subsidized, he gets a flat for free and in a company one of every hundred employees must be a disabled person. Not like we do have here. (Jurijs, 37 years)

3.5.3.8. Comprehension of social rejection

Social rejection is quite new term – not all of respondents knew what does it mean, some of them had their own opinion what is and what is not socially rejected in the Latvian society. Several indications of social rejection were mentioned: lack of means of living, lack of communication, loneliness, also rejection as ostracizing from certain territories was mentioned.

1) Lack of means of living.

By term “socially rejected” we can define the people who has no pension and no job, this refers not only to pre-pension aged people. This actually includes people of any age who do not have anything for their living. Younger and braver therefore leaves Latvia to get a job abroad.

Either he has to leave Latvia and go to work somewhere abroad, because you can go around and beg until you fall in desperation, but if there is no job, there just is not. And those local governments also cannot get the money from nowhere, because you must understand there is no money. (Anna, 55 years)

2) People, who do not go out for different reasons, are socially rejected.
Also, but if you have no money, where can you get yourself integrated, where can you go? And, if you are disabled, you will not go anywhere, then you are socially rejected. You do not go out, do not communicate. (Inara, 57 years, wife of a disabled person)

3) Loneliness – there can be several reasons for it, but basically it is related to people different from the majority of the society.

People who are sick, the disabled people for example, poor people, but a rich person as well can be socially rejected. Why not, it can happen, even if you are wealthy, because the money is not everything, some moral values are also required. (Liene, 36 years)

4) Ostracism of certain groups of a certain territory.

In general, they want to ostracize. Especially in Jurmala. In general they want to ostracize the poor. You will have to pay more for the land to have a place for the wealthy to live. To be able to buy land, build houses, to have no humble people around being on their way. In general it so, that in Melluzi, Dubulti that person has been living there for long, his family has lived there, is it their fault, that they do not earn those thousands of lats? (Vita, 31 years)

Describing their subjective feelings of being rejected, interviewees mention certain situations as well as compare their present situation with past and emphasize what cannot be afforded anymore. For example, Ludmila feels rejected because she is not a citizen, but is afraid of naturalization exam.

I am afraid. I will not make it and I am a bit old also. I would have to sing the anthem of Latvia, but I cannot sing at all. (Ludmila, 62 years)

Ivars feels socially rejected, because he cant afford “feeding his brain”, he is not able to drive a car.

I want to feed my brain, but I cannot buy it, neither magazines, nor books. I cannot afford the fuel. I have a car of disabled person, I am fine, when I sit in it, but I cannot drive, because I have no fuel. (Ivars, 64 years)

Before becoming a disabled person, Milda was a good milker and her work was highly appreciated. She cannot accept that all the effort she has made has turned out to be useless for today.

...I had an order of Fame, I sold it for eight lats. Only the book left. And I had many diplomas, could paper a room with them. (Milda, 60 years)

The comparison of the current situation to the opportunities of past causes for Milda a feeling of being socially rejected.

Previously, when I lived and worked, I had no problems at all. Therefore I say – this independecy and freedom has given nothing to me. What do I get that there is everything, I go into a shop, everything is there, there are oranges, everything, grapes. Time ago I used to buy a full bag of them and we ate as much as we wanted. Today I cannot afford even a single bunch. I look at the grapes and it makes my mouth water. I havenot earned so much to afford them.

The social rejection of Anna is composed of several factors. Anna has a child who is a disabled person, she cannot work a full time job, because she has to take care of her child, she cannot Latvian very well, as shw cannot afford the Latvian language course.
In terms of attitude I often feel some kind of isolation, I always have to fight against. It is more due to social than national origin. Singel mother, child – disabled person. But there have been issues also regarding the nationality. I used to work in the Student Creativity Centre. I was literally eased out of there, because the director of the department thought, that if her parents were repressed, then I should leave this place. Then there were problems, when nationalism was considered to be modern, now it is not like that anymore. (Anna, 50 years, mother of 24 years old disabled person).

People do understand that unemployment and social rejection is not the same.

Unemployed and poor person and socially rejected person – it is not the same, as the employer can be a normal person, who is well situated or perhaps he does not need that job at all, perhaps the husband or wife is working or children help or he has some other income, but officially he is an unemploye, so this is quite wide aspect, all this... (Ivans, 57 years)

Some of respondents were speaking about the social rejection as something abnormal, relating the social rejection to the deviation – those are people who do not live a normal life and do not want it.

I think, if a person is not interested in anything and does not want to go anywhere, I think they almost have become sots. What is he interested in – to go to the shop, take something and what happens then, I do not really care, he is unsociable. But, if you are a normal person and think logically, you want to get out to talk to people, to get to know something new, to be around. (Oskars, 55 years)

Two sides are emphasized in the process of rejection – the initiative and the level of activeness of the indvidue from one side and the attitude of other people or society from another side.

Firstly, such people do not have willpower, they do not anything themselves to change their lives, and secondly, the negative attitude of people and society to such people also plays a role. There are several components that affects the life of a person, giving the first hand to their own choice, their unwillingness or inability to change something in their lifes. (Ivans, 57 years)

The reaction to the disability of other people is often based on lack of knowledge, for example, people are afraid of mental disabilities, because they do not know much about them. People want to help to disabled people in wheelchairs, but they do not know, how.

If one has not had any business with it, he has his own opinion what the mentally disabled people is like, in general, those who have had some contact, they do know that the person is basically normal and just has some problems, but while there has been no contact, they know only that there is a mental hospital and most believably all the mentally disabled are sleeping there. (Alens, 28 years)

See, more believably, that a person is afraid, he does not know what and how to do. He is afraid – he choses to leave. Now, if you cannot get somewhere, an old lady comes and asks: “Do you need any help?” I say: “What can you help, I need to be pushed.” “I will try, I will try” – she is insistant. It is quite fine now. Especially the foreigners – you are moving already and he comes: “Do you need to be pushed?” (Jurijs, 37 years)

From what is said we can conclude that the promotion of disabled people social integration needs decreasing the obstacles that hinders the integration process, as well as it is needed to educate and train other people, especially employers about the disabilities and help to disabled people.
3.5.3.9. The risk of social marginalization for persons with disability: expert opinions

**Reasons for marginalization**

The risk of social marginalization among persons with disability has manifold reasons. Poverty is one of the key reasons, experts noted. Persons with disability in most of the cases are among the poorest members of society, their income level is so low that it is hard to integrate into labor market and in social life in general as disability requires additional costs.

... to a large extent there is this poorest part of society that can only rely on pension payments and consequently — may even be able to survive on a pension, while at the same time their income level is so low that it is hard for them to integrate the job market and social life in general; besides, it must be noted that disability requires additional costs particularly in the process of integration, for instance, the job market — there are significantly higher costs at the moment when a person is taking up employment, for instance, transportation costs to get to work, to get home, the costs of hygiene goods, also the costs of clothing, because you can wear anything when you are at home, but when you are going to work, you must think about your looks, hence the costs are growing rapidly — and therefore a person finds it harder to integrate the job market due to the lacking resources. (NGO)

Another reason for marginalization of persons with disability, particularly with regard to persons with physical disability, relates to lack of accessibility to infrastructure. In Latvia the access to infrastructure is not sufficiently dealt with while there is certain progress.

... an acquaintance of mine lived in Austria for an extended period of time and he said that he visited Disneyland with his kids; he was not surprised by the variety of attractions there, but rather by the fact that everything was accessible for persons with disability. The state must try to extend more care to persons with disability, to create social environment to allow this part of society to feel more equal with the rest of it, so that these persons wouldn’t have to feel marginalized and oppressed; but unfortunately in Latvia it is still grossly underdeveloped, in very initial stages of growth. (NGO)

Experts said that differences in access to infrastructure vary greatly between cities and rural areas. The lack of access to infrastructure, transportation and information promotes social marginalization of persons with disability residing in areas outside the major cities.

... at the moment when we turn to people residing in distant regions, we face problems related to communications, there is no internet, often there is no phone, there is no public transport and if there is, for a person with physical disability this service is completely inaccessible as in Latvia inter-city buses are totally inaccessible for persons with movement disability, hence we see barriers related to infrastructure-transportation-information for persons residing outside cities. (NGO)

The third reason for social marginalization in the eyes of experts is the dominant set of stereotypes in society. This risk factor for social marginalization pertains more to persons with intellectual development problems and persons with psychic disorders.

... there is a total of six types of disability, but these two — persons with intellectual development disorders and persons with psychic diseases — could be the two kinds that are grossly subjected to this kind of threat, and I think that social stereotypes are largely to blame
Problems of employment

Employment of persons with disability is strongly linked to two other areas of life — education and health of persons with disability. Experts think that the current level of employment among the persons with disability is insufficient and they stress that the lacking education is largely accountable for this problem of employment.

...one essential problem is that of education — we cannot consider employment without good education and the situation at the moment is very unfortunate — a person with disability encounters very, very, very large difficulties on the way to get education — most frequently we are talking about home-schooling that fails to provide any service quality and there are far too few of the so-called inclusive classrooms where persons with disability could attend schools together with all the other children. In Latvia the issue [of education of disabled persons] is still predominantly based on the so-called specialized schools which means that children leave home for weeks and months spending, first of all, their time in separation from families, together with peers who have absolutely similar disability and [secondly] as a result fail to learn to live in environment — they may be living in very good, excellent conditions, but those conditions are like a specialized breeding space and graduating from the school they are incapable of living a regular life. Unless the educational system is changed, I am afraid that we will not be able to speak about good employment levels as persons with disability very frequently will be able to do physical work, they will mainly be involved in intellectual activities, but to work intellectually, you need good education. (NGO)

The second group of problems pertains to access to health care services and access to medical rehabilitation.

Unless the problems of access to medical rehabilitation for persons are solved, they are unable to renew their ability to work which, in fact, means, that often we exclude them from circulation at work as these persons, failing to obtain skills necessary for work are unable to re-integrate job market. (NGO)

Experts with medical education underscored that prevention is an essential aspect — same as the work to help somebody not to get to the stage classified as disability. Failing preventive check-ups are reason for the dominant position of oncological diseases among the first-time causes of disability.

... ...among the first-time disability factors oncological reasons play the main role. Nowadays are talking about it. The saddest fact is that we see late stages [of disease development], belated stages — when you can still have surgery, but the consequences will be sad anyhow. Had it [diagnosis] been set a little earlier... (Health care).

Experts have singled out the importance of four factors with regard to increasing the level of employment.

1) Support system for employed persons with disability This would include the benefits towards transportation costs to work and other kinds of practical support.

2) Salary is an important stimulus. Salary must be high enough to stimulate persons with disability to
work; however, should the amount received in benefits tend to be equal to that of salary, the persons with disability would not have any stimulus to work.

...I think that more persons will raise to integrate society when the issue of salaries will be settled as currently receiving a pension payment and some benefit from municipality you often get the amount that is quite similar to the minimum salary and this consequently, of course, creates the situation when persons are not prepared to work. (NGO)

3) Intermediacy between persons with disability and employers because the first often fail to inform the employers about their problems.

...maybe some kind of intermediacy between persons with disability and employers would be useful as people often fail to explain their problems, they are unable, they are afraid, or do not understand how to best explain; and employers — when hiring employees — they don’t know what they can require and what not thus often both sides are disappointed as nobody has explained that the first party cannot work eight hours straight, because this person [with disability] must have at least two hours of rest, because this person cannot sit in a wheel-chair for that long while the employer, naturally, is ignorant about this and does not understand why the persons is not working… (NGO)

4) Interest from the side of employers to employ persons with disability, material support to employers for hiring persons with disability, for instance, in the form of tax rebates, as experts suggest.

An expert listed key problems related to employment of persons with disability pertinent to each kind of disability.

for persons with movement disorders the key problem is the access to infrastructure, the issue of transportation, the length of working hours,
for blind persons the access issue remains problematic as well as the possibilities of movement, transportation and specialized places of employment — adjustment of computers, software or using tactile skills in employment — this requires persons who could initially help to learn to required skills,
for deaf persons communication with the employer and co-workers is the key, this requires a translator from sign language, moreover — in the initial stage of work, the collective should be trained to communicate with the deaf person,
for person with intellectual development disorders (depending on severity of disorders) are good at monotonous activities and for this — subsidized employment is well suited to solve the problem, provided there is an assistant,
for persons with psychic disease — at the moment this group faces the most severe social stereotypes and the key for solving this would be working with society,
people with invisible invalidity have problems with full working day.

An expert from an NEA (National Employment Agency) noted that subsidized employment has attracted persons with movement disorders more than, for instance, persons with seeing and hearing disability.
Persons with general diseases mostly take part in our activities, there are few visually
disabled persons or deaf persons. Mainly those are persons with movement disorders. Our
activities provide for adjustments of work places. (NEA)

Both employers and a NEA expert admitted that the employers are not interested in hiring persons
with psychic disorders. Stigmatization, stereotypes that exist in society with regard to this group play
a major role. An expert in medicine noted that even in the developed countries this is a problematic
topic, but it is being discussed more frequently, there are improvements in ambulatory care, there are
the so-called half-way homes, daily homes. There are quite a few possibilities. We have a long
way to go and we need a lot of resources.

Employers explain their reservation with regard to persons with psychic disorders and mental
development disorders with several conditions: these persons are not equally accountable with other
employees, they work slower, they sometimes are unable to work a full day, their working ability is
often impossible to predict.

Let's be straight — it's quite hard with these people, particularly, when they are depressed,
one day they are this, another — they are completely different and generally we cannot take
that they are equally accountable. (Employer).

...well, he'd say — I'm not feeling well and leaves at three o'clock in the afternoon, ok, fine, we
let the person go, but this is an obstacle for production, we have to stick to schedule and
sometimes even work on Saturdays as we need to finish production on time. And the fact that
this person, well, works slower, this is problematic, too, but we have this employee
(Employer).

Problem solutions

Experts were satisfied with what is achieved up to now with regard to promotion of employment,
namely, the activities related to subsidized employment and supported work. Subsidized employment
favors the employment of persons with disability, because — as one NEA expert admitted — after a
two-year project or during the project 70-75% of the persons involved in the project found permanent
jobs, close to a half of the persons found employment with the same employer who had invested in
his/her training and in adjusting the work place.

In the context of subsidized work there is requirement that persons with mental disorders initially
have a mentor, helping and explaining while later, provided the person with disability is successful,
s/he shall remain and mentoring is not necessary. Subsidized work depends on the degree of interest
from the employer’s side; RIMI and McDonalds are among the most popular employers of this group
of persons.

Expert opinion were divided with regard to establishment of disabled-persons-only companies or
workshops. One of the opinions on this was that this would account for indirect segregation that
would hinder social integration of disabled persons.
...employment — this means being in a collective and once you start working in a collective, you are in a collective; therefore I am very much against specialized workshops that would gather, for instance, everybody in a wheelchair, or everybody who's blind — this is how instead of integration we will create a segregate camp that from one side could be easier and cheaper while on the other — less convenient and definitely — more expensive. (NGO)

Those representing an opposite view thought that disabled-persons-only companies would be a good solution for their employment problem even though this solution is not valued in Latvia. Arguments for such companies contain references to their lower qualification and the fact that they work slower. It is hard for disabled persons to compete in the environment of regular persons and among similar persons they feel more self-confident.

Lower qualification and the fact that they have low self-esteem, low self-evaluation. This is the reason why I think that disabled person companies would be one of the possible ways... as people with disability need more special treatment, at least initially, before you dare and before you start putting trust in yourself. (NGO)

Some experts had quite a positive attitude with regard to the Soviet-time employment system for disabled persons. Disabled persons just like any employee find it important to be in certain circulation, to maintain their skills, to increase qualification. This requires more opportunities for the employment of disabled persons.

In Soviet times we had work secured for visually impaired persons and deaf persons, I still fail to understand why this system was destroyed — this only means that partially the disabled persons are also to blame, sometimes they are saying that they don’t want [to work] because they have been marginalized for so long, that they don’t dare anymore to go [to work] because they've been out of circulation, this is similar to situation when a good specialist has been out of professional circulation — having been out of the work for four years this persons will find it difficult even with his/her education, as nowadays we have to keep learning, this is not as simple as to jump back [into the circulation]. (NGO)

The key activities to be completed to reduce the risk for social marginalization for persons with disability are as follows:

1) to include in the job market those willing to work,
2) to create a system to make work those who are not willing yet able to work,
3) to provide for high level rehabilitation,
4) to provide for an opportunity to obtain good education.

Recommendations

To reduce the fear in persons with low income to be treated at hospitals because they fear that they will not be able to pay, to introduce interest free credits for hospital treatment, providing that treatment expenses can be re-covered gradually.

In the area of social services — to include more NGOs in the capacity of service providers; they could sell these services to the state and to municipalities.
The current opportunities for rehabilitation are insufficient, rehabilitation services on the spot are needed, closer to the place of residence of persons with disability.

... Speaking about rehabilitation — there are two rehabilitation centers in Jurmala and, of course, there are dramatic waiting lists, people, of course, fail to get in, and naturally all bad things that can happen do actually happen; therefore we should think about opportunities for rehabilitation on place, in the proximity to the persons, so that the people could go to the rehabilitation service place and return home in the evening; this would be much cheaper, safer and more convenient. (NGO)

Disability pensions are very low. The recommendation to change the pension politics in terms of splitting the pension in two parts, where one part would go to persons not working and not being able to work as they have severe disability while the other part would be a benefit payment instead of being a pension — a benefit entitled to compensate the consequences of disability.

...the second part should be a sort of benefit instead of pension, this should be entitled to compensate the consequences of disability, which means — to compensate transportation costs, personal assistant, if needed, purchase of hygiene goods, for instance, diapers that many persons need, some other practical thing, that you need on daily basis. And then we would have a situation when the benefit or the compensation towards liquidation of consequences of disability would go to anyone who needs it, who has movement disability or other disability, any kind of problem. The pension then would go only to those who are not working and who cannot work, instead of going to those who are not working and not willing to work. (NGO)

The cooperation between state institutions and ministries must be improved, the issues pertinent to persons with disability should not only be dealt by the Ministry of Welfare, but rather by all the ministries, as disabled persons are equal citizens. The establishment of uniform information network is viewed as a stimulating factor for institutional cooperation.

I think that the majority of ministries point their finger to the Ministry of Welfare and say that the issues are in the competence of the Ministry of Welfare and this ministry goes on struggling, while it is hard for the MoW to solve all these issues alone...because, if we assume that a person with disability is just like any other person, then this person takes a bus just like anyone else, goes to bank, goes shopping, takes a bank loan, does many more things, in fact the respective line ministry should care for this person, but this is not happening yet. (NGO)

Amendments to legislation authorizing not only social working with higher education to work in workshops for persons with intellectual development disorders, but also representatives of some other professions (also — without higher education).

### 3.5.4. Homeless people

In Latvia traditionally the term “homeless person” is understood as a person without a roof over his head, who uses a shelter for sleeping or sleeps under a “tree”. In everyday speech these people are often called “bomzis”. This comes from Russian language, where it means “a person of no fixed abode with”. Therefore in everyday speech and usually within the framework of social and abode politics a homeless person is understood as a person, who is homeless due to his lifestyle.
Yet FEANTSA approach bases on that homelessness is a process, not a statistical phenomena, which affects many risk families in various stages in their development. Homeless people are not a single and so called “bomzi” compose only one, the most obvious part of homeless people. FEANTSA expert Data Collection Working Group has developed a European definition of Homelessness and housing exclusion (ETHOS), which has been used in European Union member states for collecting data about social exclusion regarding abode and homelessness since 2005. This typology is based on person’s abode situation and subdivides people without abode in the following groups:

1) rooflessness (without a shelter of any kind, sleeping rough)
2) houselessness (with a place to sleep but temporary in institutions or shelter)
3) living in insecure housing (threatened with severe exclusion due to insecure tenancies, eviction, domestic violence)
4) living in inadequate housing (in caravans on illegal campsites, in unfit housing, in extreme overcrowding).

In this section we will survey only those groups of homeless people, which are in particularly acute social exclusion. Unfortunately not about all of these groups there is at least a partial statistics available, which would let them identify quantitatively. In this section we will not analyze such homeless people groups as the ones who live in institutions and asylum seekers, because there is a comparatively much regard paid to them both in legislation and risk mitigation of social exclusion by providing an accommodation.

**Homeless people living on streets**

In Latvia there is no information aggregated about homeless people living on streets. For the present there is also no methodology how these people should be accounted and gathered information about. When winter is approaching people who sleep in public places are encouraged to spend nights at shelters. Those, who go there are gathered information about, but there is no information about those people who do not go to the shelters.

Within 5 years the amount of homeless people using shelters has notably increased (see table nr. 38). The highest increase of homeless people using shelters has been in Riga, where it has been from 453 people in 1998 up to 1716 people in 2005.

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<td>People hosted within a year</td>
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3.5.4.1. Description of Living Conditions

A large part of the interviewed homeless people live in night shelters. There are a few, who sleep over at their friends, acquaintances or relatives, where they rent a bedsapce. There are some homeless people, who live in forsaken buildings.

In is difficult to make any conclusions about the family status of respondents in general – a part of the homeless people are on their own, they have nor elatives, no friends, they also feel lonely, the society excludes them. Another part has children, but for a variety of reasons (for example, they are ashamed, have a sense of guilt, unwillingness to be dependant on somebody, children disassociating etc.) they do not want their children to take care of them.

And also... My children help, but... I don’t know, how to say this, whether I feel guilty that I lost my apartment or what. I don’t want to be dependant on them, I don’t want that. (Natalija, 37 years old)

Since the beginning of 90-ies there have been changes in real estate market. As a result of the politics of real estate denationalization many people were not able to pay the rent and were put out of their apartments, some people were not able to pay their debts and were forced to look for another place to live. Dishonest brokers used this and tricked their clients, for example, those, who wanted to pay their debts, and their apartment/house was sold to the brokers for a very cheap price which does not correspond to it’s actual value.

We lost our apartment when we wanted to exchange it to another and pay our debts… (Olegs, 53 years old)

I was put out of my apartment because the superintendent didn’t take my money. The apartment was in a landlords house, I went to the police, I went to the superintendent with police to pay the money. But they didn’t take my money, I divorced with my wife. After a while I was put out of the apartment. (Ivars, 45 years old)

The problem was that we lost our apartment because of illegal fraudsters… It was privatized on my grandson’s name, we needed money and we mortgaged it for 1500 LVL. And it turned out that it is sold later on. (Laimonis, 53 years old)

One respondent says that he has signed a contract, but because of that his knowledge of Latvian is not very well, he has not understood details of the contract, therefore he has lost his apartment and after a month he has ended up on street. However, fraudulent activities are not the only way how people have lost their home. Another reason is loosing job, wherewith people cannot pay the rent and for public utilities, and so they are put out of their homes. Because of that a person cannot find a well-paid job he/she gets into debts, and as they accrue people end up on streets. In some cases alcoholism has been a reason for people not having a job and why they have got into debts.

I don’t have a place of residence. I drank it away. However, my mom died, I began drinking and so I had to sell my apartment. (Vasilijs, 47 years old)

In the beginning I had my own apartment, we lost it because of debts. My mom helped, she exchanged her apartment to a three room apartment, and so we went to live to her place. (Svetlana, 38 years old)
It is also practically impossible to get to the waiting list for improvement of living conditions.

I have submitted to get in this line twice, but they refused both times. They think that if I have not been put out of my apartment with a subpoena and I have not lost the rights to live there. But in the same time – there are new people living there. They declared me off that place, and so they think they got rid of me. However, I received a rejection from this commission, even though I have declared that now I live at a shelter, they still refuse knowing this. (Svetlana, 38 years old)

3.5.4.2. Strategies on making ends meet

The amplitude of homeless people income is very wide – starting from a few LVL per month up to 300 and more LVL per month. The income sources vary as well – handicapped person allowance, pension, allowances, illegal job, odd jobs etc. Handicapped homeless people receive an allowance of 45 LVL per month. Homeless people living in shelters can have breakfast and dinner there with no additional payments, most of the respondents use this opportunity, emphasizing that this is very important to them, because otherwise they would have to spend a lot of money for food. There is no option of having lunch at the shelter, they can have lunch at a canteen, at relatives’ place, as well as there are nongovernmental organizations offering free lunch (such as Red Cross and other).

Most of homeless people income is spent on food. The ones who smoke and/or use alcohol, spend money for this, but it is not often mentioned. Because of that public transport is expensive homeless people do not use it or use it very rarely. As income of most respondents is quite small and the requirements for clothes are very little, practically nobody spends money on clothes. They say it is possible to get clothes from various organizations. The humanitarian aid of the local governments is another way of getting clothes and shoes. This humanitarian aid is very good, and sometimes they can get clothes not only for themselves, but also their relatives and family family members.

*It helps my daughter, my wife, and also personal needs… It is food and also toiletry, and other things to satisfy some needs.* (Igors, 42 years old)

Answering the question about what do they save money on, the answers are very similar – on everything, including good food.

*On good shoes, I cannot buy myself a shaver for beard, until I don’t get the group (talking about disability group). At this moment I have no money at all and I cannot do any odd jobs, nothing, I can raise my had just like this (showing that he can hardly raise his hand).* (Sergejs, 33 years old)

Respondents say that they would like to start their own life, to buy or to rent an apartment, to afford clothes, shoes, all that is necessary for the household, buy higher quality food.

*I would like to buy an apartment, you need a lot of money for that. I cannot buy a lot of food. I would like to buy good sausages and cheese, or meat.* (Vasilijs, 47 years old)
3.5.4.3. Employment

Practically all the homeless people who work, work illegally and do not pay taxes. There is a wide variety of jobs they do – some do household jobs, for example, tidies and cleans houses (usually for the person, whom he is living with), weeds gardens, do different work at gardens, there are some, who do odd jobs, for example, rip wood, some collect empty bottles, collect metal etc..

Of course, as all the homeless people do, we collect aluminum and bottles, but this is physically hard and tiring. (Peteris, 59 years old)

Even though the interviewed homeless people work illegally, they have not registered at the State Employment Agency and have not done any courses. Some mention that they have been registered there, but it was in the past.

Building is one of the areas where human resources are necessary, and some of the interviewed homeless people work in this area. From what they say it can be understood that there are many people like them working illegally in this area, because it is possible to earn quite a lot of money. Homeless people are also employed for companies, where the working conditions are hurtful to health.

If I will be willing to work there, I can work there for a long time. They have jobs there all the time. He is very happy to have me! There are people changing all the time. As it is with that kind of things – there is turpentine and so, you have to lift heavy things, not everyone can do this. But there is this smell, people cannot take it any longer, they get eflorescence on their bodies… IT is very hard to work at such a place. (Natalija, 37 years old)

The local governments also employ people illegally for doing public jobs. They do various simple cleaning jobs, and they get paid for this a very little amount of money – 2 LVL per day.

Those homeless people, who don’t live at shelters, but in forsaken buildings, find both food and what is necessary for their “household” in waste bins. Another kind of work that homeless people do is begging. This is considered a profitable job, but as respondents say – it is dependant on the place, where theyeg and from the, when they beg.

In future the respondents wish they will have a paid employment, but they are not really sure about what they would like to do, in what area, the most important for them is to have money to rent a room or an apartment. Work for them is also important as a meaning of life so that there is something to do.

It is hard to live without money, if you have money, you can rent a room and you can start thinking about other things. What can I do now? As far as I have looked, I could find a job, there are workers needed all the time, but I don’t have the beginning. (Vasilijs, 47 years old)

3.5.4.4. Social network, informal help

The greatest part of the interviewed homeless people say that they have the same friends and acquaintances as they had before they became homeless.
I go to visit my ex-colleagues. There are quite a lot of them. Almost everyone is in the same kind of situation as me. Some of them are retired, some of them are very poor. They help me out if they can, I can stay at their place, but I have to pay for it. There are some with whom I can stay one or two nights. I don’t have to pay, but I have to take some food or something. (Ivars, 45 years old)

Most of the respondents think that they have to manage their problems on their own, and they do not want to ask their children, relatives or friends to help them out. Of course, there are a few exceptions, but only if the relationship is good with children, brothers or sisters, they rely on these people if there was a very important need, for example, serious problems with health, which must be solved quickly.

On a regular basis it is only my brother. I can have a shower at his place, I can wash my clothes there, I can have lunch, sometimes he gives me some money, not much, but, for example, for cigarettes. (Vasilijs, 47 years old)

Some respondents say that their friend and acquaintance network has notably changed and that these relationships have ended. Some of the interviewed homeless people have a very low self-esteem – they think that nobody needs them, they feel needless and lonely. Some of them don’t keep in touch with the friends they had before becoming homeless, because they have had bad experience and they don’t want to feel anything of that kind anymore. They also say that have experienced situations, where they need help, ask for it, but they are rejected – mostly these are close people, relatives, friends, but there are people who have had positive experienced and they have received help.

For example, when me and my mom had jobs, when we were not dregs of humanity, when we had everything – apartment, job, money, when we had the position in society, then we were very needed. When we ended up on street without an apartment, we didn’t have a place, where to spend the night, we went to those people, and unfortunately they didn’t give us a chance at least to sleep on the floor, we had to sleep on streets. (Sergejs, 33 years old)

The larger part of respondents don’t celebrate anything, and if they do, then without relatives, because they don’t have close relationship, because they are poor as well, and they cannot afford to celebrate anything.

We don’t celebrate anything together. It is a long time now, since we did. (Igors, 42 years old)

What kind of celebrations are you talking about? We have so much worries, so much mess that we don’t want to go anywhere. We cannot even celebrate our birthdays, we cannot afford that. (Laimonis, 53 years old)

3.5.4.5. Education, children education

The interviewed homeless people have either secondary or secondary vocational education. There are also some/very few who have only primary education. Not a single one of the interviewed people have higher education.

The greatest part of the respondents think that adults should study too. Some of them say that they would like to study and learn something and a few already have plans about what it is that they want to learn, but during the time, when interviews were made, none of the respondents was studying.
I have this idea – this year it won’t work, but next year I hope it will. I want to learn, I want to study and become a social worker! (Natalija, 37 years old)

A part of the interviewed homeless people have children – there are preschool age, school age, adults, who are independent from their parents and living their own life. Respondents not only do not take much interest about their children education, but they are also not informed about it (for example, if a person has divorced and the child lives with the other parent). Svetlana, who has 5 children, talks about education in the context of expenses and allowances. Her elder son has graduated the 9th grade and he will not continue studying, therefore she does not receive allowance for that. Also, if respondent thinks that education is important, he cannot do this because of that he cannot afford, therefore it is somewhat impossible to get out of poverty.

To get a good salary, you need to study. But to study, you need a lot of money. Where can I get money for studying? My elder daughter wants to have higher education, but she has to pay 1000 LVL per year. Where can I get that much money? Then I will have to pay 100 LVL a month. That is a nightmare. I cannot imagine that. (Svetlana, 38 years old)

3.5.4.6. Health, medical aid

Health worsens if people live on streets, at shelter, doing an unhealthy work. If a person does not have regular income and if they are little, going to the doctor is not a priority. Respondents rate their health status differently – some say it is ok, some say it is bad. Bad health status has something to do with chronic illness and it’s acute condition, disability etc..

Interviewed people understand that health is very important, but, because of that they don’t have money for it, there are no options. Some of the interviewed are handicapped people, their health status is very bad, but it is disregarded.

Even though interviewed homeless people have serious problems with teeth, it is not considered a serious and acute problem. Practically none of the respondents has been to the dentist for a very long (at least 5 years) even though they acknowledge that it is needed.

I think the last time I went to the dentist, was in the beginning of 90ies. I cure my teeth myself. [how?] Well, if there is hole, I put vinegar essence on it. After all – I have very few teeth, only every second. What am I going to do at the dentist? It is too expensive, I cannot afford that. (Sergejs, 33 years old)

A few respondents mentioned that they have pulled out their teeth by themselves or asked a friend to do this if there are problems with teeth (for example, it hurts).

Some of the respondents have registered to a family doctor. However, a large part do not have a family doctor, therefore they cannot afford to go to see a doctor, expert, even though it is needed to solve their health problems. Acute health problems are often treated by taking assuagement, though they do understand and mention that in this way they solve the problem only temporary. They cannot afford to be treated properly – mainly because of their financial situation.
Folk-medicine is also used – one respondent says if something hurts, she eats garlic.

Unemployment, loosing home, inability to improve their situation in general might lead to depression, which homeless people cannot afford to cure.

*When a person looses his job and apartment, he falls into depression. It is a very serious depression and they don’t do anything to cure it, because they don’t have money. I know it from my experience that nobody really wants to do this. I used to fall in depression and then I cannot do anything, I don’t want to do anything, I don’t have willingness to do something, because I don’t have the strength to fight all those circumstances.* (Svetlana, 38 years old)

Chronic illness and disability are problems, which are more difficult to solve if a person does not have a place, where to live, especially knowing that there is more stress because of not having a place where to live. It might also be the reason why illnesses become worse.

3.5.4.7. Communication and access to information

The interviewed homeless people are informed about what is going on in the society, politics, they have access to such mass media as television, radio, newspapers, magazines. At shelters the mentioned mass media are available without any additional payments and they are used. However, respondents mention that they do not have as much time for it as they wish they did. Respondents in Riga also read the newspaper “5 minutes” as it is for free.

*I read “5 minutes”. And news on TV3 – even though it is in latvian. But we don’t listen to radio. Only because of newspapers and news on television, we know what is going on in the world.* (Svetlana, 38 years old)

Rooflessness people living on streets are also well informed about processes in society – often they find previous day’s newspapers in the garbage.

Some of the respondents have cell phones, but not all. Those, who have cell phones say that nowadays nothing is possible if you don’t have it. Internet is not commonly used, some respondents say they use internet, but it is not regularly, if it is used, then to find a place, where to live.

Public transport is never used or rarely, because they cannot afford it.

3.5.4.8. Social assistance

As mentioned before, the vast majority of interviewed homeless people don’t receive any kind of state paid allowances – neither the guaranteed minimum, nor the unemployment benefit, nor any other allowances. The basic reason for this is that there is a lack of information about that they can receive an allowance. Another reason is all the documents needed – respondents say that it takes a long time and that there are too many documents so they would understand what they need etc.. In case there is one document missing, everything stops. Respondents say it takes a long time until it is done. Another important problem is that some of the interviewed homeless people don’t have a passport.
The local government Social Services are those institutions who partially might be able to help to solve main problems that homeless people have. However, the attitude for social services and social aid is very different – some respondents find it very positive, others don’t.

I feel embarrassing to go there. I get sick of asking the government to help me just because the salaries are so low. (Svetlana, 38 years old)

I receive help from the social services. I can go to the doctor for free, and I get medicine for free. (Natalija, 37 years old)

Firstly, I didn’t go there and ask for anything. Secondly, whilst they will think it over, and decide about whether they should or should not give me that allowance, I will be dead by then. (Sergejs, 33 years old)

Receiving or not social help is dependant on how actively the person will look for help. However, not all the homeless people think this way. Opinions on who should do what vary – some think that social workers should find them and help them, but others believe that those people, who don’t get things going, are responsible for their situation and for that nothing improves.

Another problem mentioned by respondents is that when a person declares his place of residence at a shelter (which is obligatory to receive an allowance), nobody hires him.

One of the reasons why people don’t ask for social help is that they don’t know what kind of help they could receive.

3.5.4.9. Participation in social life

The problem for most respondents in voting on election is that they don’t have any documents, and some respondents are non-citizens, therefore they cannot vote. Practically all of the interviewed homeless people feel belonging to Latvia, no matter what is their nationality or citizenship. Almost all say that this is because they were born in Latvia and have grown up in Latvia. Though it is important to note that a large part is dissatisfied with the government.

In some way I don’t believe in Latvia, because I feel that they are cheating (talking about the government). I mean it about apartments, homes... The state should help more, but it does very little. (Ivars, 45 years old)

Opinions vary also about the issue if and how the state and/or the local government should help inhabitants. Some think that they should help, mentioning shelters, social services etc. as examples. One respondent says that even though he cannot say that the state helps him, in general it helps people, builds houses, does road repair.

Most of the respondents think that destiny of such people as homeless and unemployed is indifferent to the state /local government.

I have seen empty houses. The government would better let those buildings rot than let people live there. (Vasilijs, 47 years old)
I think they don’t help at all. They think...I cannot even understand whether they think about people or not. They think only about themselves! (Natalija, 37 years old)

3.5.4.10. Social exclusion

Low or no income is the main reason, why respondents don’t have a valuable life. The main problem, which follows low income, is lack of a place of residence. Often respondents feel excluded and isolated because they live at a shelter. Attitude from other people (especially employers) worsens if they find out that he/she lives at a shelter. Lack of income is related to other material deprivation aspects – healthy food, weather and clean, neat clothes, caring for look and health. This affects the possibility of finding a job. As a result people are in stress all time.

Just as you are saying – no theatre, no cinema, no concerts – I cannot go anywhere. (Vasilijs, 47 years old)

In stress all the time, nervous all the time... If I just had something normal to wear, to eat... For example, I would like to cure my mother. As she has had to sleep on streets, spend nights outside – her illnesses have worsened. I wish I could heal her. (Sergejs, 33 years old)

Lack of opportunity to satisfy hygiene needs is also considered as one of the exclusion factors, because if a person is roofless and he cannot wash his clothes and himself, people around reject this person because of his look, and if they find out that he has also been in prison, he is excluded completely.

Of course, I am not dressed well, you see that my clothes are not clean, but I don’t have a place, where to wash them. I am not a real bomzis, but my conditions are stringent. I am sweaty, because I don’t have a place, where to wash, in summer it is better – we go to the river here and get washed. (Peteris, 59 years old)

Respondents think that nobody wants to help homeless people because they are homeless. People push them away and exclude them. They think that the government or local government should help people in two ways – help with a place of residence, and help to find a job.

I am saying that I need an apartment, further I will manage – I have two legs and two arms. (Vasilijs, 47 years old)

The interviewed homeless people say that they understand what social exclusion means. Most of them consider themselves socially excluded. They also think that they are not the only ones, who are socially excluded; they consider people with low income, retired people, families with children socially excluded and that these people should also receive help from the state/local government.

Everyone, who does not have money, is socially excluded. (Laimonis, 53 years old)

Socially isolated is that person, who wants to isolate himself. If you ask for help, you will receive it; if you don’t ask for help, you are isolated. That is how I understand, maybe I don’t understand it right. (Olegs, 53 years old)

I think those are people staying at shelters. They are already excluded from the society. There are also those, who don’t stay at shelters, but they live how they can and where they can. Nobody wants to employ them. Or he is employed, for very little money. I think that is socially excluded. (Igors, 42 years old)
Social exclusion is considered a social problem, which has developed from circumstances independent from the person. However, in some situations it is considered that it is the person’s fault that he has got in such situation. Respondents think that the only way to get out of social exclusion is for the person to get out of it himself.

*What to do? Do what you want. Get out of it, however you can.* (Svetlana, 38 years old)

### 3.5.4.11. Homeless people as a social exclusion risk group: expert opinions

Different homeless people group social exclusion or its risk detraction is related to unitary state policy and program for this problem’s detraction.

Homelessness problem in Latvian legislation is viewed only fragmentary. It is mentioned in the Law on Social Assistance and Social Service (in the paragraph “Terms”), but there is no paragraph devote to it. In this law it says that solving problems related to homeless people is the local government responsibility.

At this moment not all the groups of homeless people are studied in Latvian legislation, but other groups, according to the ETHOS definitions, in Latvia are not considered homeless people.

Detracting social exclusion for a particular homeless people group is the job for various social assistance service providers (renderers) – for example, various institutions offer services at night shelters, crisis centers, social integration centers, social integration and social rehabilitation centers, asylum seeker centers or social houses.

**Causes of social exclusion**

The main causes of social exclusion vary in different socially demographic groups. For a part of retired people, who have lived in denationalized houses, the increasing of rent and public utilities is a cause, why a person looses his home, but there is no space at the social house. Other people have lost their home, because they have been cheated. Families with children have been put out of apartments because of unpaid debts. The problem has gathered step by step and people have not known or have not been able to looked up to Social Services.

Another group of causes is related to additional problems – loosing job, loosing operational capability. There are experts who consider depression (related to problems at work, loosing job, tragic family problems, becoming disabled) as the main cause of homelessness. Another additional cause is chronic illnesses, because of which a person looses his operational capabilities, looses his job and falls in depression. AS one of the experts admits “*Anyone is subject to possibility of becoming homeless, if he gets in a crisis situation… Depression is something that can break a person.*”

Third group of problems that lead to homelessness – life style, alcoholism, individual’s psychological
instability.

Therefore the cause of loosing home can be both individual and social.

**Characteristics of shelter clients**

Homeless people are a heterogeneous category: those are lonely people from denationalized houses, who have been put out of their apartments, - retired and/or handicapped people, as well as people who are standing in the queue to pension. In this group there are also people, who have lost their home because of their lifestyle (their fault).

Mainly the shelter inhabitants have low level of education, but there are also people with higher education, who have been wealthy at some point, but lost everything after dramatic life problems have happened, because of which they have become alcoholics.

Several experts note that shelter clients are inhabitants, who don’t have documents and who have been advised to go to the shelter to arrange their documents (for example, passport).

**Services and regulations at homeless people shelters**

Shelters provide their clients with accommodation, food and chance to wash, as well as they arrange documents, solve acute and chronic health problems, delousing if necessary. Clients are required to keep their personal hygiene, which is quite actual to those, who do not like to wash. Some homeless people, especially elder ones, are provided with psychological support and humane communication. These clients have fallen out of social movement, they do not have anyone, and they do not have relationship with their children.

Able-bodied clients are required to register at the State Employment Agency and look for a job.

At the shelter it is forbidden to use alcohol; this is a problem for some client categories.

**Health problems**

The shelter clients have various health problems, and the administration of the shelters try to solve them. Main health problem in winter is freezing and burning. During winter there are often people at the shelter, who have frost-bitten hands and feet. They are rendered medical treatment, they are taught, how they can do things, when one or more extremities or part of extremity (for example, fingers) is amputated. Medical treatment is also provided to those, who have traumas (for example, purulent wound, burns derived from sleeping on heating mains).

In case there is such necessity, the shelter ensures sanatoria, ergo-therapeutics, doctor’s consultations in cases of internal diseases. Some shelters have a good cooperation with hospitals. People taken to
hospital from street afterwards are taken to a shelter. The shelters have concluded contracts with a
doctor, because for homeless people it is difficult to sign up to a family doctor. Family doctors at their
practice do not want to register homeless people, because this might affect their prestige in other
patients, therefore they might loose their clientele. A similar problem is with dentistry.

Main shelter problems

A shelter is an institution established by the local government. In some local governments not enough
financing is allocated to the shelters to employ specialists needed.

In some shelters the employees do poor job, do not have adequate education and training. It is difficult
to find such specialists (rehabilitator).

Experts know that there are some employment projects, which are financed from the ESF, where
employment of homeless is promoted. Experts emphasize that there is more support needed from the
state to detract social exclusion.

Future view

Experts esteem that in future the amount of homeless people might increase. The potential risk groups
might be, for example, retired people, who have allowed others to privatize their apartments, single
parent families with children, which additionally would have other problems – unemployment,
parents with low education level, not taking care of children. As the rent increases, potential shelter
inhabitant amount from various social groups might increase.

Homelessness prophylaxis – paying more attention to those families, who cannot pay for rent and
public facilities on a regular basis, hence not conducing debt increase, which might lead to that the
family/individual is put out of apartment.

Cooperation team work enhancement. There should be various institutions in the team – local
governments, Custody Court, school, medical institutions. At the shelter there should be a team of
social workers, doctors, policemen, psychologist. Training at local governments is necessary – for
working in a team, which would be more oriented to prophylaxis so that families would not loose
their place of residence.

3.5.5. People after imprisonment

In Latvia there are many people in prisons. Every year over 2000 prisoners are released from prison.
According to legislation, the local government, where the prisoner has lived before imprisonment, is
responsible for providing the ex-prisoner with living space. The living space/abode is not always
provided. In Latvia there are five local government and NGO centers, which provide a temporary
living space for people after imprisonment.

3.5.5.1. Survival strategies

Most of the interviewed ex-prisoners live together with their family – parents and/or siblings, spouse (and children if there are any). Approval to that it is difficult to integrate in society after imprisonment is Peteris, who lives in a shack set up in the woods.

The amount of income for each respondent is different – starting from a few Lats per month up to about 1500 LVL (for all the family) per month. Main income sources are salaries or payments for odd jobs, as well as allowances. One kind of income source comes from working for acquaintances/friends/neighbors (at garden, doing repairing, household jobs etc.).

\[ I \text{ work in building area; I get things done somehow, one odd job, another odd job, another one, deals… [Is it all unofficially?] Of course. (Garais, 21 year old)} \]

\[ \text{At this moment I actually life from allowances, people help me out, relatives help me. (Janis, 40 years old)} \]

Better provided are those people, who have their household and land. The main or one of the income sources might be berry-picking and mushroom-picking, some collect bottles and metal. Ex-prisoners for providing themselves tend to use illegal ways to get food.

\[ \text{Money! That is the problem – I don’t have money. I do have very little money, but if a person has hands, he can take things, we also have some land. We have two cows, land – we grow potatoes, beets, everything – mainly that is how we can survive. (Vitauts, 45 years old)} \]

\[ \text{The only way, how we can provide ourselves is borrowing [interviewers comment - stealing], because I cannot find a job, I am time-expired, nobody needs an ex-prisoner, everyone is afraid that I will do something wrong, actually people are not encouraging. Everyone makes some mistakes in life. I can also say that we survive from what we find in the woods. We also sell berries and mushrooms to the local people here. (Peteris, 59 years old)} \]

Depending on the amount of income expenses differ as well. Interviewees with income less than 100 LVL, all of it or most of it spend for food and public facilities (if they have enough money to pay for that). Wealthier interviewees spend a part of their income for food, the rest is left for other needs and leisure. For example, Janis spends 3 LVL for food per day, for public facilities and rent he pays 20 LVL per month, for medication he spends another 20 LVL per month.

\[ \text{Firstly I spend my income for food, secondly, for clothes, thirdly for public facilities… Of course, I by medication, I have bronchial asthma. (Janis, 40 years old)} \]

Remarkable part of interviewees mention that what they need, but cannot afford is their own living space – separately from their relatives or a bigger place, where to live (for example, if there are 4 people living in a one room appartment). If there is a living space, it needs repairing and their income is not big enough to cover it.

\[ \ldots \text{It is an apartment, I would like to have it for myself, simply a place to live, not living together with my sister. But… (Andris, 28 years old)} \]
We don’t have any spare money for anything left. As soon as I get some money, it is spent on paying bills, other things and when Mairita (sohabit) receives salary, a week later – we don’t have any money left. (Garais, 21 years old)

If the ex-prisoners would have more money, they would spend it on better food. However, interviewees receiving less than 150 LVL per month not always have money for food.

We don’t eat sometimes… (Vitauts, 45 years old)

Those, who live in the place provided by the local government lack things necessary in everyday life – furniture, white goods (fridge, washing-machine etc.), and they don’t have the money to buy these things.

I cannot afford to buy white goods, it is really expensive, for example, a TV, a fridge etc. I also cannot afford to buy furniture… (Janis, 40 years old)

3.5.5.2. Employment

The employment level among ex-prisoners is very low. Most of the interviewed ex-prisoners are unemployed, some of which have registered at the State Employment Agency. In very few cases ex-prisoners receive the unemployed allowance. Main work is odd jobs.

I do odd jobs, I find adverts in newspapers or some other way. I build houses, I do such things. (Mihails, 50 years old)

I do many things. I also work for people I know. I help my relative, who is handicapped. There are many things I do. (Janis, 40 years old)

Because of working unofficially the work place is quite unsafe and it is possible to lose it very soon, but the income is high (for example, 500 LVL per month). If working officially, interviewees feel very safe about their work, they are not afraid to loose it, all of their salary is official and they pay taxes. For them good relationship with colleagues and authorities at work is very important.

The fact of imprisonment can be related to smaller possibility of getting a job. However, there are opposite opinions in this issue. There are some interviewees, who think that the fact of their imprisonment does not change anything, because they get their job done very good and their authorities cannot complain. However, in these cases it should be noted that their authorities at work do not know about imprisonment. In other cases the fact of imprisonment is hided, because the possibility of getting a job as well as good relations with authorities and colleagues are related to that they do not know about imprisonment.

Interviewees, who work officially, criticize those people, who don’t work – in their opinion the most important is how the work is done, and if it is done good, then it doesn’t matter whether the person has been in prison or not.

You see he (employer) doesn’t know that I have been in prison. That’s the thing and I think if he would get to know this, then… In the beginning I thought there will be such a problem, but
you don’t get any stamps in your passport or something. Everything is alright, if you don’t have tattoos all over you. (Juris, 23 years old)

Others think that imprisonment is like a stamp and that it is the reason, why they cannot find a job.

Most of the ex-prisoners don’t work. The main reason is negative attitude for the fact that a person has been in prison. Interviewees say that as soon the employer finds out about imprisonment, he turns his back upon the ex-prisoner and he is not employed, his knowledge and skills are not considered.

_I thought and I still think that it is pointless to look for a job, because I have been in prison, and I have heard and understood that nobody wants to employ such people._ (Peteris, 59 years old)

_I had a situation, when I wanted to go to one company in the building area, well, there was this company, I applied, I was told to wait, that I will get a phone call. There were no questions anymore. Nobody called me, nothing. Firstly, I told them that I was recently released from prison, and that is why it ended, nobody called me._ (Andris, 28 years old)

A few respondents have lost their job because of that they were imprisoned and this work is not available for them because of a few matters, one out of which is a shortage of jobs.

Interviewees have tried to find a job in a few ways – mainly adverts and through acquaintances. After a while they despond, because of what they have experienced and what they have heard from others, they don’t see any hopes for ex-prisoners to find a job only because of imprisonment.

Practically none of the interviewees have a profession. One interviewee has attended the State Employment Agency’s courses, where he has obtained 2nd category carpenters’ specialty, and considers these courses very useful. Even though interviewees consider State Employment Agency’s help and support essential, almost nobody has used it.

In some cases the reason for unemployment is weird. For example, one interviewee says that if he would work and for that receive 200 LVL per month, his family would no longer have disadvantaged family status, therefore they would not receive support from the local government and the state, and that his salary would not cover their needs; this interviewee thinks that if he would work, his living conditions would be worse than if he does not work.

_Firstly, I want to say something. I don’t have anything against an official work, [but then] I would lose the disadvantaged family status... I would have to pay big taxes, I will have to pay another 50 LVL for kindergarten. I will have to pay another 60 LVL for the apartment, and in the end I will be working and be in debt._ (Mihails, 50 years old)

It is important to note that most of the interviewed ex-prisoners would be willing to work officially mainly to have savings or retirement, to pay taxes, but it is hard to find an official job, as well as the taxes are quite high.

_On the whole I would like to have an official job. Then I would know that there is money accumulating for my retiring allowance and all the rest, you know._ (Andris, 28 years old)
3.5.5.3. Social networks, informal assistance

Most of the interviewees note that their closest people are friends. Some respondents also mention family and relatives as their closest people. However, some confess that their relationship with family members are really bad, that relationships with friends/family members have worsened after release from prison, that friends/family members have turned their backs on them only because they have been imprisoned. Some interviewees note that they feel embarrassing living with their family, because every now and then they are reminded about that they were imprisoned, that they cannot provide themselves financially.

Quite a few interviewees say that they have had situations where they have asked for help, but have been rejected. As it can be understood this has happened with neighbors or acquaintances, but not the closest people. Some interviewees believe that they can rely on themselves, nobody else.

*I have had very hard times, and I have thought that everything will be alright, that some people will help me out, but no – half of them really let me down, maybe not really half, but a little less, however – I don’t want to talk to them anymore.* (Garais, 21 years old)

However, most of the interviewed ex-prisoners admit that they can rely on one person or a few people always – to borrow money, receive support, when problems with health etc. Some mention their friends as people whom they can always count on. Similarly they mention family, but in this case it is a family member, not family in general, it might be a sibling, sometimes parents.

*I am supported by my sister actually. I cannot deny this, if everything is going wrong, the only person, whom I turn to, is my sister. If she cannot help me, then nobody can. It is not because she would be rich, but because she always helps me.* (Juris, 23 years old)

3.5.5.4. Education, children education

The level of education among ex-prisoners is low – the only education they have is either primary, incomplete primary education and some have vocational education. Some of the interviewees, who have primary education, also have acquired a craft, and a few separate ex-prisoners have acquired secondary or secondary specialized education. The last time they have learnt is a while ago – the last time, when the older interviewees (40 years and over) have studied is aver 20 years ago.

Several interviewees think that their education is insufficient and that is another reason, why it is difficult or it is not possible to find a job. They also think that they are too old to study/learn, even though they would like to.

*It is definitely insufficient. It is so low that it was very hard to find a job, and if I did it was through people I know and only dirty jobs. The reason why I didn’t and don’t study is that I was in prison and everyone has some kind of preconception about ex-prisoners… And my age, I have to give up and continue living.* (Peteris, 59 years old)

Only one interviewee mentions courses at Employment Agency. This person has had them within the last year.
If I had a chance I would like to acquire a specialty or I would like to get training, but according to their regulations (Employment Agency regulations) I can do this only after a year. (Janis, 40 years old)

The younger interviewees have studied within the last 5 years, but they do not consider their education satisfactory. Only those, who have secondary education, think it is enough and that higher education is not necessary to succeed.

I know so many people with higher education, and they work as barkeepers or waiters. It is all dependant on the person – he can finish those 9 grades and work as a chairman at a petroleum company. Nowadays it is all dependant on acquaintanceship and on whether you are able to think. (Garais, 21 years old)

Several interviewees think that theoretical education is not important – experience is more important. Mainly ex-prisoners think that an adult can learn, but that it is not necessary, experience has more value than education.

On one hand I think it is necessary to learn/study, but on the other hand – no. I wouldn’t say that studies would help to achieve something, because mainly a person achieves something if he works, if he has experience, that is the way how he learns to do it. I don’t mean writing or calculating, but in general. What he does with his hands, he learns it, not looking in a book and reading. (Andris, 28 years old)

Practically none of the interviewed ex-prisoners complains about problems concerning studying/learning because of that he has been a prisoner. There is one interviewee who has acquired electrician’s profession at prison, but it has been in Russian and as he does not understand it very well, he does not think it is valuable.

This education was in Russian. The technical terms in Russian are difficult, I would understand better in Latvian, therefore I didn’t understand a lot there… It is unsatisfactory for a professional. (Juris, 23 years old)

Lack of finances does not allow interviewees to take care of their children and provide them with all that they need. Several ex-prisoners would like to send their children to music schools or hobby-groups, but they cannot afford it because of their low income. Parents would like to buy a computer for their children, but it is not possible.

3.5.5.5. Health, medical assistance

Interviewees acknowledge the necessity to have a family doctor, and most of them have a family doctor. However, it is not always considered important, because it is difficult to see a specialist.

Actually I am not sure that I need a family doctor. If my leg hurts, I am not going to go to a family doctor, I will go to a surgeon, because he deals with traumas. If I have a headache, I will go to see the doctor who deals with that. Family doctors – it is useless paperwork… (Garais, 21 years old)

Depending on the health status interviewees visit doctor more or less. Some interviewees have such health problems that they need to go to their family doctor a couple of times per month. Even though
they have a family doctor, not all ex-prisoners go to see it in case they are ill. It has many reasons, out of which the main one is that it is expensive. Most of the interviewees cope with health problems on their own – buy medicine. Several interviewed ex-prisoners haven’t been to the doctor since they were in prison, when it was obligatory and for free.

_Last time... It was a very long time ago. When I was put in jail, I was forced to do the tests, whether I don’t have any illnesses or something. I haven’t been to a doctor since then. I don’t have a family doctor. We don’t get ill often, and if we do we get along with it, take some medicine._ (Peteris, 59 years old)

Several interviewees say that shortage of finances is the reason, why they cannot cure serious health problems as chronic heart disease, traumas (after which procedures, massages should follow) that they or their family members have, but they cannot afford it.

Dentist’s services are the most problematic for ex-prisoners. Many of them have not been to the dentist for 15 years and more. One of the respondent says he doesn’t need a dentist as he has no teeth left. Even though some respondents don’t care about their health and to go to see a family doctor, dentist and other specialists, their children do as soon any problems appear. The main problem interviewees mention is that it is expensive – especially medicine and dentist.

### 3.5.5.6. Networks and access to information

Most of the interviewees find out what is going on in Latvia and around the world from TV. Comparatively less ex-prisoners listen to radio and read newspapers. It is important to note that almost a half of the interviewees do not take any interest about what is going on in the local government, in Latvia, around the world, because in their opinion it has nothing to do with them and it is not important.

_Everything – I listen to radio, watch TV, I use internet, everything. A little from everything. Actually I don’t care about what is going on, for example, in Germany, New York or anywhere. I don’t give a shit if half of the continent has drowned, died, I don’t care about it. To me the most important is that what is going on with me and the people around me._ (Garais, 21 years old)

_I don’t take much interest, because there is no way, how to get this information. Sometimes I read a magazine or a newspaper, if we find it in trash or on the ground._ (Peteris, 59 years old)

For information most of the interviewees spend 10 LVL (some less or none).

Some interviewees do not have a telephone, so they don’t spend much money on this. However, a major part of them have a mobile phone, as well as a fixed telephone line. The interviewed ex-prisoners spend less than 20 LVL per month for their phone. A small part of the ex-prisoners use internet, and if they do, mainly it is for leisure – www.draugiem.lv
3.5.5.7. Social assistance

A few interviewees mention that they have received an extraordinary allowance after release from prison. Most of them have not and still don’t receive and allowances from the state and the local government. The only mentioned allowances from a couple of interviewees are children allowance and the guaranteed minimum allowance.

The main reason what interviewees mention, why they do not receive any allowances is that they do not want to go there begging, do not want to experience renunciative attitude and feel humiliated. Some emphasize that they need to do too much paperwork and forms, that it takes a very long time. One interviewee thinks that whilst he would arrange it, he can find an odd job and earn the money. Another ex-prisoner says that he has asked for the guaranteed minimum allowance, but he was rejected, and now he thinks that as he has been in prison, he doesn’t deserve better attitude and allowances.

3.5.5.8. Participation in community life

Almost all of the interviewed ex-prisoners with certainty feel belonging to Latvia. One interviewee says that he feels belonging to Latvia as society and land, but not as a political unit. Quite a few ex-prisoners have a similar opinion on this issue.

I feel more belonging to the inhabitants of Latvia, not to Latvia. No, I feel belonging to the common people here and Latvia as a land, but not to Latvia as a political unit. (Juris, 23 years old)

A major part of the ex-prisoners think that neither the state, not the local governments care about inhabitants. As examples they mention waiting lists for apartment, social problems and poverty.

They [the government] care only about themselves. [Are you saying that mainly they don’t care about people?] I think they don’t. I have not received any help or support from the state. (Garais, 21 years old)

I have heard that they help. For example, ill children, handicapped people, retired people. Financial help, clothes, they help in many ways. (Anna, 50 years old)

Most of the interviewees say that they do not go to any events, do not involve in the local government’s cultural activities. The younger interviewees do get involved in such activities, but mainly they understand it as night clubs and bars. Even though they do not get involved in activities or events, they think these activities/events are good and developing.

3.5.5.9. Social exclusion

The main problem ex-prisoners have is shortage of income, which is why they cannot live a valuable life. They mention quite a few things they cannot do because of this – provide their children with a better education and life, cure illnesses (their own or family member), go to the dentist, heal teeth, go to the prothesist, have their own home or repair it, go somewhere on holidays (out of their parish).
Some interviewees mention fateful mistakes, misdemeanor, which was done before and now affects their life.

*I could live a valuable life, if it was possible to erase all the things that started 4 years ago. I could erase them and have a job that I like, that would be a valuable life, everything would be okay. But I cannot get out of it. As soon as I solve something, the next things come double. As if I was damned.* (Garais, 21 years old)

Interviewees think that poor people need more help. Most of ex-prisoners mention such groups of people as retired people, families with children, ex-prisoners, who are willing to grow better. They mention that ex-prisoners should be supported in helping to find a home, with finances to start their own life and helping to find a job. When talking about families with children, one interviewee says that if there is an alcoholic in the family, they should be supported, but not with money. Retired people should get higher retirement allowances, because they are too low to cover all needs.

*Those, who are released [from prison], those should be helped so they wouldn’t sleep on streets.* (Janis, 40 years old)

*Firstly, those should be old people, handicapped people and children.* (Mihails, 50 years old)

Most ex-prisoners do not feel excluded or isolated because of people’s attitude. They say that there are people in the society, who are excluded, but they are not.

Roofless Peteris admits that his neighbors (people living around the woods, where he lives) act cautiously, but they buy berries and mushrooms from him, and so they help him earn some money.

Interviewees mainly understand the term “social exclusion” pertaining to retired people and homeless people. The main reason of social exclusion is considered small retirement allowances, inability to satisfy material needs and buy medicine. Loneliness, when a person does not have anyone whom to ask for help and talk is also mentioned.

Some interviewees identify social exclusion to disinterest to other people and life in general.

*Yes, I have heard that there are people, who are forsaken, for example, homeless people, they are excluded, they don’t care about anything what is going on with them.* (Janis, 40 years old)

A few interviewees think of themselves and others like them as socially excluded.

*Criminals, like me. My friends, who have been in prison and are in the same condition as myself. It is awful that people don’t understand you, don’t understand that you want to become a better person.* (Peteris, 59 years old)

Ex-prisoners interpret social exclusion and its causes in many ways. Mainly they understand as shortage of income, lack of money, which is related also to rent payments, buying medicine. In some cases they identify it with social and psychological causes – loneliness, when a person has nobody to whom to turn to for help or simply to talk to. The fact of imprisonment can also be a cause for exclusion, because of that imprisonment has damaged main values.
The cause, why a person is excluded, is that he has been in prison, lost his family, friends, faithfulness from people. As a result it is difficult for him to find a job, to become better. (Peteris, 59 years old)

3.5.5.10. Social exclusion risk and detraction possibilities: expert opinions

Causes of social exclusion

Experts believe in that people after release from prison are affected by the risk of social exclusion. It has a few reasons: firstly, stigmatized attitude to ex-prisoners, because there is such opinion that it is not possible to trust these people, as well as ex-prisoners themselves develop such an image in society. Another important cause is that ex-prisoners lack education, as well as lack of professional skills. The 3rd group of causes is related to lack of place of residence after release from prison. Another cause is the bad financial situation after release from prison. According to legislation 60 LVL should be paid, but this amount is not paid completely. As a result these people don’t have money to start a new life, look for a job and to be able to provide himself until this. If there is no place of residence and no money, a person returns to his old friends, where they get involved in those activities why they have been in prison. Another group of causes is related to ex-prisoner lack of responsibility and it’s causes in childhood.

They don’t have any sense of responsibility. Some of them cannot take any responsibility, which comes from lack of responsibility in childhood.

Ex-prisoner group also has psychological features – they need a result right away and maximum of it, therefore an opportunity to earn more money and right away, even if it is illegally, to them it sounds more tempting than an opportunity to conclude a contract and make it legal. They have this inner insecurity to develop permanent relationships.

Other psychological characters that impede integration in society after release from prison are lack of inner security and self-esteem.

Stereotypes, life and behavior samples, which have set in during many years, as well as the environment, where a person lives, have a notable significance.

According to experts during the last 5 years social exclusion problem has not increased, but the cancellation of so called “rent ceiling” (īres griesti) might stimulate the situation, when there might be an increase in amount of those ex-prisoners, who will meet the risk of ending up on streets.

Detraction of social exclusion risk and social integration

There are two institutions related to ex-prisoner social integration – State Probation Service and nongovernmental organizations.

The State Probation Service was established in 2004 with the aim to help people integrate in society
after release from prison. The Probation Service was established to contribute the preclusion of criminality in the state, to provide a qualitative execution and coordination of those penalties that are served within society, as well as to relieve the work of other rights defense institutions. Experts describe this aim as “detract administrative obstacles which impede ex-prisoners social integration in society and labor market”. Even though the State Probation Service was established recently, various probation programs are formed – informative (individual and for groups), motivating program, which requires the person’s participation in psychological recovery process. These programs are compared to a push, after which a person must be able to get back on his feet. Experts think that it is necessary to differentiate what kind of help is needed to the ex-prisoner, and afterwards it should be offered to him. Depending on the main sort of help ex-prisoners are differentiated in various groups: those, who need resources, who need information and those who need psychological correction. It would be wrong to unify these different groups or to offer help to an individual, who does not need it, because then both time and funds are wasted.

It would be good to divide those, who need psychologically correcting help and those, who need only the informative help and who… if it was divided in informative and motivating – informatively motivating, behavior correcting or psychological.

There are experts, who are sure of that the most important in social integration is so that ex-prisoners would be employed, and the rehabilitation, for example, psychologist’s, social worker’s consultation takes place afterwards as there is no use for consultations if the ex-prisoner is unemployed.

It is important to have a place, where to live after release of prison so the social integration process could begin. Such an opportunity is offered by the organization “Blue Cross”, which was reestablished in 1995. It doesn’t just give a place, where to live to those who need it, but also trains and employs at such areas as wood working, metal working, sewing, and cooking. They offer an opportunity to start a new life to ex-prisoners, as well as those, who are willing to be treated from alcoholism.

Experts, who represent nongovernmental organizations believe that NGO’s do a lot more than the state or the local government to detract ex-prisoner social exclusion and employment problems. It is emphasized that there is no such thing as state’s policy on eliminating unemployment problems that ex-prisoners have and that the state’s interest on promoting ex-prisoner social inclusion is only “on paper”. The state’s policy firstly should be related to educating and employing prisoners at prisons – relating it to both employing prisoners, and also to gaining for the prison and the prisoners.

Cooperation among institutions is considered unsatisfactory. Improving this cooperation is necessary so the work in ex-prisoner social integration would be successful.

3.5.5.11. Summary

Ex-prisoner economical situation is comparatively bad as the unemployment rates in this group are
very high. But the unemployment rates are high because of the low education level and lack of a profession. To earn money ex-prisoners are forced to do odd jobs, such as berry-picking, mushroom picking, collecting bottles or metal. This would not be condemnable until breaking the law. There are such cases when the fact of steeling is approved and it is to get some food.

Poor material status can affect other family members, including children. Ex-prisoner cannot provide their children with material basis for valuable education, hobby-groups, transport to school (kindergarten, college, university etc.) if it is further away from place of residence. This affects the child’s opportunities to have a profession or higher education. And this can increase the possibility of child’s social exclusion.

Poor material status affects ex-prisoner’s health status. Younger respondent health is good, but older respondents have chronic illnesses, which have worsen by years going by, because at prison they have not been treated. The most urgent problem is the bad dental health, they don’t have the opportunity to go to a dentist, and neither can they afford prosthetics.

Education level among ex-prisoners is low, most of them have either primary or vocational education. Only in a few cases ex-prisoners have had the chance to raise their education level whilst they were at prison. It is necessary to improve educational opportunities at prisons. There should be modular education and training in prisons, starting the training a couple of times per year (due to that prisoners do not come in prison at the beginning of school year). It is necessary to the prisoners to acquire knowledge by strengthening basic knowledge in reading, writing and calculation, as well as communication skills.

Whilst they are at prison, they should have the opportunity to acquire vocational or professional education. Present policy in educating prisoners (secondary education) should be reoriented to professional or vocational education, because a profession is essential after release from prison. It should be considered as the basis for people to able to find a job, earn, form a family and integrate in society.

The efficiency of rehabilitation programs is dependant on a few factors – employment possibilities and from what kind of rehabilitation – resource, informative, psychological – is needed.

3.5.6. Roma ethnic minority

From 200 profound interviews done during the research 8 were carried out with members of Roma ethnic minority. To get as detailed information as possible about life conditions of this social group people of different age groups, sex, family status and from different regions (cities, villages) were chosen. It was easier to talk to male Roma people, as they were more responsive when telling about their life conditions. Therefore more men than women were interviewed.
3.5.6.1. Poverty, characterization of ways where social rejection can be seen

When listening to stories of interviewed Roma people we can conclude that lack of money influences all spheres of life. For example – most characteristic place where they live is: small living space needing repairs, heated with wood, with partial or no modern conveniences, several families have lavatory outside their apartment. Although the rent (most families do not own their apartments) is not big, it takes considerable part of their income. One of the interviewed Gypsies is expecting a court trial because of 1000 Ls rent debt.

People with low income have limited possibilities to buy clothes. As they told, mostly second-hand clothes are being bought. Interviewers admitted that Roma people looked better dressed and cleaner than other respondents.

Several types of healthcare (like dentistry) were found not available and used only when situation is critical. They never fix their teeth because of high prices, just extracting them when pain is unbearable.

Risk of social rejection is cultivated also by availability of informal education. Children from families with low income can attend only some free clubs and classes.

Similar is the situation with attending cultural events – the interviewed Gypsies admit that they can afford attending only free municipal events. Such places, as the Zoo or circus in Riga is just a dream for their children.

They admit that lack of money influences relations in the family.

Although most Gypsies deny that difficult life conditions might have influenced negatively their relations with friends and neighbors, some interviews show that people have experienced distanced attitude, condemnation, and mockery.

Certainly, all above mentioned is connected with difficult financial situation as main sources of income of respondents’ families are state social benefits (benefits for children, for handicapped,) Some respondents have minimum benefit of unemployed, free municipal lunches at school for children, GMI benefits, help to pay for firewood etc). Some people have odd unofficial jobs (like gathering berries and mushrooms in summer).

3.5.6.2. Employment and unemployment: characterization of current situation

Participants of research have different history of employment but most of them are unregistered unemployed now. Odd jobs are most popular sources of their irregular income.
For example, I brought firewood from Zebrene, received some money for petrol and for work. My profit was 10-15 Ls. It is all I have to survive. I have this type of jobs about once a week (Harald, 54 y.o.).

We pick berries and mushrooms for ourselves and to sell. This year there were not many berries, other years we could earn quite well. (Alexander, 48 y.o.)

Interesting is the way one of the respondents characterized Roma people: "Frankly speaking they are not very hardworking" (Harald, 54 y.o.)

It was stressed several times that they have experienced negative attitude at work or when looking for a job because of their nationality.

It is not worth speaking about job, they look at you like at second rate. We are not treated like humans... When you talk to them on the phone, it is fine, when you come to the interview; they say that they have already found another employee. It is always like that. I do not even remember how many times it has happened to me.(Igor, 22 y.o.)

They call and say that they need a worker, when they see that you are a gipsy, no more job available.(Alexander, 48 y.o.)

Besides discrimination on national basis, Gipsy (Roma) people suffer also from discrimination at work because of sex and age. In this way their possibilities to find a job are very low, also influenced by quite low level of education of many Gypsies (Roma).

Only a couple of all interviewed Gypsies admitted their registration at State Employment Agency. As they did not give complete description of their co-operation with this agency, we did not get enough information about it.

3.5.6.3 Informal net, its role in reducing social rejection

During interviews we found out that there is quite a big informal net of Gypsies (Roma) formed within last years. It is interesting that they mostly communicate with people of their nationality as they live in one house or close to each other.

We heard good words about other neighbors, though these relations mostly were only greeting each other, having a little talk, sometimes - moral help. Rarely they receive any considerable financial or other type of help. In critical situations Gypsies (Roma) would look for help among their family members – sisters, brothers, parents.

There were different answers about helping each other. Some respondents have felt this principle working, others – think that people nowadays think only about their own survival not thinking about others.

I will try; I know that life is difficult; I will try to help others. My neighbors help me a lot with food and other things. (Maria 58 y.o.)

I do not know, I have never asked for help. We somehow manage ourselves. (Rina, 50 y.o.)
According to our research Gypsies are quite religious, not looking for help among people but rather relying on God.

Several members of research have admitted that Gipsy traditions and big celebrations help a lot to forget about problems. This tendency is decreasing now because of financial problems.

Unfortunately, we can see that the role of informal organizations is decreasing.

3.5.6.4. Availability of education

The interviewed Gypsy (Roma) people have different levels of education, none has attended any university. Only a couple of them have high school education. Two members of this research have admitted that they have not even finished elementary school. It is interesting that these two are the youngest of the respondents. One of them (he has finished only 6 classes) – 22 years old, thinks that his education is not satisfactory and would like to study if he did not need to earn living for his family. The other one – 26 years old, has finished 4 classes and finds that it is enough.

Many Gypsies have elementary education. One of them admitted that it was already a big surprise for his people.

As the level of education is very low, only one of the respondents has worked with internet.

As for the reasons for not studying, many young people mentioned necessity to work to support the family; the older generation thinks that they are too old to study. People who have children admitted that children should study but their financial problems could cause the following problems:

1) it is problematic to buy all things necessary to start school;
2) it is difficult for poor children to attend classes after the lessons – many families would like their children to attend music school but cannot afford it.

The following reasons have been mentioned to explain the low level of education:

During Soviet time you had to be loyal to the Communist party to study at university but it was not acceptable to religious people like Gypsies.

One of the respondents thinks that experience of previous generations is to blame for low level of education as their “business” - speculation did not demand education.

3.5.6.5. Availability of medical care

People of different sex and age have different experience in medical care. Women and elderly people are using medical care more often than men and young people.

Biggest attention is paid to health of children. Financial problems do not allow adults to take care of
their own health.

Research has shown that Gypsies have visited their family doctors quite actively. Some, even several times a month. It is positive that many people find their family doctor kind and understanding – possible to ask for cheaper medicines or pay for the visit the next time if they have financial problems.

Dentistry is more problematic. Dentist is visited only to extract a tooth without any possibility to do some treatment.

Other medical care that is not affordable:

- treatment of teeth and prosthetics;
- full testing of health, specialists’ consultations as they cost more than visits to a family doctor (besides, one has to pay additionally as well);
- many find it problematic to buy good medicines. One of respondents mentioned that his child now needs special rehabilitation after neglected laryngitis.

Many Gypsies are using herbal medicine and relying on God. Some have applied for social help at their municipalities to be able to have free visits to the family doctor.

Unfortunately municipalities do not provide with enough help, especially the families with many children:

Conclusion – usage of medical services is not connected with nationality. It more depends on sex, age and financial situation.

3.5.6.6. Availability of information, cultural services, risk of territorial isolation

Gypsies are active voters; we can conclude that they have citizenship of Latvia.

Most popular sources of information are TV and radio. Many respondents read newspapers. Some gypsies go to libraries to read news or learn about events from friends.

Gypsies are passive in respect of attending social events. Many would like to but it is connected with spending money. Therefore they attend only municipal events, which are free.

Church and trusting God is important part of lives for many Gipsy families.

Possibilities to attend public events are little also because of their wish to avoid conflicts connected with their ethnic group.

Talking about free time, gipsy people mostly mention activities that do not need money – walks, spending time close to nature, reading books, and crafts.
We can assume that Gipsy families with low income should not feel territorial isolation as most often they feel like belonging to their municipality or to Latvia in general. Unfortunately, they also admit that they do not feel much care about their family from the state.

3.5.6.7. Effectiveness of social help

Roma people, like any other nationality in Latvia can receive social benefits: disabled – disability benefits, families – state benefits for families with children.

According to their responses, besides state benefits (very skeptical evaluation), many Roma people use also the possibility of additional help by social services. Women are more active. Men are more skeptical, probably, because of their mentality.

Respondents that had used the help of social services gave positive evaluation to their work. They were positive also about the attitude of employees of these services.

3.5.6.8. Factors that influence social rejection

Most important factor that influences social rejection is Roma nationality and stereotypes that our society has. The negative attitude does not let Roma people prove their positive features.

Children have to suffer already in school, teenagers feel negative attitude in clubs and discos, adults – when applying for a job.

Certainly, we need to consider also low level of education, which causes problems when looking for a job, problems to support families financially. All this increases the risk of social rejection.

We cannot exclude the reasons coming from each individual. As members of other ethnic groups, also Roma people who have good relations with people around them are better informed about their rights. Among elderly Roma people we can feel skeptical attitude to state policy that increases their social rejection.

It is essential that nobody expressed the wish to have special attention from the state. It was found more important to reduce poverty of families with many children, to solve the question about the homeless and about the low income of pensioners.

3.5.6.9. Summary

Our conclusions:

Neither our research expert in the questions of Roma ethnic minority, nor the respondents thought that Roma people were socially rejected in Latvia, it could be promoted only by cultivating this in society:
informing society about Roma culture, mentality and their life.

As Roma people still have strong identity feeling, experts think that deliberate formation of nets of people of this ethnic minority would reduce social rejection.

Considering the specific way of their work and tendency to stick together, it would be necessary to support formation and development of Roma-run individual and small enterprises.

Roma people are used to work only for themselves. We should help to develop family businesses – small shops, saloons. We will receive results if we help them to write projects, to realize their ideas. They will work for themselves and will share with the state. They will start singing and dancing again. The problem in Europe now is – Gypsies do not sing any more.

3.5.7. Victims of Human Trafficking

To obtain detailed view about situation and life conditions of different inhabitant groups who are subjected to risk of social exclusion there were also planned realization of interviews with people who have incurred from human trafficking. However, it was possible to realize this task just partly – information about situation of the victims of human trafficking were known from experts who have involved in solving these problems, but, following to suggestions of experts, researchers refuse to perform interviews with victims of human trafficking.

From one side, we understand very well, that researches need statistic, stories of victims. They are also need for prevention events... but form other side – victims are not ready for that. They are adults and they can decide that they don’t want to do this. And it is understandable. These victims are not so much, Latvia is very small. Therefore we are glad to tell our comments, not their. (NGO)

Victims of human trafficking are very sensitive group. Because of that these data are protected and we can’t give them to people who are not involved in process of rehabilitation. (NGO)

3.5.7.1. Characterizing of problem

More widely about human trafficking where start to speak in 2000, when on the basis of research results about spreading of this problem, International Organization of Migration has engaged in solving of this problem in Baltic States.

As experts point out, it is difficult to give precise statistical overview of phenomenon of human trafficking, because of:

- Sensitive and quite often latent character:

There are experts saying about 10 people annually and there are experts saying about 1200 people annually. So this is much a speculation. Similar like never knows how much people immigrating to Ireland. (Representative of state institution)
There are no official data. The information we are relying on is statements from police and they are reporting something about 100 people. So 100 women immigrating to foreign countries are engaged in prostitution... 100 each month. (NGO).

- Variations in the definition of people who have been involved in human trafficking:

  Also the definitions are different. There are experts saying that there should be some kind of violent recruitment against man’s will and something like hostage taking and exporting of people, and if those factors are met then you can say about man being a victim. Also there are experts saying that in a case of simple recruitment and taking away you can say that man is a victim too.

Although there is not possibility to know a precise number of victims, exerts are talking about this problem and more or less there is possibility to understand how big this problem is for the country in general. As told by one of experts, in Latvia there are all kinds of possible human trafficking. The most notable scenario is donor-country, when human trafficking victims are transported from Latvia to other countries. Also there is national problem because of Latvia is considered to be a human trafficking transit country by other countries.

Thinking about possible direction of problem experts are mentioning the changes in forms of this phenomena – if until now Latvia is mostly described as donor country then in future there is supposed a change of status to transit country.

  The main idea that comes in mind is that 5 years before Latvia was typical donor country. People voluntary left the Latvia and in target country became a victims of human trafficking. Today, of course, also we have the situation that people from Latvia becoming victims; however there also is tendency that Latvia is becoming as a target country (representative of state institution).

We can say that human trafficking problem is directly related to economical situation in country and to employment activities.

  Migration flow is from poor country to the one that is wealthier. If you have such difference between countries then you will have a human trafficking (representative of state institution).

Describing the characteristics of victims of human trafficking, experts are pointing, that anyone can become a victim. It matters not what level of education you have and where you live. The recruiters are able to find week spots in anyone of us.

At the same time is said, that people with hard situations in their lives and financial problems have quite bigger risk to get into illegal employment. They are not capable to assess the offered employment opportunities with ‘critical eye’.

  The man in despair, the man without job... so this man will trust to any employment opportunity in foreign countries much more than we do. This man has idea that in foreign countries the grass is greener and the sun shines more bright and has minimal critical approach assessing employment opportunities. If someone speaking about job in foreign countries usually people are thinking that this will be five times better than here and income will be much greater (NGO).
Because of social and psychological peculiarities one of most important risk group of human trafficking is persons who suffered from any kind of violence and persons raised in child houses. As the most important form of human trafficking is sexual service there is bigger risk for women to be engaged. However very often this is because women are more capable to recognize the problem and a victim status, while men most likely deny problems and are refusing to consider themselves as victims, despite that they used to work in uncivilized conditions for unfairly low salary.

*We must remember one important thing – that human trafficking is not related only with sexual services, the other form is forced job. It affects both men and women. According our unofficial data about 50% of people that moved to Ireland or United Kingdom suffers from forced job. They are getting salaries lower than local legislations are allowing, working extra hours and living and working in un-human conditions. Sometimes no electricity, no water, no toilet etc.* (representative of state institution)

There is need to point out one important problem which has negative influence on integration of human trafficking ex-victims into normal employment market during the rehabilitation process.

*The main problem is that we are located in Riga... and if there is girl from region or rural area that is doing rehabilitation process with us then this means she also is staying in Riga. But she can not cooperate with NVA of Riga (National Employment Agency) because of declaration of inhabitation. We are trying to help her to integrate into employment market but, if she is staying in Riga then NVA of Riga is not able to help her (NGO).*

There is need to pay attention to this problem to avoid the situation that ex-victims willing to integrate in normal employment market can become victims of human trafficking again.

### 3.5.7.2. Solving of problem

For solving problem of human trafficking, experts from Ministry of Interior of the Republic of Latvia in cooperation with others specialists of this area are worked out State program for Prevention of human trafficking, 2000-2004. Although NGO specialists evaluate this program quite positive, they look very skeptical to situation that there is no financial support for realization of program; representative from governmental sector opposes that many activities can be realized without additional finances.

Evaluating state initiative to solving human trafficking problems at all, experts were quite positive minded; they mentioned such positive examples as activities in alignment of legislations and normative acts, establishment of special Police department, informational and training events for municipal specialists; but in the same time they desired for more active involvement of state institutions in organization of preventive events and fruitful attempts to provide confidentiality of clients of rehabilitation.

Seeking for solutions of problem, it is very important to mention opinion of experts that it is not enough with efforts to solve problem of human trafficking in state level. As most frequently phenomenon of human trafficking has cross-national character, than most useful solution is
international level cooperation.

It is interesting to sign out positions of experts who are thinking about distribution of responsibilities in problem solving – representatives of NGO want to see higher national initiative, bet expert from state institution - invite NGO to active interpersonal communication.

As mentioned from experts of this sphere, it is highly necessary to inform society for reduction of human trafficking problem

NGO experts marked out that, it is essential to involve municipalities in reduction in human trafficking like in seeking of solution for other social problems; because they are very close to every man.

In regard to experts thoughts, increasing accessibility of municipal social workers has very significant role not only in solution of human trafficking, but also in reduction of social exclusion at all; than social services will be not only like institutions were people can go and take small financial allowance, but also place, where people can go with their problems, speak about them and in the solution of their problems receive assistance from qualified specialists.
3.6. Role of municipalities in reducing unemployment and social rejection.

3.6.1. Reasons of unemployment at municipalities

Municipality experts were asked to characterize main reasons of unemployment in their territories. There two groups:

- external objective reasons
- internal subjective reasons

3.6.1.1. External reasons of unemployment

Problems caused by transitional period of Latvia (after regaining independence) are mentioned as external by experts. Collapse of industry and other spheres as well as changes in agriculture are mentioned as main causes of unemployment.

Most experts admit that situation has changed a lot within last few years. They say that in Riga and close to Riga there is no unemployment. People who have no job just do not want to work.

Unemployment is a problem only among certain groups of population.

Only one part of experts sees lack of work places as real cause of unemployment. They are mainly experts from Latgale region of Latvia.

Often low salaries are mentioned as reasons of unemployment. Low salaries are often connected with such reason of unemployment (usually not registered) as working illegally. People work without contracts and receive their salaries in envelopes. Low wages (especially the minimum wage) are the reason why people do not want to have official work. Experts admit that it is better for people to have unofficial jobs without paying any taxes. Nothing much is being done to reduce this way of working.

Poverty was mentioned as one of the reasons of unemployment.

Experts from countryside municipalities and little towns around Riga stress that unemployment rate at their municipalities is influenced by the big difference in wages in Riga and much lower wages for similar jobs in their municipalities.

Low level of education of some employees was also mentioned as one of the external reasons of unemployment.

Only few experts mentioned lack of knowledge of state language as the reason of potential unemployment.

Limited mobility of employees as the reason of unemployment has been characterized from two
aspects – as external factor when people do not have enough money to rent an apartment, to use public transport to be able to look for a job in the regions with bigger possibilities. It is also internal – psychological problem when people lack motivation to change their lives.

**Discrimination at labor market** can also be mentioned as one of the reasons. None of experts has openly admitted any discrimination but the interviews revealed the discriminating attitude towards some groups of inhabitants. Most often experts mention mothers after maternity leave, former prisoners, and disabled people, people with mental disabilities and Roma people.

As a group with difficulties of finding a job was mentioned:

**Lack of certain services** was mentioned as “compulsory unemployment”. For example – not enough kindergartens, high prices at private kindergartens etc. make young mothers stay at home. Single mothers have very difficult situation because of these reasons.

### 3.6.1.2. Internal subjective reasons of unemployment

There are several problems belonging to this group (mainly problems connected with personalities of people). One of the main problems is **addiction**, especially to **alcohol** and **drugs**.

**Unwillingness to work, lack of motivation to change their lives** are other important reasons. They are people having addiction problems, mainly male.

### 3.6.1. Groups of people that run the risk to be unemployed

Groups of unemployed people characterized by research experts are quite similar to the ones mentioned in the documents of political planning (KIM, National Plan for Reducing of Poverty and Social Rejection 2004 –2006; Latvian National program of Lisbon for the years 2006 – 2008; National Report on Social Security and Social Integration Strategy 2006 – 2008). Besides, research experts have admitted that people having problems with alcohol are one of the main risk groups.

Main risk groups for unemployment mentioned by experts:

1. persons close to pension age, especially women;
2. young people with low level of education and skills;
3. young people without any work experience
4. women after maternity leave;
5. single mothers;
6. disabled and sick people (including mentally sick);
7. people with addiction, especially to alcohol;
8. ex-prisoners.
One of the biggest groups of unemployed is people close to pension age. Experts stress that women of this group suffer most often.

Young people with low level of education or with education not required in job market have also risk of being unemployed, as well as the ones without work experience.

All expert stress that mothers after maternity leave and single mothers have the risk of being unemployed. Situation is made more difficult by lack of kindergartens, especially in cities and towns.

Experts from municipalities mention not only disabled people as one of the risk groups, but also people that are ill physically and mentally. This group of people would need special attention from employees, which does not exist, as there is no motivation to employ sick people.

Most difficult and hopeless are people with addictions.

Experts call “hopeless” people that have been addicted to alcohol for many years already. It is especially worrying in Latgale region. Rehabilitation would help more the ones that do not have such long history of addiction.

3.6.3. Reasons for long-term unemployment

Some experts explain the reasons of long-term unemployment with the changes after Latvia regained independence and the negative circumstances these changes caused (lack of work places, no measures to reduce unemployment). Causes of long-term unemployment were collapse of economy, restructuring as well as individual and psychological reasons, such as, confusion caused by transitional period.

Some experts believe that long-term unemployment is caused also by individual health problems and poor knowledge of local language.

Experts are worried that this “unemployed status” is being inherited by the young generation which causes not only the circle of poverty, but also the circle of long-term unemployment.

Several experts stressed that one part of the so-called long-term unemployed are not unemployed in reality. Reasons for this fake unemployment can be found in the illegal employment and shade economy.

3.6.4. Possibilities to reduce unemployment by municipalities

3.6.4.1. Functions and instruments of municipalities when reducing unemployment

Experts point out that there is a law on municipalities, which stresses their obligation to reduce
unemployment.

Creating and developing infrastructure within municipality is one of the important tasks connected with reduction of unemployment.

Experts stress that people can work in other parts of the country if there is good public transport system. Main financial instrument in the hands of the government is tax policy. Municipalities have only one instrument of tax policy – to introduce real estate tax reduction, which is not highly valued so far.

Employment promotion plans contribute to reduction of unemployment. Municipalities have to work out development plans for all spheres of life.

3.6.4.2. Development of services for certain unemployment risk groups.

Development of services is big work for municipalities but it is important for families to be able to combine working and family life.

After evaluating the situation with people having addictions, experts suggest municipalities to develop services for this group of people, as well as for ex-prisoners. Medical care should be responsibility of the state but municipalities could open some day centers for these people.

One of the factors that could reduce unemployment among the handicapped is making environment available for people with movement difficulties.

According to research experts, lack of financing is one of the main problems not allowing realizing the function of reducing unemployment at municipalities.

3.6.4.3. Sphere of education

In order to reduce unemployment, it is important to improve availability ad quality of education. Experts stress the necessity to attract qualified teachers. Experts think that it is important to have good motivation for receiving education, not underestimating importance of a qualified worker.

Developing adult education at municipalities is essential according to experts. Education should be connected to acquiring certain skills, required at job market.

Educating unemployed people is essential in reducing unemployment. Employment State Agency (ESA) offers qualification and re-qualification courses. Experts stress that the unemployed should be involved into training as soon as possible.
3.6.4.4. Co-operating with ESA

Experts find positive the request for opening Consultative Centers for Employment in co-operation with ESA in different regions of Latvia. These centers should have representatives from ESA, municipalities and employers. It would promote exchange of information, would gradually establish good co-operation of ESA and municipalities.

Co-operation of ESA and municipalities can be seen also when carrying out local plans of employment.

Availability of information on job vacancies at municipal enterprises, not only at social help centers also shows good co-operation. It lets people get information on job possibilities faster.

Although, co-operation of ESA and social help centers has features of positive development, it would be necessary to establish closer co-operation for certain groups of clients.

Big amount of work at social help centers and ESA does not contribute to this co-operation. Some experts find this co-operation of ESA and social help centers on the level of clients rather formal because the request to be registered with ESA is not followed by professional interest in the unemployed person.

Riga municipality is thinking about opening job centers to help people in finding a job in general or in finding a better job. These centers would also educate people. The work would be done parallely and in co-operation with ESA. We will work more with people who do not want to work; we will find the way to motivate them.

Experts from Riga stress the necessity of a united database of ESA and social help centers that would help when working with unemployed clients.

Lack of financing was mentioned by several experts as the main obstacle for successful co-operation. They also admitted that ESA is not following the regulations on working out projects.

3.6.4.5. Making the unemployed more active

Experts admit that municipalities are trying to reduce passive help to the unemployed. They are organizing events where the unemployed can be actively involved, instead. They can take part in the employment events organized by ESA or do some work at municipal day centers.

Social workers from different municipalities stress the necessity of motivation, especially for the long-term unemployed.

One expert from Riga suggested that the unemployed persons who refuse to accept several job offers from ESA should be receiving the unemployment benefits for a shorter period of time. It would
reduce unemployment considerably.

3.6.4.6. Role of the state in reducing unemployment

Several experts stressed that municipalities cannot do everything to reduce unemployment. There are competences that only the state has. They think that the state should take part in EU projects more actively, attracting investments for the development of industry.

Experts from municipalities admit that tax politics is one of the main tools in the state hands for reducing unemployment and creating new work places.

Low salaries do not let us reduce unemployment very fast. Government has introduced very low minimum wage and majority of the jobs offered by ESA are with this minimum wage.

Higher flexibility is necessary when we talk about required jobs in the market, about the skills of employees. Flexible reaction is hindered by the existing state budget planning system.

Experts think that the state should support and develop the active employment events of ESA – subsidized jobs, possibilities of job training at different enterprises.

Cutting down illegal employment could reduce unemployment (fake) considerably. Real action is necessary from the State Revenue Service to fulfill it.

3.6.5. Help of municipalities to groups of people that have the risk of social rejection.

3.6.5.1. Reasons for social rejection.

Almost all experts admit that unemployment is connected with the risk of social rejection. One of the aspects is connected with loss of income when losing a job.

Many experts believe that the main reason for social rejection is low income. Poverty is evaluated as big reason of social rejection. Several experts think that poverty is almost the only reason of it.

During the interviews we heard also another opinion – reasons for social rejection can be found in the character, wishes and interests of each individual (passive attitude to things, no motivation).

Many experts mention also lack of education or low availability of education as reasons for social rejection.

Health problems, limited availability of medical care are also mentioned as reasons for social rejection. Especially hard the situation is with handicapped people.

Not enough social workers at municipalities is also mentioned as one of risk factors for social
rejection as social workers could notice and prevent these factors (unemployment, not available education, poverty).

3.6.5.2. Social rejection risk groups at municipalities.

Experts admit that municipalities are working with all groups of people, which have the risk of social rejection. There is one social group difficult to identify, therefore municipalities do not work with it as state is responsible for that. They are victims of human trade.

Experts stress that municipalities are working with many groups of people – poor families, handicapped people, families with children (including families with many children and single-parent families), with young people who have no work experience, pensioners, ex-prisoners, homeless and others.

People with addictions are mentioned as one of socially rejected groups by research experts.

When offering help, municipalities do not divide people into social rejection risk groups. Main criteria – level of income, if it is lower than the state GMI level.

Each municipality has certain priority groups of people who have maximum attention.

3.6.5.3. Evaluation of the role of municipalities in decreasing social rejection

All interviewed experts stress the important role of municipalities in decreasing social rejection. Main arguments mentioned are:

- how close each municipality is to people;
- municipalities have professional employees;
- operational activities in getting information about needs of citizens;
- operational activities when helping in critical situations.

Several experts admit that they have worked out not only plans for promoting employment but also strategy to reduce social rejection.

3.6.5.4. Types of help for social rejection risk groups

Some experts believe that one of their tasks is co-operation with ESA and with each individual, helping them to re-enter labor market.

Benefits as the way of improving the situation are paid attention to.

Some experts stress that social work is very wide, has a lot of aspects. It includes social help – different types of social benefits; different social services, including rehabilitation services; work with
each client individually as well as group work – with families.

**Support for certain groups that have the risk of social rejection**

Each expert mentioned some kind of help his/her municipality is giving to certain groups of people that have the risk of social rejection. Different groups of people receive different types of help. We can point out the main ones:

Supporting families with children (families with many children, single-parent families)

Families with children, especially, families with many children or single-parent families is one of the main risk groups for social rejection. It receives GMI support of municipalities. Other financial benefits are also offered to these families – money to pay the rent, to bring up children, to buy school books. Many municipalities offer free lunches in schools for these children, give discounts for kindergarten payments.

Families with small children need the municipality to provide them with kindergartens or baby-sitters. It is critical in cities. Representatives of country regions find this problem not so important.

- Support for the homeless
  As the homeless are mainly causing problems in cities, mostly city municipalities are dealing with them. Main solution is opening shelters, consulting and helping to settle different documents. Several experts have noted that the homeless who are willing to change their lives receive help when solving the question of a home.

- Support for orphans
  Employees of municipalities have stressed the importance of a home when talking about the help to orphans. Most municipalities do not have enough municipal apartments; therefore this problem is very painful. Orphans are priority group in receiving an apartment.

- Support for ex-prisoners
  There are several aspects of help to ex-prisoners. It can be financial help as well as help with a place to live.
  Experts point out that this group of people needs to learn social skills, receive education and some profession. Unfortunately these questions are not always solved successfully at municipalities. Co-operation with Probation centers is essential, as it is very difficult to work with people from this group. Experts of social work tell that these people are very reluctant co-operators.

- Support for the handicapped
  Not only financial help, but also availability of social rehabilitation services (especially for people with movement difficulties) is an integral part of work when reducing social rejection of handicapped people. Experts believe that it is important to help the
handicapped to find a job, to learn some trade in cooperation with ESA. Not so many municipal experts talk about supporting the handicapped when they want to receive some education, which is a very important factor for social integration.

- Support for the unemployed
  Experts stress that integration of the unemployed into labor marked is the main type of support. Co-operation with Employment State Agency is necessary. To receive unemployment benefits from municipalities, people capable of work have to follow the requirements. They must be registered with ESA, must be looking for a job actively, and must attend the active employment events organized by ESA.
  Many experts admit that not all unemployed are willing to find a job. Some have problems with addictions. These people would need some rehabilitation treatment, which, unfortunately, municipalities are not able to provide.
  Integration into labor market is problematic also because some unemployed are not unemployed in reality, as they are working unofficially. Experts admit the necessity of a united data base for municipalities to receive complete picture about activities of the unemployed.

- Support for the retired
  Most experts stress the importance of financial help for the retired people. They can receive some from municipalities – finances to cover medical expenses, heating, rent as well as services of old people’s homes. Some municipalities pay attention also to another aspect of life – try to make old people feel that they belong to the society.

Necessary changes to make the help more effective

According to many experts, lack of finances is the main reason for ineffective help to risk groups of social rejection.

Illegal employment is considered a very big problem, too. It allows dishonest people to receive help from municipalities. At the same time, the ones who really are in need cannot receive substantial help. Therefore the state should be more active in fighting against illegal employment and salaries in envelopes.

One of the suggestions is to decrease amount of taxes for small and medium – sized enterprises.

3.6.6. Evaluation of co-operation between the state and municipalities

3.6.6.1. Level of information that employees of municipalities have on documents on planning of the state politics, evaluation of them

One part of experts “have heard something” about “State Action Plan on Reduction of Poverty and
Social Rejection 2004 – 2006” worked out by Ministry of Welfare and approved by the Government. The same story with “National Report on Strategies of Social Security and Social Integration 2006 – 2008”. We must admit that none of our experts has read these documents properly. Only some experts had looked through these documents.

Some experts admit that they have difficulties with understanding these documents. Practical use of these documents is not clear either.

Other experts admit that it is necessary to have the strategical documents as they show the direction of work. One expert admits that it is necessary to know the strategical plan of the state to write a successful project applying for support of the EU.

General character of these documents is a drawback, as they do not mention concrete sums of money each region might receive. Concrete goals are not stated either. Only measures already being performed by state institutions or municipalities are mentioned in these documents.

3.6.6.2. Understanding of poverty and social rejection

Understanding of poverty and social rejection varies a lot among the interviewed experts.

Some experts think that social rejection is much wider a subject and poverty is only one of its sub-groups.

Others – find terms “poverty” and “social rejection” identical. This is opinion of some employees of social services of municipalities.

It would be necessary to explain to employees of social services the different aspects of fighting poverty and what is being done to reduce social rejection. Otherwise, many social workers are too much concentrated on distributing financial benefits, neglecting other aspects of social rejection.

3.6.6.3. State interest in reducing social rejection

Some experts find interest of the state in reducing social rejection and poverty too small. Not much interest from the state is felt. Other experts admit that they have felt positive changes in the state policy regarding these questions.

According to experts, state has found more successful solutions for unemployment problems. Good example for that are events of active employment introduced by ESA. Besides, there are other problems that are still neglected.

Experts feel a gap in the relations of municipalities and the state. Experts wish for closer co-operation between municipalities and the state when it comes to adopting new regulations. Otherwise, the
requirements state introduces, are difficult to meet by municipalities.

As the problem of social rejection is very wide, includes different spheres of life and different groups of people, it is necessary to have close co-operation between municipalities and the state.

3.6.7. Co-operation with non-governmental organizations (NGO)

Experts admit that co-operation with non-governmental organizations is essential as they are active in giving psychological support to socially rejected groups of people. They put into practice different motivation programs worked out for risk groups of social rejection.

Experts admit that many municipalities actively support NGOs, thus stimulating reduction of social rejection.

Employees of municipalities give positive evaluation to this co-operation as exchange of ideas helps to learn new things from each other.

Employees of municipalities find that mostly it is mutual interest that keeps this co-operation alive – NGOs develop and their capacity as well as project skills grow. Experts admit that not all services have to be provided by municipalities, some can be nicely managed by NGOs.

Although, not all experts find the present co-operation with NGOs successful and satisfactory, they stress the importance of NGOs in reduction of social rejection in municipalities.

Experts from NGOs, representing interests of different groups of people that have risk of being socially rejected, find their co-operation with municipalities successful on the whole. Some NGOs are critical about co-operation with their municipalities, although it has the tendency to expand. Lack of financing is the main problem for NGOs as it does not allow realizing many ideas.
IV. CONCLUSIONS AND RECOMMENDATIONS

The results of the study allow clarifying the character and expression of the social isolation in Latvia. Three main social isolation factors have been considered in the study: unemployment, poverty and social isolation. Taking into account the general purpose of the study – promotion of the employment — the main stress has been laid on the analysis of the unemployment.

Unemployment is considered to be one of the most important reasons of social isolation. Therefore development of an inclusive labour market is considered a significant factor to reduce social isolation. Paid employment for majority of population is not only the source of means of subsistence, but it also forms person’s identity, sense of belonging and solidarity, strengthens one’s self-confidence.

Poverty is related to the lack of material resources and income, this is also the meaning of the used term “material deprivation”. To characterise material deprivation, the following aspects have been used: income level, long-term consumer goods at the disposal of the household, quality of dwelling, as well as a subjective evaluation of one’s own welfare.

Social isolation refers to the lack of social communication; it is characterized by lack of social support, which is provided by social relations and joining into different groups. Social isolation deepens the expression of social exclusion, caused by poverty and unemployment. The study deals with three levels of social exclusion: primary, formed by social relations within the family or household; secondary, formed by relations with friends, neighbours, and distant relatives; and tertiary, based on participation in public life and joining different social groups.

Unemployment and its reduction

Since 2002 the proportion of job seekers among the economically active inhabitants as well as the rate of hidden unemployment has rapidly decreased in Latvia. This process was initiated, on the one side, by the economic growth of the national economy, on the other hand – by emigration of the labour force after the accession of Latvia to the EU. The decrease of the unemployment risk is more pronounced in such labour force segments as inhabitants with elementary and secondary education, youngsters, and foreigners.

Econometric analysis of the duration of job seeking points to the following risk groups in relation to long-term unemployment: inhabitants of Latgale region and Outer Riga; individuals without work experience; unemployed persons around the age of 50 (among males and non-Latvians – around the age of 45); women with up to 15 year-old children.

Econometric analysis of the registered unemployment duration shows that the following categories of the registered unemployed persons are subject to the increased long-term unemployment risk: the
unemployed without attestation of the Latvian language; pre-retirement age people; the unemployed without secondary education; persons living outside regional centres; the unemployed without work experience; women- non-Latvians; inhabitants of Latgale region.

Within the context of manpower shortage the category of hidden unemployed persons, namely, those, not working and not seeking employment, while wishing to work and are accessible for work, becomes of utmost importance. According to the data of Latvian Labour force survey from the 2005, each sixth economically inactive man and each eighth economically inactive woman in the age group between 15 and 74 is a hidden unemployed person. Under equal other circumstances the probability that economically inactive individual is ready to work (in case an appropriate type of work is being offered) is increased significantly by the following factors: existing work experience; vocational secondary education (amongst men – also all-round secondary education); age group between 35 and 54; for men – existence of children in age group up to 15; for men – place of living in Zemgale, Kurzeme or Latgale regions.

Among the men with work experience the unemployment risk and especially risk of hidden unemployment is much higher for representatives of simple professions than employees of other professions. While among women the highest unemployment risk is to women of simple professions, qualified workers and crafts women, as well as employees of service and trading sectors. Representatives of these three profession groups together with equipment and machinery (women-) operators form a risk group in relation to the hidden unemployment.

Working disabled persons are especially subject to the risk of hidden unemployment: for them the probability to become a hidden unemployed within a year is much higher than for other workers. Therefore special attention has to be paid to solve employment issues of the disabled persons. For this purpose it is advisable to implement a monitoring system for the employment of the disabled persons. By using the possibilities offered by the data base of the State Social insurance agency, it is possible to follow up employment of the disabled and to check the reasons for termination of their employment. A single employment data base of the disabled should be established, which would contain the information about working disabled persons, not working disabled persons who would like to work; and about vacancies suitable for the disabled persons.

Reasons why economically inactive persons do not seek jobs can be divided into three almost equally spread categories: retirement (including anticipatory retirement), studies (including reasons like “I am going to study” and “I have just graduated”) and others. The proportion of the first reason group is gradually decreasing, while proportion of reasons related to studies is increasing. Among both men and women approximately 30% of not working and seeking for job inhabitants referred to reasons not related to studies or retirement. It is possible to identify three important groups of these reasons: reasons related to nonconformity of labour demand and offer (“I have lost hope to find suitable work”), although the spread of this reason has a tendency to decrease; disability (especially among
men); and the reasons related to child care (for women). Speaking about the last group of reasons, it should be noted that mothers with infants up to the age of two years mostly are not accessible for work. While among mothers of older children there is sufficient number of persons willing to work if they were offered suitable for instance, flexible working time or part-time job. Obviously, also the integration of the disabled persons into the labour market is impossible without offering suitable work places. One can conclude that nowadays adjustment of the labour demand to the specific offer of separate inhabitant groups could have significant role for reduction of social exclusion and shortage of manpower.

Data of inhabitants’ survey indicate that registration in SEA is not fully reflecting the activity of inhabitants in job seeking. Almost half of job seekers (people who have sought employment during the last month and are ready to start seeking employment within the next two weeks) have not registered by the SEA. In total the number of the registered unemployed persons comprise 4.6% of inhabitants aged 18 to 65. At the same time the survey of registered unemployed persons indicate that only approximately half (48%) of the registered unemployed persons are actively seeking employment and are ready to start working within the next two weeks, 2% are actually employed, while 50% have not been seeking job during the last month or are not ready to start working. Situation is similar in the group of the long-term unemployed – only 49% of people are actively seeking job. On the one hand, this could prove that many of the registered unemployed persons perceive the registration with the SEA as sufficient measure for job seeking. On the other hand, the reason of such situation is that many of these unemployed have lost hope to find work and have stopped seeking it.

During last 7 years a more efficient joining of the unemployed in the labour market is being observed in Latvia. This process has several reasons: employment facilitating policy is more efficient; geographic and professional mobility of the labour force is improving; circulation of the labour market information has improved; nonconformity of the labour force demand and offer in the spheres of education and skills is reducing.

Nevertheless the data of inhabitants’ survey indicate that only 7% of inhabitants that during last five years have become unemployed / job seekers have found employment with the assistance of SEA. Most often inhabitants have found employment with the help of friends, acquaintances or family (64%) or by applying directly to employers (22%). In small towns and rural parishes the assistance of SEA in finding job has been the most insignificant. This result is related to both - the specificity of the unemployed persons registered with SEA (2/3 are registering mostly in order to receive unemployment benefit), and the efficiency of SEA’s cooperation with employers.

Judging by the results of the inhabitants’ survey, not always the fact that a person does not have official employment necessarily means that the person does not perform any economic activities: 35% of the non-working persons, including 48% of job seekers and 49% unemployed persons since the termination of the last employment relations have performed work for which they have received
Training and retraining programmes for the unemployed have a very significant role in the economic policy instigated by the government of the Republic of Latvia. Efficiency analysis of the training and retraining programmes performed within the framework of this study shows that the impact of these programmes on the employment is positive and statistically important. Besides, the efficiency of the programme is increasing with time. Expenses for training of the unemployed are paying off on the level of national economy.

As it is proved by the data of SEA, on average 5.4% of the unemployed persons in Latvia who were granted a status of an unemployed during the time period from January 2003 until August 2006 have participated and successfully graduated a vocational training or retraining programme (APM); 1.1% completed the course of the Latvian language and 5.1% – other modular training courses (foreign languages, computer sciences, project management and record keeping, as well as drivers’ courses).

There exist important differences between the regions of Latvia in relation to both joining of the unemployed persons into employment and efficiency of policy programmes for promoting active employment. The lowest efficiency of finding job for the unemployed is in Daugavpils region, Rezekne and Rezekne region, as well as in Liepaja city and Ludza region, while the highest – in Valka, Saldus, Limbazi and Ventspils region. In the three latter mentioned regions also the efficiency of training programme for the unemployed is the highest in Latvia, while in Daugavpils and Ludza region, as well as Rezekne city the slow process of finding job can be accelerated with wider involvement of the unemployed in training programmes.

Programme for vocational training, retraining and improvement of professional skills of the unemployed (APM) is positively influencing the ability of the unemployed to the labour demand and improve their opportunities to find job. Besides, this programme is paying off very rapidly on the level of national economy. Probability to the participants of this programme to find employment is by 1.4–1.5 times higher than to the unemployed who have not participated in the programme. The influence of the APM on the chance to find employment is the most pronounced in Kurzeme and Zemgale, for youngsters up to the age of 25 and the unemployed persons with elementary education.

Programmes for vocational training and improvement of professional skills of the registered unemployed are considered a very important tool for reducing unemployment, therefore it is necessary to increase the possibilities for the unemployed to participate in these programmes, at the same time increasing the possibilities of SEA to react on the requirements of the employers, that would make the offered training programmes more suitable for the labour market demand.

It is necessary to increase the possibilities for the registered unemployed persons to participate in the vocational training and improvement of professional skills programmes. For this purpose it would be...
necessary to increase the funding of the programmes as well as provide SEA the possibility to react promptly to the needs of the employers (to transfer the training service procurement from category A to category B).

The offer of partly subsidised combined work/training/vocational guidance work places both in public and private sector should be expanded. These work places have to be adjusted to the needs of different risk groups:

- The unemployed with insufficient knowledge of the Latvian language and/or without the necessary language knowledge category: to combine the subsidised work place where the work environment would stimulate improvement of the knowledge of the Latvian language with the Latvian language course funded by SEA (in the work place or externally), by ensuring the test of the knowledge of the state official language within the framework of the programme with a possibility to acquire a certificate of the respective category.

- In cases when the unemployed or the potential employer lacks confidence that the Latvian language knowledge level of the unemployed is sufficient enough to perform a certain type of work: a short-term (3–6 months) subsidised work place with the employer, by improving knowledge of the language in the work environment and in case of necessity providing assistance to receive a certificate of the respective category about the knowledge of the state language.

- In cases when the unemployed persons do not have sufficient knowledge of the Russian language to compete in the labour market: subsidised work place where the work environment would stimulate the improvement of the Russian language (for instance in service sector), in case of necessity combining with the Russian language course funded by SEA (in the work place or externally).

- For unemployed disabled persons: to combine the subsidised employment with vocational training in the work place by arranging distance work place in the place of residence of the disabled person.

- For the unemployed living outside the regional centres: to combine the subsidised employment activities and transportation refund, providing after the end of subsidised employment possibility to sign a labour contract with remuneration that would include also travelling expenses.

- For the unemployed without work experience: to combine the acquisition of the necessary skills in modular training courses with partly subsidised work practice at the employer’s.

It is necessary to facilitate employment for social exclusion risk groups for whom one of the main reasons of not finding job is the low level of education (youngsters with low education level, disabled persons, including with mental disturbances, and representatives of ethnic minorities). Solution should
be found for inclusion of these groups into employment, taking into account problems encountered by these people in acquiring education, in order to eliminate situations when inappropriate level of education becomes a factor for social exclusion. The possible solutions could be as follows: in-house training at the employer to perform specific type of work; special training in which acquisition of practical skills dominate; involving people without elementary education in training of the unemployed organized by SEA, at the same time offering to acquire elementary education combining it with approach of life-long learning.

In Latvia in some groups of population the proportion of the undeclared/illegal employment is still rather high (especially youngsters, men and poor persons). 8% of the unemployed admit that before termination of the previous labour relations they have not had a written labour contract, only an oral agreement; 1% has provided private services without a written agreement; 1% has had irregular odd jobs. Thus significant part of the unemployed for whom or who themselves had not made insurance instalments, cannot claim unemployment benefit, thus they often do not register with SEA and this fact increases the risk of poverty. Therefore, in order to reduce this risk, it is necessary to inform population also in future about the rights of an employee.

Poverty

Probably the most essential dimension of the social exclusion is poverty and the material deprivation. Data of the inhabitants’ survey prove that the average income per one family member in the entire cluster of households currently is LVL 210.78. The proportion of needy people out of the total number of Latvian inhabitants is 5%, 16% of population live under the poverty risk line, while almost each third person in Latvia (30%) live under the subsistence minimum provided by the state. Each fifth person out of those living under the poverty risk line, consider their current economic situation as better than five years ago. The results indicate that poverty in Latvia is still a very topical problem, yet it is gradually reducing.

Topicality of the problem is confirmed by analysis of place of residence of different households and accessible goods and services. 19% of inhabitants during the last year have had difficulties to pay for rent and public utilities, besides 4% have admitted that it happens quite often. Rent debts can become a reason to lose one’s place of residence, therefore this is considered to be an essential risk factor.

Almost half (44%) of the households in Latvia during the last year has been in the situation when due to insufficient financing they cannot make a bigger purchases that would be necessary to make. 8% of inhabitants cannot obtain the necessary clothing. 10% of families due to the shortage of income have not used the necessary health care and dentist’s services, 6% of inhabitants cannot afford wholesome food and 7% cannot afford fish or meat at least three times a week. This on its turn can lead to worsening of their health and further limitations regarding their employment.
Speaking about the commodities at the disposal of the households, it should be noted that in Latvia the standard should be considered coloured TV (such belongs to 98% of households), refrigerator (97%), radio (87%), automatic washing machine (77%), mobile telephone (86%), vacuum cleaner (84%), photo camera (68%), apartment (60%), computer (51%), car (51%) and video recorder (50%). These commodities belong to almost half of the households. With exception of a video recorder and computer, majority of these items belong also to poorer families.

In general the obtained results depict an interesting tendency – poverty more affects possibilities to dress well, to receive health care services and education than limitations regarding different household appliances and equipment for place of residence. On the one hand this could reflect people’s priorities, on the other hand, possibly part of the goods have been obtained before becoming poor.

Poverty has an explicit regional character. In Riga people are employed more than in rural parishes and the average payment for work more than twice exceeds the payment received in the parishes. In total half of the poor people live in rural parishes. This allows concluding that rural development would be one of the most effective mechanisms to reduce poverty and the risk of exclusion. The largest impact would be to develop Latgale region, in which currently is the largest number of unemployed persons (each third person under the poverty risk line lives in Latgale).

Significant poverty risk factor is the unemployment and an unemployed person in a family – in 19% of the poor families at least one of the family members is unemployed. Taking into account the average work payment in Latvia as well as the amount of the benefits granted, contribution of each family member into the family budget is of utmost importance.

Another essential factor influencing poverty is invalidity - 14% of the poor households in the families have a disabled person. Often it is not enough with the disablement pension to cover costs of medical treatment, therefore financial possibilities of the other family members, including possibility to study, become limited. This once again indicates that disablement is not only the problem of the very disabled persons but also essentially influences the life and possibilities of all those 4% of Latvian families, which have a disabled person.

The subjective feeling of poverty of the population closely correlates with the objective indicators of the poverty: 18% of inhabitants are of opinion that they are not poor yet they live quite poorly, while 6% admit that they are poor. 53% consider that they are neither rich nor poor. It should be taken into account that inhabitants’ assessment of their living standard is based on comparison with their surrounding situation. When evaluating income as to the possibility to cover the existing family needs, one can judge that there is great nonconformity between the real income of a family and income which they regard necessary not to become poor. Only 10% admit that the existing income of their family is sufficient and that it can even be smaller, 30% consider that not to become poor they would need to increase their income by half of the existing income, 30% would need to double their
income, 20% – to triplicate, while 10% – to increase for more than three times. Currently the average income per household is 428.77 lats, while the mentioned average income not to become poor is 688.45 lats. The difference in this case is 259.68 lats. Yet, as it is proved by the study, the higher the income, the higher demands and the bigger sums are considered necessary not to become poor. The same is true into opposite direction – living with limited resources; people have learnt to survive with minimum resources.

Poverty can be as a consequence of unemployment and also to foster it. If a person financially cannot afford to study or improve his/her professional skills or cannot afford suitable clothing and thus present himself properly, it is hard to find job. While without work it is hard to break loose from poverty that could expand opportunities to study and find better employment. Thus very often people are in the so called poverty circle, which is hard to break for a person without assistance of the surrounding people or state institutions. 70% out of all job seekers live under the subsistence wage, 54% live under the poverty risk line, while 29% are poor. Due to limited resources (for instance, clothing, transport, information etc.) the opportunities of job seekers to improve their condition and to find job are limited. Due to the transport problems (too far distance) the poor more often than other people had to reject the job offers from SEA. Thus one can conclude that inaccessibility of transport or inability to afford it is an essential hindrance for inclusion of the poor people into the labour market.

Social assistance instrument for reduction of poverty and the social exclusion, since it is foreseen to provide support to the neediest families, is the GMI (guaranteed minimum income) benefit. Yet the rules for receiving the GMI benefit restrict the range of the needy people and families who are entitled to this benefit. The amount of GMI is insufficient to facilitate reduction of the poverty risk. It is necessary to increase GMI level up to the poorness level or at least up to the 75% of the poorness level, for this instrument to be efficient for reduction of poverty and social exclusion.

**Social isolation**

Data of inhabitants’ survey indicate 12% of the respondents cannot afford to invite friends at least once a month; active recreation possibilities are limited for 27% of inhabitants that cannot afford cultural events (theatre, cinema, concerts) or to spend weekends outside their homes. Low income not only limits accessibility to different material and intellectual resources, but also essentially limits the network of social contacts, thus in general lowers the life quality indicators. On the level of relations in the family – low income does not allow people from these families to keep contacts with the closest relatives; possibly, it is shame about real and actual failures. It is a reason to psychological depression that fosters one’s wish to retreat into oneself and does not promote contacts with people. On the second level relations which are contacts with friends, colleagues etc., influence of poverty and poorness should be considered in connection with the unemployment, disability and aging. Beside financial and psychological limitations, the indicators of isolation are especially influenced by
termination of labour relationship, retirement or unemployment.

Among the inhabitants of Latvia the dominating type of relations is the primary relations – contacts in the family. Participation in public life, becoming a member of an organization or interest group or amateur group is not big: 73% of inhabitants are not involved in any organization, amateur art activities or do not participate in the said activities.

Data of inhabitants’ survey indicate that in Latvia there are a very few lonely people who do not have anybody to assist in solving personal problems or to talk about such problems. Yet, when speaking about financial assistance, assessment is much more sceptical. Approximately each tenth respondent (11%) cannot fancy a person who could help in case of financial difficulties.

The differences in the indicators regarding social contacts and isolation of inhabitants of cities and rural inhabitants have several reasons: there are more elderly people under the poverty risk line in the countryside and rural parishes that cannot maintain daily or regular contacts with their adult children or close relatives. This limitation of the primary contacts possibly is compensated with more intense and frequent contacts with neighbours, friends or colleagues living nearby. While in the cities, especially in Riga, higher isolation is characteristic on the level of secondary relations. Parents often live together with their adult children, contact them daily yet at the same time contacts with the closest neighbours can be very superficial and rare.

**Social exclusion**

Taking into account such social exclusion dimensions like material deprivations, social isolation, exclusion from the labour market, alienating from culture, health, psychological discomfort, motivation to work, development index of the place of residence and the individual socio-demographic factors characterising the person, social exclusion risk groups were established. Those are: disabled persons, incomplete and large families, in which all adults are retired or disabled persons. Belonging to any of these groups is related with higher risk of social exclusion. Disabled persons and families of disabled persons are more all-embracing risk groups than large families, since disabled persons have also very high risk of psychological discomfort and poor health.

The only reason for exclusion of large families is the material exclusion. For large families the increased risk of exclusion from labour market, social exclusion and alienating from culture has arisen due to lower material provision of these families. Therefore, when planning the increase of state benefits it would be necessary to use it as an instrument for supporting large families.

Higher education level is related to lower risk of exclusion in all dimensions. For people with higher education all the exclusion risks are the lowest, while for those with education lower than the secondary, they are the highest. It is interesting that the risks of the graduates of comprehensive schools and vocational secondary education schools with respect to material exclusion and alienation
from culture do not differ essentially, while the risk of the graduates of the vocational schools to be excluded from the labour market is significantly lower than that for graduates of comprehensive schools. Acquisition of a specific profession reduces the risk to be excluded from the labour market while it does not ensure higher material welfare level.

All the exclusion dimensions are mutually related: socially more isolated people are more often excluded from the labour market than socially less excluded, the persons excluded from the labour market suffer material poverty more often than those who are not excluded, and those in need are socially more isolated than the well-off people. Though, the available data do not allow establishing the primary direction of the causal relationship.

There is range of demographic and other external factors that increase the risk of social exclusion. Essential risk factor of social exclusion is an underdeveloped socioeconomic environment. In less developed regions population has higher risk of social exclusion in all its dimensions, as well as higher psychological discomfort risk. This should be taken into account in regional development planning. A targeted direction of financing from the EU structural funds to less developed territories is needed.

The risk of exclusion is increased also by age. Older people in general are more excluded; this is mainly explained by their higher social isolation level and exclusion from culture life: the material exclusion of older people is only slightly increased, while exclusion from the labour market is even reduced. An essential exclusion factor is low education level: higher education level is related to lower social exclusion risk in all its dimensions. Gender influence is also obvious: women have higher exclusion risk than men do. In general increased exclusion risk is also for disabled persons, single parents and large families, ethnic minorities and persons without Latvian citizenship. Large families and single parents differ from the above-mentioned groups with the fact that they do not have an increased health problem risk. Large families do not have an increased psychological discomfort risk either, while for single parents it is increased just slightly, besides only due to the reason that they feel bad about their poorer material status.

Assumptions about two age groups – pre-retirement age people and youngsters – as specific problem groups do not prove to be true. Exclusion risk of pre-retirement age people is higher than in the society in general but it is such only due to the fact that the exclusion risk increases with age. There is no ground to assume that the approaching retirement age is the basis for increased exclusion risk – exclusion risk of these people is higher than for younger people, while lower than the risk of pensioners and working pensioners. Youngsters match the definition of a risk group even less than the pre-retirement age people: their risks of exclusion, psychological discomfort and health problems are actually much lower than for the society in general. It should be noted that the youngsters is a favourable target audience to pay attention to in order to eliminate the exclusion problem in general since many of exclusion risks that are topical in later years – mostly due to low education or skills
Potential exclusion risk groups are classified in categories by the level of exclusion in three dimensions: poverty, social isolation and psychological discomfort. When comparing the overall risk in each group, regardless of the fact whether this risk is a result of direct or indirect influence, four categories were established.

Category I that comprises population in general, persons under the living wage, the employed with low income, large families, single parents and ethnic minorities, is a medium risk category in all the three discussed dimensions. Some risks of separate groups in this category are higher than the others, yet not on such a level that it would make it necessary to separate these groups into a separate category. Thus the groups in this category in general should not be considered problematic.

Category II that comprises families with all adults - pensioners or disabled, pensioners, pre-retirement age people and families in which nobody is working is characterised by high social isolation risk and psychological discomfort risk, which exceeds the average level. In general this should be considered a high-risk category.

Category III that comprises disabled persons, the needy, persons under the poverty line, long-term unemployed and formed prisoners, is the highest risk category in terms of exclusion and psychological discomfort. In this category all the abovementioned risks by far exceed the average level.

And finally, category IV, which includes both youngsters in general and youngsters with low basic skills, and they should be considered a low risk category in terms of exclusion and psychological discomfort.

**Long-term unemployed**

The long-term unemployed in comparison with other groups of the unemployed run high risk of social exclusion and psychological discomfort.

Part of the long-term unemployed have reconciled with the unemployment situation and do not seek for job actively. According to the inhabitants’ survey data only 48% of the long-term unemployed have attempted to find job in the previous month and are ready to start working within the next two weeks. 2/3 of these people have attempted to find job during the previous year, while 1/3 of them have remained passive.

Usually the education level and the qualification level of the long-term unemployed is low - considerably lower than for average population: 15% have acquired elementary education, whereas only 11% - vocational education together with secondary education. 35% have not acquired any
officially confirmed qualification or profession and this lack of qualification is one of the obstacles preventing these persons from quick integration in the employment market. Due to the insufficient qualification the candidature of the long-term unemployed person is often rejected by the employers.

Only 25% of the long-term unemployed have attended any courses during the previous three years. Unfortunately many of the long-term unemployed are of opinion that their bad luck is related to the lack of connections instead of the insufficient qualifications. Integration of the long-term unemployed into the labour market would certainly benefit from the offer of vocational training courses and information where to seek advice regarding choice of occupation, because 56% have admitted that they are in need of such information. Work with long-term unemployed should be based on policy of “active integration”, which is pending on the EU level and included also in the Latvian National Lisbon program.

However difficulties are caused by the fact that many of the long-term unemployed are rather sceptical as to the necessity to change anything in their lives because of work. Not more than 14% of them would be ready to move to a new place for the sake of employment, and only 65% are prepared to improve their qualifications. Lack of flexibility and mobility keep these people away from the labour market. The main reason for long-term unemployed rejecting jobs offered by SEA (38%) is remoteness of these jobs from home.

At the same time the long-term unemployed are the least demanding regarding their job - more than 70% of them are looking for any kind of employment. Being sure that it is difficult to find job in Latvia, they are often ready to do low qualified jobs or work for a short period of time as well as to do seasonal jobs or work part-time. They do not insist on specific wages and very seldom reject SEA proposal because of the low payment. The long-term unemployed admit that job would make them to feel needed to the society. This reveals psychological state of this group - low self-esteem, lack of belief in one’s might, uncertainty and poor communication skills. Therefore to reduce the exclusion, the combination of different measures (motivation programmes, visits to active employment measures suitable for particular persons etc.) is needed in cooperation of SEA and local government social services.

Social isolation on the level of primary (family) relations is about the same as in general, however isolation on the level of secondary relations is high. Unemployment is associated with changes in the pattern of social contacts: the range of contacts narrows, that is: after termination of labour relations, the person stops meeting colleagues, and the change of social status may have negative effect on the number of friends interested in maintaining relations with particular person, as well as on the number of those with whom the person wants to keep contacts. Unemployment gradually reduces chances and intentions of the person to join organization/group or club, which also has negative effect on social contacts of these persons.
Narrow range of social contacts does not either help to mobilise one’s resources. Many of the long-term unemployed are in need of better education; however 54% of them cannot afford studies. In addition 35% of them are not sure whether they can lend any money somewhere. This brings to the forefront SEA courses and state sponsored measures aimed to improve qualifications of the long-term unemployed.

Following measures are necessary to integrate of unemployed in the labour market and to reduce of their social exclusion:

- It is necessary on the national level, with guarantees and tax allowances to encourage general entrepreneurship. This would promote employment of the unemployed and social exclusion risk groups.
- The problem of alcoholism should be solved on the national level, developing the national policy regarding this matter.
- One of the main issues that have to be solved on the national level is the increase of wage level that would stimulate employment and reduce social exclusion.
- Specialists- psychologists should work with risk groups motivating these people to return to the labour market; it is also necessary to develop active employment measures directed at people who have remained outside the labour market for long time.
- The employers have to stimulate employees providing adequate working conditions and remunerations.
- SEA has to explain the unemployed their duties and rights as well as reveal possibilities so as to convince them that it is possible to find job and change one’s life.
- One needs to address consequences instead of only causes so that people would become more aware of the importance of education. It is necessary to promote lifelong education especially among people at risk to loose their jobs.
- It is necessary to increase the number of qualified social workers able to consult and psychologically support people, help them not to loose competitiveness despite traumatic events (serious disease, death of family member etc) which is essential for prevention of long-term unemployed.
- Taking into account the increase of the labour force demand and that long-term unemployed are affected by certain stereotypes about the lack of vacancies a closer cooperation of SEA, social services and NGOs is recommended to identify representatives of risk groups and to cooperate with them.

Large families and incomplete families

The main factor of social exclusion of large families and incomplete families is lack of financial resources- parents’ income is insufficient to provide necessary standards of living for children. Many of the large families are poor (21% compared to 5% of all surveyed families) or at risk of becoming
poor (46% compared to 16% of all surveyed families). It is not only the problem of these families- such situation is also a result of the state policy. It is predetermined by low wages that prevent two working people from supporting many (3 and more) dependants. Large families are also affected by the fact that mothers in such families cannot fully engage themselves in working life because of the need to look after children. If children are sent to an institution (kindergarten), persons employed in such an institution are paid for their duties and are also socially insured. While in large families mothers take care of their children and that is why they many of them have no paid employment, they are not socially insured and cannot accrue pension capital. This is a serious disadvantage compared to the paid employees and contributes to the idea that working for salary is more significant than taking care and nurturing of one’s own children. State family allowance calculated according to the number of children in family cannot compensate all expenses of care and upbringing. Poor families with children make up the bulk of persons receiving guaranteed minimal income level benefit however the current rules prevent some of the poor families with children from receiving this benefit. The current state policy first of all seeks to increase birth rate and support parents during the first years after the birth of child, whereas the measures of support provided after that are often insufficient for large families.

The policy measure introduced for the sake of incomplete families (due to the divorce) and able directly improve status of these families is Sustenance guarantee foundation. Thus foundation pays sustenance established by the court, however in the amount not exceeding the minimum determined by Cabinet of ministers, so the support of such families directly depends on the officially established minimal wage.

The risk of social exclusion of large families and incomplete families is a great problem for policy makers who need to take into account the considerable proportion of children is growing in such families. Unfavourable environment and development conditions may contribute to the state when “poverty culture” is reproduced also in the next generations. Thus Latvia needs to fight poverty of children- this target has also been declared priority on the EU level.

A true improvement of situation could be achieved by amending definition included in Article 33 of the Social services and social assistance law-according to which allowances are granted- this definition should first of all take into account the needs of children. The state should probably grant financial assistance taking into account paternity.

The grownups in large families are characterized by one of the lowest employment levels- only 59% of them are currently working. Many of them (18%) are actively looking for jobs, whereas 23% are neither working nor trying to find any job.

Measures helping to combine work and family duties (institutions for taking care of children, flexible working hours, part-time work etc.) may stimulate employment of parents from large families and
incomplete families, thus reducing risk of social exclusion. 21% of parents of large families having three or more children and 19% of single parents would like to work part-time.

Common stereotypes about incomplete families and large families “giving birth to children just to receive state allowances” are in most cases unjust, because single mothers caring for at least three children had higher living standards prior to the divorce or else the decision about the number of children was made when families were better provided for. Such crises as loss of job or sickness can affect any member of society; however incomplete families are struck harder because wellbeing of children is also affected.

Parents of large families and incomplete families are less able to improve their education and qualifications- 25% of the adults in such families have not acquired any profession or qualification. This is especially characteristic for women (38%) and parents having three or more children (37%). After the birth of child education is often interrupted or abandoned. Even though people from families with children (including parents with at least three children and single parents) do attend courses relatively frequently, further education of these persons is considerably hindered by lack of time. When there is another adult in the family able to take care of children, it is easier to continue education or resume working, whereas the need to look after children may significantly hinder further development of education and career. One of the main factors hindering education of parents with at least three children or single parents is lack of information. It is very advisable to provide information on the possibilities to study at particular school or university, as well as how to receive advice regarding choice of occupation. Members of this group have to be made more active by involving them in the SEA employment measures including vocational guidance.

Large families require support for education of children –36% of the large families and 35% of single parents believe that they will not be able to help their children to acquire higher education. 40% of single parents and 43% of large families admit that education-related expenses create unbearable burden for their budget. Thus it is advisable to help large families and children of single parents by providing them with study materials, free meals etc. which is done by many local governments.

Large families and incomplete families are involved in different social structures (kinship, neighbourly relations, and friendship) however these people are in most cases poor and thus can serve as alternative source of support only in extremely critical situations.

**Disabled persons**

Most of the disabled persons belong to the poorest part of the society. Since disability of these people requires additional spending, the extremely low income makes it difficult for them to integrate in the labour market and social life in general. Inaccessible environment is another reason of social exclusion many disabled persons, especially those of them with movement disorders. Until now in
Latvia the issue of environmental accessibility is not solved sufficiently, however state of things is changing. The environmental accessibility depends very much for the disabled person living in a city or in the countryside. The social exclusion of disabled persons living outside cities is enhanced by inaccessible environment, transport and sources of information. And finally the status of disabled persons is very much deteriorated by social stereotypes. This risk factor plays the main role in case of persons with mental disorders.

According to the inhabitants’ survey 21% of all disabled persons are employed. However only 6% of disabled persons are actively seeking jobs and are ready to begin working in the next two weeks. The bulk of disabled persons (73%) are neither working nor looking for jobs, most often (85%) because they believe their health status does not allow them working. Since most of the disabled persons do not make any efforts to find job and do not want to work it is difficult to regard this group as rejected by the labour market. However the reason of this situation is both- the attitude and perception of the disabled persons and general public.

According to the survey only 25% of the unemployed disabled persons have been actively seeking job during the previous year. The main reason for not trying to find job and, according to the disabled persons, also for being rejected is poor health, disability. However disabled persons in Latvia are too critical about their state of health, possibly because they expect negative attitude of employers and colleagues and because they are prepared to be rejected due to their health status. This conclusion can be true, because disabled persons have extremely low self-esteem, they do not believe in their strength, suffer from lack of confidence and have poor communication skills. A different attitude of general public, changes in the way they perceive their health problems, a more open and confident manners is the way to considerably reduce social exclusion of disabled person.

Disabled persons are worse educated than general public. 10% of the disabled persons have higher education, but 19% have no more than elementary education. Even though one third of the disabled persons (34%) have not acquired certified profession/qualification, only 13% of them have attended any courses in the previous two years. Education of disabled persons very much depends on the distance education and part-time studies at the universities. It has been proposed that state should finance not only full-time studies but also part-time studies at the universities. Disabled persons need to be encouraged to participate in SEA modular training, professional and retraining programs, also by means of motivation programs financed by the EU structural funds.

According to the survey, disabled persons are the least popular group in SEA – only 32% have been offered jobs during the previous registration. Many disabled persons (25%) have chosen or would like to work part-time. Thus flexible working hours or part-time posts may convince disabled persons to find job.

Disability is a significant factor contributing to the material deprivation of not only disabled person
but also his/her family members. Disabled persons live in 4% of all households in general compared to 14% of the poorest households. 39% of the families with disabled family members are poor but 61% live below the sustenance minimum.

Like the senior citizens, disabled persons also run one of the greatest risks of social isolation. Disability leads to considerable narrowing of the range of social contacts and these contacts also become less frequent. 24% of disabled persons suffer from high degree of isolation on the primary level - that of the closest relatives. Poor health or lack of financial resources may prevent disabled persons from visiting or communicating with their closest relatives; disabled persons do not have enough resources to maintain such relations.

Rehabilitation is a significant factor contributing to the wellbeing of disabled persons and their ability to work. The currently available rehabilitation is not sufficient: locally available rehabilitation services are needed, namely, closer to the place of residence of the disabled person. People with low income may reject treatment at hospitals because of being afraid they will not be able for services, thus it is necessary to introduce passive credits so that these expenses can be paid gradually. It is essential to enact as soon as possible the set of measures established in the concept “Basic principles of the policy for reduction of disability and its consequences in 2005-2015”.

Employment of disabled persons very much depend on four sets of measures: 1) system for support of the employed persons with disability including compensation of transport expenses and other practical support; 2) wage as factor contributing to the employment – remuneration needs to be big enough, considerably larger than allowance, so that disabled person will be interested in the employment; 3) mediation between disabled persons and employers is needed because disabled persons are not always able to inform employers about their problems, thus they will benefit from involvement of NGO, social workers and others; 4) it is necessary to stimulate interest of employers in the employment of disabled persons – possibly by means of tax allowances.

Employers are often worried about additional expenses necessary to make working environment accessible for disabled person. The already mentioned and other active employment measures, scholarships and rent or transport compensations received during professional training of unemployed person are financed from the state budget. However after this period the employer does not longer receive any significant stimuli that could serve as motivation to employ a disabled person. It is necessary to develop a set of measures aimed to focus interest of employers on the disabled persons. There is no such set of measures yet.

The subsidised jobs and supported employment can very much contribute to the employment of the disabled persons. However disabled persons after having remained outside the labour market for longer period may not longer believe that they would be able to cope with their duties, thus they need to be encouraged, made more active by involving them in motivation programmes.
It is necessary to introduce legislative amendments so that work with mentally retarded persons at the workshops could be assigned to not only social workers prepared at the higher education establishments but also to certain experts having no higher education.

The issues of disabled persons must not be regarded as sole competence of the Ministry of Welfare, state institutions and ministries need to improve cooperation to solve these problems. Factor facilitating institutional cooperation would be a development of a common information network.

**Homeless persons**

Homeless persons are subjected to the risk of social exclusion because they have no residence, thus their style of living differs from that of the bulk of society. One’s dwelling can be lost due to different reasons: denationalization policy resulted in many persons being unable to pay rents and thus forced to look for another dwelling, others lost their dwellings because of unfair brokers; loss of job, health and family problems may lead to depression which can result in the loss of dwelling; another factor contributing to the homelessness is alcohol dependency and effect of alcoholic beverages.

Information about persons living on streets is not being summarized. There is no methodology for registration of such persons. When the weather gets colder people spending nights in public places are invited to go to the shelters. Homeless people going to the shelters are registered, but nobody has any idea about the others still living on streets.

Most of the homeless people do not receive any state support – neither guaranteed minimal income level allowance, nor unemployment benefits or any other benefits. It is chiefly explained by the fact that these persons lack information on the procedure for claiming state support. Another contributing factor is the need to settle formalities, which is energy-demanding, and many homeless people do not have passports.

The current legislation has not yet recognized all groups of homeless people, and other groups defined by ETHOS as homeless, are not regarded as such.

Reduction of the social exclusion of homeless people is the sphere of different social service providers – there are many institutions that take care about shelters, crisis centres, social integration centres, social integration and social rehabilitation centres, asylum seeker centres and social homes. It is necessary to develop national program for dealing with the problems of homelessness, similar to the program for prevention of human trafficking. Special attention should be paid to prevention of homelessness, by helping person to retain his/her dwelling.

The number of homeless persons is expected to increase. The possible persons at risk are for example pensioners who have allowed others to privatize their flats, incomplete families with several children, also taking into account other problems-unemployment, parents’ low level of education, child neglect.
Higher rents may lead to more people of various social groups moving to the shelters.

Prevention of homelessness - it is necessary to pay more attention to the families constantly unable to pay for the dwellings and public utilities, so that debts of these people will not increase and they will not be put out of their flats. Local governments need to train their experts for working in a team more focused on the prevention of homelessness, so that the risk families would be able to stay at their homes.

It is essential for team members to cooperate for the sake homeless persons. Such team should be made of representatives of different institutions- local government, custody court, school, healthcare institutions, whereas shelter for homeless people would benefit from team of social workers, medics, police officers and psychologists.

It is necessary to involve also non-governmental organizations, which have acquired extremely valuable experience while working with homeless people and persons released from prisons.

**Persons released from prisons**

Economic status of former inmates of prisons is rather poor due to the widespread unemployment level among members of this group. This is related with the low level of education and lack of profession. Most of the respondents had elementary or professional education: 35% had elementary or lover education, 11% have not completed secondary education, but 27% had secondary education. 40% of the former inmates do not have any qualification/profession, and members this group usually do not study. Only few of the inmates have had any chance to raise their level of education while in prison. Since inmates are not necessarily sent to prison at the beginning of school year, education and training should be started several times a year. It is important that inmates should be provided with general knowledge (by enhancing the basic reading, writing, arithmetic and the Latvian language); however attention should also be paid to the development of communication skills as well as to vocational training. Thus it is important to enact the tasks put forward in the concept “Basic principles of inmate’s education policy in 2006-2010)”.

The inmates have to be provided with opportunities to acquire profession/ vocational education. The currently dominating education policy (general education) has to be reconsidered by putting emphasis on the vocational training, necessary to provide qualifications essential for life outside the places of imprisonment. Such qualification will help a person willing to find job, earn money, create family and become a true member of society.

Since education is a very significant factor contributing to resocialization of persons released from prison, we believe that education of the inmates has to be improved significantly, that is made available in all penitentiary institutions and for greater number of the inmates. The teachers working in such institutions are to be trained specially to make education as effective as possible. The
institutions working to improve education of inmates – Ministry of Justice, Ministry of Education and Science, Ministry of Economy, Latvian Employers’ confederation and others, have to coordinate their efforts to develop efficient education programs for inmates.

According to the survey only 64% of the persons released from prisons during the previous 15 years are working and 20% of them have no labour contract: they are working according to oral agreement. 9% of the persons released from prison are not working and are actively seeking job. 2/3 of the jobless ex-inmates have sought employment during the previous year. Poor health was a common reason for staying unemployed. Taking into account the low self-esteem and lack of trust in ones strength, members of this group do not put forward especially high demands: 70% are looking for any job.

Persons released from prisons have received less of all proposals from SEA (35%). Many representatives of this group had encountered conflicts with employers- 25% of them were fired, while 14% of the possible employers refused to employ persons released from prison. This possibly indicates prejudices against former inmates.

The persons released from prisons have especially weak contacts with their family members. According to description of these relations, 41% of the former inmates correspond to the level of the most pronounced social isolation. It can possibly be explained by the fact that many of these persons have no families where to return after the prison terms or else the family members turn away from the former inmates. This group is characterised by more trust and closer contacts with friends. Relatively many of them do trust in neighbours. Despite the range of friends 25% of them are not sure, whether they have anybody they can apply to in the event of personal problems, 39% are not sure whether they can receive financial aid in case of urgent need. It proves that their friends are often in similar situation and thus cannot provide significant assistance. Former inmates are often willing to improve communication and expand range of social contacts; however this can be hindered by the lack of trust in other persons.

Persons released from prisons have different opinions about the attitude of other people towards them. Some of the former inmates believe that they are more welcomed by people unaware of their past.

The former inmates have alienated not only from culture but also from politics: 84% of them ignored previous elections. It is possible that attitude towards involvement in the political processes and the very involvement is to great extent affected by state of mind of particular person, especially previous experience and mistrust in state institutions.

Persons released from prison are to be regarded as social exclusion group due to their low level of education, unemployment and inability to support themselves and family members financially, thus subjecting their children to the risk of social exclusion. Thus more attention should be paid to education of the inmates as well as their employment, health and medical care and leisure time.
activities in the penitentiary institutions.

Employment of the inmates is one of the factors making person more organized and experienced, thus one can only congratulate measures introduced by Administration of penitentiary services aimed to increase employment of inmates. While many employers are complaining about lack of employees, it may be necessary to enhance the interest of potential employers in opening of production units at penitentiary institutions.

For the needs of health prevention of the inmates, physical activities and sports are needed. On the whole the risk of social exclusion of persons released from prison should be addressed already in penitentiary institutions, providing these persons with opportunities to educate themselves, to work and being busy. Thus it is necessary to establish efficient cooperation among Administration of penitentiary institutions, State probation service, Ministry of Education and Science, Ministry of Economy, Ministry of Welfare and other institutions.

Rehabilitation programs of former inmates organized by Probation service will be efficient only when persons released from prisons will be provided with qualifications and skills necessary on the labour market. Otherwise resources spent on rehabilitation programmes will be more or less wasted.

**Ethnic minority of gipsies**

The action plan regards the unemployed of gipsy (roma) origin as one of the groups encountering special difficulties that keep them away from the labour market. Low level of education make them unfit for professional training, retraining or improvement of qualification, programmes that require at least elementary education. Unemployed of gipsy origin are usually able to take part only in certain courses of modular training, thus it is necessary to establish cooperation with other institutions to expand and develop measures suitable also for gipsies.

Gipsies seeking jobs as well as those already working have come across negative attitude because of their nationality. Apart from national prejudices employed gipsies are also subjected to discrimination due to their sex and age, which devoir these people of many opportunities in the labour market and contribute to the relatively low education of the bulk of these people.

Gipsies have established rather broad system of informal relations in the course of time, representatives of this nation most often communicate among themselves because they live together or in the neighbourhood of one another. The everyday troubles of gipsies (roma) are to some extent alleviated by still surviving well known traditions and holidays of these nation, however all this is becoming less popular most often due to the lack of finances. Despite being a characteristic feature of their identity, informal systems are loosing their positive role in social integration of gipsies.

Social involvement of gipsies is to great extent stimulated by regular visits of church and trust in God.
especially in complicated situations, which cannot be solved by person alone – this has become significant part of everyday life in many families.

Stereotypes of general public about gipsies is one of the significant factors contributing to the social exclusion of gipsies, who are not allowed to prove that they deserve different attitude- many gipsies are to deal with derogatory attitudes already at school, young people are challenged or abandoned at recreation sites whereas people of working age are rejected employment.

Most of the gipsies still do not regard themselves as socially excluded and do not insist much on state solving their problems. They believe that it is necessary to focus attention first of all on reduction of poverty in large families; it is also important to deal with homeless people, create new jobs for people of working age and improve living standards of pensioners.

Victims of human trafficking

Cabinet regulations No 882 (adopted on November 22, 2005) provide for the procedure according to which a person having suffered injury –moral invasion or physical distress- because of crime (human trafficking) and thus regarded as victim of human trafficking is entitled to state-sponsored social rehabilitation. Although the above-mentioned regulations provide acceptable supply of rehabilitation services, the experts are not satisfied with Chapter II.4 of these regulations, which states, that, “a person (or legal representative of such person) in order to receive services is to apply directly to the service provider or State police”. This makes the application for the services difficult for the victims since they are devoid of anonymity, when receiving the necessary services provided for them with law. This does not let to establish the actual number of victims, many of whom, according to the experts, do not apply for help because they want to remain anonymous and prevent information leaks, which may lead to life-threatening consequences.

It is not yet clear who are to be held responsible for dealing with this problem: NGO representatives have addressed government institutions asking for greater involvement whereas the government officials called for more active mutual communication. This problem can only be solved by joined efforts of state and non-governmental sectors, which require their casting aside mutual disagreements, clarifying misunderstandings and improving communication.

The experts pointed out that problem of human trafficking requires also raising of general awareness, first of all to eliminate two main misconceptions: the critical belief that human trafficking is nothing but prostitution and the girls affected are to be blamed for everything; whereas the other misconception is delusion that one will never suffer from human trafficking and does not need the information where to apply for help.

It is very important to make municipal social workers more available not only for the sake of human trafficking victims but also to reduce social exclusion in general. A social institution where a person
can receive meagre financial aid has to be replaced by an establishment able to provide assistance of qualified experts who can help with social problems.
V. POLICY ALTERNATIVES FOR REDUCTION RISKS OF SOCIAL EXCLUSION AND UNEMPLOYMENT

5.1. Increasing number of vocational training and rising of qualification programmes

*Enlarging the opportunities for unemployed people to participate in vocational training, re-training and rising of qualifications program by increasing the allocated funds. Improving the flexibility of SEA and giving it the possibility to react more rapidly to changing requirements of employers by shifting the purchase of training services from category A to category B.*

5.1.1. General description of policy alternative

An unemployed person represents a triple cost for the state. First, when the job salary is not earned, it is difficult for the individual to preserve the adequate standard of living. Second, at the macroeconomic level unemployment can be viewed as a loss of potential GDP, which otherwise could be created. Third, when salary is not earned by the individual, neither personal income tax (PIT) nor mandatory social security payments (MSSP) are made to the state budget. Thus, while the actual contribution of the employed individual may seem small, the non created goods and services, non earned income and non paid taxes arising when this individual is unemployed become a quite sizable loss to the state budget and to the whole community in general.

This study evaluates unemployed training (unemployed vocational training, re-training and rising of qualifications) program (hereinafter APM) using two different econometric methods: macroeconomic evaluation by augmented matching function approach, based on aggregated unemployed and vacancy data from regional offices (filliales) of Latvian State Employment Agency (SEA) (see section 3.1.7.), and microeconomic evaluation by propensity score matching approach using SEA individual dataset (see section 3.1.9.). Both methods confirm that:

I unemployed training has a positive and statistically significant effect on unemployed employability and accelerates their integration in the labour market.

II program efficiency increases over time;

III the cost of the program can rapidly be covered at the macroeconomic level (when considering monetary inflows to the state budget from increased tax payments, or when examining the earnings of ex-unemployed).

From 4 thousand individuals, that have obtained the unemployed status during the period 2005 -2006 and have afterwards completed one of vocational training programs (excluding modular training, state
language courses), 59% have found jobs within 12 month from the date of registration with SEA. Among the „control group“– individuals which have not participated in AMP, but are similar to the trained unemployed according to main socio-demographic characteristics: registration month, place of residence, education, age, gender, nationality, working experience - this share is only 39% (see section 9.3).

On the other hand, the results of the macroeconomic evaluation show that unemployed intensive involvement in vocational training, re-training and rising of qualifications program allows to significantly increase aggregate outflows from unemployment to employment and thus to reduce the unemployment rate in the country (see section 3.1.7).

In addition, a recent study on unemployed socio-psychological portrait (Hazans, Dmitrijeva 2006) shows that many of registered unemployed do not have any profession or working experience. For these individuals vocational training can not be replaced (but can be complemented) by other competitiveness stimulating measures (related to the promotion of language, communication, computer and other skills).

Meanwhile, up to 60% of unemployed are ready to learn new professional skills (Hazans, Dmitrijeva 2006), but only 10% of them actually undergo SEA vocational training.

Enlarging the pool of trained unemployed, while increasing the flexibility of SEA in adjusting the contents of training courses to current requirements of employers, would stimulate the outflows from unemployment to jobs and generate additional income to the state budget, through tax payments, and to the whole community, thought created goods and services.

The aim of current analysis is to perform the cost-benefit evaluation of unemployed training program (vocational training, re-training and rising of qualifications). This policy alternative proposes to increase the funds allocated to the APM program. We determine wherever and under which conditions this measure could be financially and economically viable, i.e. benefits from the instauration of the measure (state budget gains or community benefits) cover the implementation costs.

5.1.2. Political and economical plausibility

The feasibility of implementation for this measure is closely related to the actual possibility for the increase of AMP budget in forthcoming years. Two factors affect this possibility – the amount of the budget allocated by the Ministry of Finance (MoF) and the amount of available European Structural Funds.

The situation with the availability of additional budgetary funds is not clear. Along with the inflation stabilisation plan (Olins 2007) certain restrictions to the usage of budget funds have been developed in
the aim to attain a non-deficit or over-plus budget. The Ministry of Welfare and SEA can therefore face budget restrictions from the Ministry of Finance. At the same time, objectives for economic development also include the promotion of employment and the stimulation of productivity. Budget increase can therefore still be prospected, especially when providing the evidence on the efficiency of APM programs in increasing employment and proving its important contribution to stimulation of economic growth in the country (which, according to the results of this study, is exactly the case).

AMP program is being proposed by SEA for numerous years already. Therefore other limitations, related to program instaurations are not foreseen: legislative base is established, SEA stuff is experienced in organising and managing the program, employers in both public and private sectors have a certain experience in hiring unemployed, that have completed APM program and thus have the knowledge on the quality of provided skills and education.

5.1.3. Financial and socio-economic analysis of the measure

In order to evaluate the potential effects of the measure (increase in the budget allocated to APM) on employment, state budget receipts and on social welfare in general, two scenarios for Latvian labour market development have been created:

Baseline scenario, which gives the prevision for the development of labour market development in Latvia for the next 3 years (from 1/07/2006 to 31/12/2009). Prevision is based on I available data on previous labour market dynamics (from 1/01/2000 to 31/06/2006), II assumptions on the development of macroeconomic indicators for the baseline scenario of economic development, published by the Ministry of Finance on 25 May 2006, III available information on unemployed training (APM) costs and IV information on current and planned APM budget.

Alternative scenario, which, based on I assumptions on the changes in APM budget and II the estimated efficiency of the AMP program (macroeconomic evaluation results), gives the alternative measure of outflows from unemployment to employment and allows to compare the cost of the measure (APM budget increase) to generated benefits (in terms of direct gains for state budget or in terms of generalised benefits to whole community).

Cost-benefit analysis is performed separately for Latvia and for each of Latvian regions (Riga, Riga region, Vidzeme, Kurzeme, Zemgale and Latgale).

Analysis concerns one budget cycle: budget changes are planned for the year 2008, and the impact is evaluated during the year 2009.

5.1.3.1. Baseline scenario: macroeconomic assumptions

Macroeconomic assumptions, used for modelling the baseline scenario are given in the appendix.
Growth rate for average gross wage is predicted using the based on MF published forecast for main macroeconomic indicators (dated 25 May 2006). These assumptions have also been used in the analysis of policy alternatives for “Wages and impacting factors” study (RS Group 2006). In contrast with the abovementioned study, wage level is determined here using Central Statistical Bureau (CSB) data on average gross wages in Latvia and its’ regions in 2006 (CSB 2007: 6.– table 13.). Annual forecasts are obtained by applying growth rates to the values, observed in 2006.

Minimum wage amount is forecasted as 50% of average gross wage in the preceding year. Unfortunately it is not possible to use the forecasts developed by “Wages and impacting factors” study. This is due to the fact that, starting from 2006 the minimum wage grew much stronger than expected, and thus has deviated from the assumptions, used in the above-mentioned study. In addition it is planned that from 2008 the before-tax minimum wage will rise up to 160 lats (Vigulis 2007). This rapid growth of minimum wage is partially related the growth in average wages, which has also been higher than predicted.

We assume that the amount of the non-taxable minimum grows at the same rate as the minimum wage.

For baseline scenario, the APM budget is modelled such way that it allows to maintain the annual number of unemployed sent for training at the same level as observed in 2005-2006. This assumption is vital for developing the precise baseline scenario. On one hand, budget funds allocated to unemployed training (APM) during last 5 years were relatively important and allowed to train up to 8000 unemployed annually. On the other hand, the results of the present study reveal high efficiency of APM program in employment stimulation. This indicates on the possibility that favourable trends that have recently been observed at Latvian labour market are tightly related to intensive participation of the unemployed in the APM. It is therefore important, when making forecast for the variables that determine the dynamics of the labour market, to assume that APM budget will at least stay at the same level.

While the APM budget allows to keep the participation in training at constant level, the monetary value of this budget is calculated using the information actual and prospected training costs (average, per unemployed). According to the information provided by SEA Budget and Financial Management Department (BFMD) the average training cost per unemployed was 680 lats in 2006. For the forthcoming years, we assume that training cost grows at the same rate as gross average wage.

Annual forecasted budget is evenly divided by quarters. Total budget is divided by regions, using the data on regional distribution of trained unemployed in 2005–2006 (24% in Riga city, 11% in Riga region, 12% in Vidzeme, 13% in Kurzeme, 13% in Zemgale and 26% in Latgale).

Unemployed flows
Future inflows of unemployed and outflows from unemployment (total and to employment) are modelled using aggregate data from SEA regional units (fillsales) on I number of individuals that during the reference period have obtained the unemployed status, II number of individuals that have exit from unemployment during the period (quarter) and III number of individuals that during the current period have found jobs.

SEA aggregate data cover the period from 1/01/2000 to 31/06/2006 by quarters and by regions. Forecasts are made for each group (Latvia and regions) for the time period from 1/07/2006 to 31/12/2009 (by quarters) applying the Holt-Winters seasonal smoothing method, which is frequently used when forecasting time series, that simultaneously display trend and seasonality. Latvian labour market currently experiences labour force shortage, which implies the decreasing pattern in inflows to unemployment and the increasing one in outflows to jobs (Fridriksone): these trends are captured by variable predictions.

The number of unemployed in the beginning of each period is created (starting from 1/07/ 2006), by increasing the previous period’s value by forecasted inflows and decreasing by forecasted outflows.

**Participation in active labour market policy programs (APM)**

Evaluating the effect of the measure (APM budget increase) requires to forecast and to compare the number of trained unemployed between the baseline and the alternative scenarios. In this order, we use the data on the number of trained unemployed in 2006 (from SEA individual data set) and the previsions made for the inflows and the outflows of trained unemployed.

The previsions on the inflow of trained unemployed are created using the forecasted number of persons sent for training (depends of the forecasted budget) and the assumption on the proportion of participating unemployed, who actually complete the program.

The baseline budget for years 2007 and 2008 is constructed, using the data on the annual number of unemployed that have been sent for training in 2005 – 2006 and the forecasted average cost of training. As abovementioned the baseline budget is modelled with the assumption that the budget will allow to maintain the participation in APM in the forthcoming years at the same level as previously.

While the reduction of APM budget in 2007 and 2008 can actually be expected, this assumption on budget constancy does not affect the results of the analysis with regard to the returns on measure (it’s financial efficiency), since these are based on the deviation between the baseline and alternative scenarios.

When the number of unemployed that start training in every period is obtained, it is possible to forecast the number of unemployed who finish training and thus form the inflows into the pool of trained unemployed. According to the data from individual database, constructed in the framework of
this project from SEA individual records, 80% of those unemployed who have been sent for training in 2004–2006 have actually completed the program. On the other hand, average duration of the APM program is 4-6 months. We therefore assume that 80% of unemployed, who have been sent for training in the beginning of the current period $t$ will join the number of those who have completed the program (trained unemployed) at the end of the following period (end of period $t+1$).

Further, we model the outflow of trained unemployed in future time periods for baseline scenario. We make use again of SEA individual dataset and calculate for each time period and each group (Latvia and 6 regions) the variable $P_{t}^{APM}$ - the outflow probability for trained unemployed (proportion of trained unemployed that exit unemployment during the current quarter, in a total number of trained unemployed in the beginning of this quarter). We afterwards calculate the average (over last year) value of this variable for each group - $\overline{P_{t}^{APM}}$. The outflow of trained unemployed is forecasted by multiplying the beginning of period’s number of trained unemployed in each group by group’s respective $P_{t}^{APM}$.

Finally, we produce predictions on the number of trained unemployed in the beginning of each of forthcoming periods by augmenting the previous period’s value by the inflows of trained (number of those completed training) and decreasing it by forecasted outflows.

5.1.3.2. Alternative scenario: APM effect

The main difference between the baseline and the alternative scenario lies in budget allocation to APM program: it is higher in alternative scenario case. We assume that in 2008 the APM budget is 10% higher in alternative scenario, comparing to the baseline one. Naturally, with higher budget it is possible to train more unemployed.

The dynamics of the number of trained unemployed for alternative scenario is globally modelled in the same manner as for the baseline scenario. The difference however lies in forecasting the inflows and the outflows of trained unemployed. The inflows are predicted similarly to baseline case, but with correction for higher number of unemployed sent for training, while the outflows are modelled, making use of the results of this study with regard to the evaluation of APM. These results confirm the positive effect of APM on the individual employability (microeconometric evaluation), and at the aggregate level, on outflows from unemployment to jobs (macroeconomic evaluation) (see section 1.9.2.). Moreover, the results of macroeconomic policy evaluation allow establishing the exact relationship between the changes in the number of trained unemployed (and thus changes in APM budget) and the variation in outflows from unemployment to jobs.

Using this relationship it is possible to determine the differences in outflows to employment between the baseline and the alternative scenarios and to compare the cost of training of additional unemployed (difference in cost between two scenarios) to the gains from the implementation of this
measure (gains, or difference between two scenarios, in terms of employment that generate gains in terms of monetary flows to state budget, and gains in terms of social welfare).

According to the methodology used for the macroeconomic evaluation of unemployed vocational training program, the effect on outflows from unemployment to employment can be evaluated by estimating the outflow (M) semi-elasticity with respect to the share of trained unemployed in the total unemployed pool ($\gamma$). This semi-elasticity can be defined as follows:

$$\eta = \frac{\partial \ln \frac{M}{\gamma}}{\partial \gamma} = \frac{(\alpha_{SU}(k-1))/(1 + \gamma(k-1))}{(\gamma - 1)/(\gamma - 1)}$$

Equation (5.5) coefficients $\alpha_{SU}$ (outflows elasticity with respect to the number of unemployed) and $k$ (relative search effectiveness of trained unemployed) have been econometrically estimated from the data and are given in result tables for macroeconomic evaluation (see section 3.1.8, we use here the results for the time period from 1/04/2004 to 1/07/2006, see table P8.10).

Semi-elasticity ($\eta$) should be interpreted as follows: when the share of trained unemployed in the beginning of the period increases by one percentage point, the number of matches (outflows to jobs), created within every following period (here policy effect is limited to 4 periods), increases on average by ($\eta$) percents.

Formally the semi-elasticity gives the increase (in %) in the value of the function against 1 unit increase in the argument. In our case this latter is the share of trained unemployed. Therefore one unit increase corresponds in our case to 1 percentage point increase in this share.

Thus, when evaluating the difference in share of trained unemployed ($\gamma$) between the baseline and the alternative scenarios, it is possible to determine the difference in outflows to employment. This is done in several stages:

**stage 1.** Using the forecasted for baseline and alternative scenarios values of $I$ total number of unemployed in the beginning of the period and $II$ number of trained unemployed in the beginning of the period, we construct, for each scenario, the share of trained unemployed in total number of unemployed. The difference between two scenarios arises starting with 3rd quarter of 2008 (budget is increased in 1st quarter of 2008 and the duration of training is 2 quarters).

**stage 2.** According to the equation (5.5) the semi-elasticity is calculated with the baseline share of trained unemployed ($\gamma$).

**stage 3.** The difference of the values of share of trained ($\gamma$) between baseline and alternative scenarios is calculated for selected point of time (here – beginning of year 2009).

**stage 4.** Based on semi-elasticity, calculated in step 2, one can determine the additional outflows from unemployment to employment, created by the difference in variable ($\gamma$)
5.1.3.3. Evaluation of the effect: wages, employment duration and training costs

The effect of the measure (APM budget increase) on budgetary receipts and on social welfare is evaluated by comparing the costs, generated by training of additional unemployed, and benefits, generated by additional employment.

The cost of measure implementation can be easily determined by multiplying the number of additionally trained unemployed by period’s respective training cost. In our analysis monetary costs coincide with social costs. It is however possible that the changes in APM budget generate changes in other related costs. For example the total amount of unemployed benefits paid by the state may drop: the measure will increase the number of trained unemployed, and these exit unemployment more rapidly, than their non–trained peers. In addition, SEA managing costs, which are in part related to the number of program participants, may also change. However we do not include these possible interactions in our analysis.

The calculation of benefits involves more assumptions and definitions. Here we use two benefit measures. First, (monthly) benefits or gains for state budget (SB gains): direct monetary inflows into state budget from the taxes paid by the additionally employed. Tax payments concern personal income tax (PIN) and mandatory social security payments (MSSP). The latter one is calculated as 33,09% of worker’s gross wage, where 24,09% is paid by the employer and 9% by the worker. The personal income tax is defined as 25% of the gross wage (excluding non-taxable minimum and MSSP). Second, (monthly) community or society welfare benefits (CM gains), which are defined as the sum of state’s and worker’s earning and approximated here the total labour cost (gross wage plus employer’s MSSP payments).

When monthly benefits for the state or community are defined, one can obtain total benefits generated by additionally employed individual by multiplying the monthly benefits by the employment length, that ex-unemployed is expected to experience after leaving the unemployment. We assume here that the ex-unemployed will work for one year and will earn salary for 12 months. This is of course an ad-hoc assumption, but we will verify in what follows how the assumed employment length affects the results by using sensitivity analysis.

Another important assumption in benefit calculation is the assumption on monthly wage that will be earned by ex-unemployed, once he/she starts working. In the economic context, where labour market experiences labour shortage, the wage of newly hired is expected to approach or exceed the average wage at the market. Meanwhile, it is also possible that some individuals will work part-time. We therefore assume that if unemployed is hired (additional hires generated by the implementation of the policy measure) he/she will earn 2/3 from the average wage in the country or in the respective region.
We also perform the sensitivity analysis in order to learn how this assumption affects the results.

When the amount of benefits per additionally employed is calculated based on above-mentioned assumptions, the total benefits form the measure can be determined by multiplying the per head benefits by the number of additionally employed individuals.

Current socio-economic analysis does not take into account neither the global benefits for economy (total value added, that is created by the employed person), created by extra employment, or the “grey” income (the “envelope” part of wage, which is paid by employer to the worker, and does not involve the payment of MSSP and PIN). The calculation on these amounts will require additional assumptions that are difficult to establish due to the lack of the information.

The cost and benefit flows can be compared when using the discounted monetary flow method. Based on EC propositions (General Director of EC Regional Policy 2006: 7), we use nominal discount rate of 9% (real discount rate of 5%, plus inflation rate of 4% (forecasted for 2008–2012, LR Ministry of Finance 2007a). We use the following criteria in order to perform a cost-benefit analysis (Florio, Finzi, Genco, Levarlet, Maffii, Tracogna, Vignetti 2002: 26–28):

- The ratio of discounted costs and benefits (benefit/cost ratio, in what follows – B/C);
- Net present value of monetary flows (net present value, in what follows – NPV);

B/C shows, wherever the discounted benefits from policy implementation overcome the discounted costs (and by how many times). NPV is the difference between discounted benefits and costs. If is it positive: costs are covered by gains.

It is not possible to evaluate the internal return rate on this measure in our analysis. The rate of returns can not be determined for money flows which are always positive: in our case the implementation of the measure does not require important investment in the first years, but the gains appear rapidly (in the first year).

5.1.3.4. Evaluation results

Based on the abovementioned assumptions, we create the baseline and the alternative labour market development scenarios, compare the outcomes and evaluate how the increase in the budget funds allocated to APM program, would potentially affect the level of employment, the direct tax payments to the state government and social welfare in general.

The forecast period is from 01/07/2006 to 31/12/2009. We assume that in baseline scenario the APM budget is maintained at it’s real 2006 value, i.e. allows to maintain the number of unemployed sent for training at the same level as in 2006. Alternative scenario assumes the same budget as the baseline until the end of year 2007, in 2008 we introduce a 10% increase in the budget (alternative budget is 10% higher than the baseline one), then budget returns to it’s baseline level starting from 2009.
Evaluation results are given in appendices $X$.2 and $X$.3. Results are displayed for the whole country and for each region separately. Tables do not reflect the absolute level of the variables, but the difference between the baseline and alternative scenarios. For example for year 2007 all changes equal zero since the measure is not implemented. For the year 2008, when alternative budget increases, one can observe the increase in training expenses and in the number of trained unemployed. Changes in the outflows from unemployment to jobs are observable starting from 2009, since we assume that the effects of the measure are visible a year after implementation.

Globally the effect of the policy measure (APM budget increase) on community or social welfare (CM gains) and on state budget (SB gains) is positive. Measure allows training more unemployed, which leads to intensive hiring. Community benefits from the measure exceed instauration costs by 2.98 times and NPV is positive (1 mln. 323 thous. lats), see appendix $X$.3. Gains for the state budget are naturally smaller, since they only include tax payments. However SB gains are 1.21 times higher than the cost of the program and NPV is still positive in this case. The return on the measure (B/C ratio or NPV) could even be higher if the reduction in global amount of unemployed benefits paid to the unemployed would be taken into account on the cost side, and the increase in gains from total productivity of the worker (firm’s additional productivity gain) would be included on the benefit side.

In regional cut, the highest return on the measure can be expected in Kurzeme and Riga, but the lowest in Latgale. These differences can partially be attributed to regional differences in terms of outflows to jobs, but also to the wage level heterogeneity across regions. Appendix $X$.3 shows that Latgale is the only region where the return on the measure with respect to state budget gains is negative. However, while the increase in AMP budget in Latgale will not be profitable in terms of receipts for the state budget, the gain for the whole community will still be positive.

As abovementioned, the analysis is based on a number of assumptions, including the ones on the expected employment length and expected wages for those who will leave the unemployment after APM budget increase. Both of these assumptions are related to the calculation of the benefits. In order to determine how these assumptions influence the results of the study, we perform the sensitivity analysis (for whole country - see below, by regions -see appendix $X$.4). We thus run the cost-benefit analysis with different values of expected wage and expected employment duration and determine which wage and duration levels are critical for the results (all other assumptions are naturally unchanged).

Expected wage was assumed as 2/3 from country’s or respective region’s average wage (expected wage ratio). Figure 63a displays the results of sensitivity analysis for Latvia. Program cost breaks even with budgetary benefits (SB gains) when additionally employed individuals earn 60% from average wage in the country. Thus the costs of the measure are covered by SB benefits if hired ex-unemployed earns a salary which is slightly higher than the minimum wage in the country.
Community benefits are always higher than state budget benefits, and break even with the cost if the expected wage ratio approaches 30%.

Figure 63a. Sensitivity of benefit/cost ratio with respect to the changes in the ratio employed hypothetical wage/average gross wage in the region.

The return on the measure with respect to community gains in Kurzeme is positive for the expected wage ratio of 20%, but in Latgale it should reach 60%. When benefits are determined with respect to the state budget, the measure is profitable in Kurzeme if the expected wage ratio exceeds 50%, but in Latgale it should exceed 140%.

Regarding the expected employment length, the baseline assumption is 12 month employment. As figure 63b displays, when the average employment length decreases below 10 months the measure costs more than it generates in terms of gains (when gains are calculated as SB gains). However, community benefits exceed costs when average job holding length is 4 months: if hired ex-unemployed will stay employed for at least 4 months, the costs of the measure will be covered by benefits at the community level.
As previously, the best performance is observed in Kurzeme (see appendix „X”.4): community benefits cover program costs when expected employment length exceeds 3 months, while the gains to the state budget cover costs when average job tenure exceeds 7 months. In Latgale the cost of implementation is covered by community benefits when new jobs are kept for at least 10 months, but is only covered by state budget benefits if the expected employment length exceeds 2 years. Weak return on the measure in Latgale is partially due to the wage level in this region – it is the lowest in the country: expected amount of paid taxes, being calculated at the wage base, is thus also lower than elsewhere.

5.1.4. Possible obstacles to policy implementation

The main obstacle to program implementation is related to the availability of additional budgetary funds. Budget unavailability may compromise the creation of budget and community benefits from additionally created employment. Dealing with this risk is in the competence of SEA and the Ministry of Welfare: optimal management of ESF means and negotiations with the Ministry of Finance on fund allocation may contribute.

The APM budget can also be increased by involving the private sector funds. SEA could develop the collaboration where the firms partially contribute in training cost, but also determine the exact skill and sector profile of the trained worker according their short-term needs. Such agreement could
also include the condition on the number of months that trained unemployed is supposed to work within the contributing firm after the training is completed. This will increase the efficiency of the program, since all of unemployed, trained for the needs of the exact enterprise will be placed after the training is completed (at least for a certain period of time). Even in case the placement only lasts the contracted amount of months (because either the firm of the worker does not wish to continue the employment at the same workplace), the combination of APM and work practice with the enterprise will significantly increase individual’s chances to find a more suitable job afterwards.

Less important risks are related to the changes in the assumptions. The efficiency of APM program is not time invariant. If it decreases in future, budget and community benefits from the measure will naturally be smaller than predicted by our results. It is however not likely for this to happen: the results of macroeconomic evaluation realised in the framework of this study (see section 3.1.10.2) show that APM efficiency is rather increasing over time.

The evaluation results can also be affected if the expected wage for additionally employed will be smaller than predicted in out analysis: returns on the measure will also be smaller. Meanwhile, the sensitivity analysis shows that the qualitative change in the results will only occur if the variation in wage level is considerable, which is not likely. In addition, the risk of low income for the employed can be overcome if SEA and MoW promote measures, which will stimulate the employers to ensure the competitive work compensation for trained individuals.

Other risks can be related to the variations in labour demand and to the availability of job vacancies. This analysis is based on the results of macroeconomic evaluation, which, while evaluating the effects of training, also took into account the existing patterns in labour supply and demand. Therefore, the context change such as rapid shrinking of vacancy pool or qualitative (in terms of skills) changes in labour demand can affect our results. On one hand, SEA collaboration with municipal authorities, enterprises, and NGOs could help to ensure the sufficient demand for trained workers. On the other hand, the flexibility of SEA in terms of reaction at the qualitative changes in labour demand can be ensured by shifting the purchase of training services from category A to category B.

5.1.5. Shifting the purchase of training services from category A to category B

Training services are purchased by SEA according to Public Procurement low (2nd appendix). The Public Procurement low includes two sections A and B: depending on the nature of procured goods and services the procurement is effectuated under the rules established in one of these sections. The section A and section B procurements may differ: B section procurements are subject to alleviated procedure.

In order to ensure the information transparency, according to EC low practice and the rules established by Procurement Monitoring Bureau, the procurement of services under section B should
be publicly announced. In case of alleviated procedure the announcement can be published in press, on at purchaser’s web page. Purchaser can also directly inform interested competitors.

Moreover, in contrast with the procurements under the section A, B section procurements do not require to respect the minimal application term for received offers. Therefore the Buyer can announce shorter terms for offer submission, than the ones that are applied then organising price monitoring and competition. As a consequence, unconditional on contracted price, the Buyer can use additional selection criteria and choose the offer that is economically the most suitable.

It should however be noted that for both A and B section procurements, the purchase agreement can only be signed on the 11th day after publishing the competition results (Public Procurement low, clause 67, section 4).

All above mentioned conditions regard the procurement of services with contract price between 1000 and 10000 lats.

It should also be noted that, while preparing the current study for publication, the proposition on treating the procurement of training services as B section procurement, has already been taken into account by SEA.

5.1.6. Conclusions

This section performs the financial and socio-economic analysis of the policy measure proposed under the 1st policy alternative - the expansion of the budget funds allocated to unemployed training programs. The main evaluation results are the following:

The proposed measure (increase in APM budget) will have a positive effect on community (social welfare) and on state budget earnings: expected benefits exceed expected implementation costs.

In Latgale the return on the measure is lower than in other regions of Latvia. Even though the implementation costs slightly exceed expected gains for the state budget, the expected benefits for the whole community are higher than the costs.

The sensitivity analysis shows that the return on the measure in terms of community gains is positive if the individuals hired after their participation in training will earn at least 30% of country’s average wage. When the benefits are calculated with respect to the gains for the state budget, the expected wage ratio to average wage should be at least 60% for the measure to be financially viable.

The costs and benefits of the measure will break even if the employment length of additionally hired individuals will be at least 10 months in case the gains are calculated as direct tax transfers to the state budget, and slightly above 4 months, if the gains are calculated as community benefits.
Efficiency indicators could possibly be higher if benefit calculations included total value added created by additionally employed (including the one for the firm) and the gains from non-paid unemployment benefits.

Taking into account its efficiency in enhancing individual employability and in adjusting labour supply to labour demand in terms of competence and skills, APM can enlarge the pool of individuals suitable for hiring and thus can be promoted as an efficient tool in dealing with forthcoming labour shortage in Latvia.

It is possible that in future several years NVA will not be able to attract the additional funds for expanding the unemployed training program. In this case the discussed measure (increase of APM budget) could be scheduled for later period. Based on the evaluation results, the decrease in the efficiency of the program should not be expected.

With regard to the interactions with the propositions related other policy alternatives -this measure does not directly compete with these latter. Other propositions focus on special target groups, but the measure, described here intends to produce the aggregate effect (on whole labour market). However, the conflict of interests with II alternative is possible with regard to the allocation of budget funds.
5.2. Expanding partially subsidized program of combined work

Assess the possibility of expanding partially subsidized program of combined work/job training /professional orientation at the workplace in both private and public sectors. Assessment should include handicapped persons as one of the groups at risk of unemployment and social exclusion.

5.2.1. General description of policy alternative

Taking into account that the job-finding rate of trained unemployed could be significantly higher than currently observed, the expansion of unemployed training should be accompanied by improved control of training quality and by the optimisation of selection in training programs. The analysis of this measure is based on the results of this report (section 3.1.6.), which identifies the following groups at risk of unemployment:

- unemployed without certified Latvian language skills;
- women of non-Latvian ethnicity;
- unemployed of pre-retirement age;
- unemployed with less than secondary education;
- unemployed residing outside the district centre;
- unemployed without work experience;
- unemployed residing in the region of Latgale.

Unemployed without certified skills in Latvian language or those with certificate of the lowest level, the unemployed of pre-retirement age, those with less than secondary education and the unemployed residing outside district centres are significantly less involved in professional training programs than other groups of unemployed (Appendix 9.1). In contrast, the unemployed residing in the region of Latgale and unemployed without work experience participate in training programs more intensively than on average.

Situation with the knowledge of state language is alarming. The analysis of individual data, performed by this study, suggests that unemployed without language proficiency certificate or those with the lowest level of proficiency (these groups make, respectively, 13% and 12% of unemployed, registered with SEA in 2005 – 2006) face lower (on average or ceteris paribus) rates of job finding, than native Latvians or those with higher proficiency in Latvian language. In addition, these differences have been quite persistent during last three years (section 3.1.6, figure 21).

Despite the fact that SEA intends to resolve the situation by providing the Latvian language courses,
this training does not involve any certification procedure at the end.

In addition, the participation of the abovementioned groups of unemployed (with none or low proficiency in Latvian language) in other SEA training programs - modular training (foreign languages, computer skills, project management and record keeping, drivers training, etc.) and vocational training and retraining - is low, relative to other groups of unemployed (section 3.1.9., figure 28.).

In order to stimulate the employment among the individuals belonging to the groups at risk of unemployment and social exclusion - whose main obstacles for succeeding in the labour market are related to weak level of education (youth with low education, disabled persons (including mentally disabled), former prisoners), to the lack of language or other skills - it is necessary to mitigate the effects of inadequate level of education, qualifications or skills, thus reducing the degree of social exclusion and enlarging the access to employment.

Women with children form another group of unemployed, that display a clear tendency for low activity in job search and often experience relatively long inactivity (out of the labour market) periods (section 3.1.2.4.). This group is not only exposed at risk of unemployment, but also have lower job-finding probability, when unemployed. Such situation can be related to employers’ unwillingness to take the additional risk – women with children are more likely to be absent from work due to childcare, which is thought to decrease their productivity at work.

The analysis of alternative policy measures intending to deal with such problems is effectuated in “Aspects of Gender Equality in the Labour Market” study (FACTUM 2006: 178–202), and therefore will not be included in this report.

This policy alternative proposes to promote unemployed training at the work place (by employers) - more efficient than other forms of training, since it involves the possibility to keep the job after the training period is completed (employer trains the unemployed person to meet the specific requirements of his business while other forms of training are generalised to a certain sector of activity).

The mismatch between the supply and the demand in the labour market arises from skill, occupation, geographical and etc. inconsistencies between the unemployed and job vacancies. Improving the quality control of training programs and optimising the process of unemployed selection into the program, is expected to increase the job-finding rates of trained unemployed. However, in a changing business environment it is not always possible to perfectly and momentarily adjust the contents of training to the requirements of labour market. In addition, such market imperfection as the asymmetry of information (to inefficient or incomplete communication between economic agents (Varian 1996: ch35) can interfere in the process of the adjustment between supply and demand.
By improving the circulation of the information between the unemployed and the employees, government (SEA) can accelerate the adjustment process and thus stimulate employment. Prior to training consulting with employers on the scope of required skills and some adjustment of the program contents according to the suggestions of the employers is very likely to improve the job-finding probabilities of unemployed. However, when training is realised out of workplace, is still difficult to access the complete skill adjustment to the needs of the specific employer. Therefore optimisation can be attained if training is provided by employers themselves. Combined training consists in providing simultaneously two separate training programs: first is provided by SEA and concerns training for general skills (Latvian of foreign language or general occupational skills), while second is ensured by the employers, is realised directly at the work place and concerns training for firm - specific or job-specific skills.

Some steps in accessing the implementation of such combined training programs have already been made. In particular, the Low on the Support for Unemployed Persons and Persons Seeking Employment has recently been amended by Saema (March 29, 2007). The amendment concern the promotion of type of new active labour market policy programs: the employee-tryout at the work place, which enables the employer to verify in practice the unemployed correspondence to necessary requirements, the training at the work place and other combined training programs. In fact, similar activities are actually included in SEA internal normative act Nr. 34 (“Procedure of organization of subsidized employment for unemployed persons” dated December 11, 2006), which concerns the possibilities for large groups of unemployed to participate in subsidized employment programs. However, these subsidized employment programs are in first place proposed to specific target groups (young unemployed aged from 15 to 24, disabled persons, women on or after childcare leave, pre-retired, long-term unemployed and former prisoners). Unemployed, who do not belong to these target groups, can participate in the above mentioned measures, but this requites the special accord from SEA.

We identify, further in this report, other groups of unemployed, for which the participation in combined training/subsidized employment can have be a strong effect on re-employment probability.

Another advantage of combined training at the work place is the reduction of “Fear factor” for both unemployed and the employer.

For unemployed, fear can be related to uncertainty about employer’s fairness (cheating) or to a disbelief in unemployed own capacity to perform at the labour market. Fear is especially common among the long-term unemployed, for those who already have a negative experience on employer’s fairness (for example, when after the completion of the job, the agreed wage is not paid) or those who have been hired but failed to retain the job.

For employer fear can be related to uncertainty about unemployed skills, his/her ability to accomplish
the work, or, which is also common, his frequent absence from work due to alcoholism or other addictions.

Similar fears can also be related to the employment of disabled persons.

When combined training program is designed as partially subsidized, employer enjoys benefits from employing the apprentice at partial cost only. In addition, combined training program is closely monitored by SEA: which therefore also acts as an insurer for both the employer and the worker.

The amount of employer subsidy for combined training, as well as the length of the training for different unemployed risk groups can vary. According to current regulations, the amount of the subsidy is related to the national minimum wage. It is, meanwhile, necessary to assess the possibility to vary the amount of the wage subsidy for different groups of unemployed: for long-term unemployed or disables persons – to set the subsidy level above the minimum wage, but for other groups of unemployed, that can be involved in the labour market more easily and rapidly – below the minimum wage. Such differentiation will contribute to access more subsidized employment with the same budget.

The length of subsidized employment for each group of unemployed should be set individually, with the minimum of 6 months (which is twice the probation time established by the Labour Law). It should be possible to extend the length of internship up to 12 months, in which case the amount of the subsidy paid for the last six months of internship can be revised and reduced. Disabled persons should be able to benefit from subsidized employment for 24 months.

In order to assess the possibility of expanding the use of partially subsidized program of combined work/job training/professional orientation at the work place, six activities for six target groups (section 5.2.3.) are proposed and analysed in this report.

5.2.2. Political and economical plausibility

The implementation of the measures proposed under 2nd policy alternative mostly depends on the availability of funds. In this respect, the medium term budget plan (for years 2008 – 2010) has recently been accepted by Latvian government (March 2, 2007). The plan prospects the budget surplus of 0.3% of GDP by the year 2010 (LR Ministry of Finance, 2007b). The application of such budget plan can, however, involve significant budget limitations for the Ministry of Welfare and SEA. In addition, since the submission of Ministries’ budget requests to the Ministry of Finance is due on July 1, 2007, it is not possible to assess the expected level of SEA activity in terms of unemployed training programs for forthcoming years. Previously, the considerable part of unemployed training was funded from ESF. Thus the decrease in ESF financing will imply that the significant part of unemployed training programs should be financed from the state budget.
Next limiting factor is related to existing normative acts. In fact, the existing legislation on subsidized employment does not cover the participation of all herein defined groups at risk of unemployment and social exclusion. Therefore the implementation of the measures proposed under the 2\textsuperscript{nd} policy alternative requires extending the legal coverage to all risk groups, which naturally implies certain amendments to the existing normative acts. Actually the SEA internal normative act on “Procedure of organization of subsidized employment for unemployed persons” allows the subsidized employment for unemployed, who do not belong to special target groups. However, this can only be done under special authorisation from SEA and it only covers the subsidized employment, not the combination of subsidized employment with other training programs. While such combination is not directly excluded neither, the development of combined activities will still require the establishment of clear and appropriate for these measures regulation.

The last and possibly the most important limiting factor is related to the willingness of private and public sector employers to take part in proposed activities and supply the workplaces for job practice. In order to rule out such limitations, private, public and nongovernmental sectors should be informed about the possibility to benefit from the employment subsidy. This can be accomplished with the help of SEA regional units (filliales), which actually collaborate with local municipalities and councils of enterprises. At the same time, in order to optimally manage the budget and ESF funds, SEA should also ensure the efficient monitoring of enterprises and institutions involved in the project.

5.2.3. Implementation of the measures, proposed under 2\textsuperscript{nd} policy alternative

The following measures are proposed in the aim to reduce the unemployment and social exclusion among the specific groups of individuals:

I. For unemployed without certified skills in Latvian language or those with inadequate proficiency: to combine subsidized employment, where working environment would stimulate the improvement of language skills, with Latvian language courses provided by SEA (at or outside the work place); to ensure the examination of language skills and the receipt of certificate of proficiency level.

II. In cases when unemployed or employers have doubts on the adequacy of unemployed proficiency in Latvian language to the requirements of the employer: short term (3-6 months) subsidized employment, followed by the examination and deliverance of proficiency certificate.

III. For unemployed with insufficient knowledge of Russian language: subsidized employment at the workplace, where work environment would stimulate improvement of Russian language skills (for example, in services), combined, if necessary, with Russian language courses provided by SEA (at or outside the work place).

IV. For unemployed with disabilities: to combine the subsidized employment and professional training with the creation of a work-place at person(s place of residence and
equipped for work at distance and tele-working.

V. For unemployed, residing outside district centres: to combine the subsidized employment with transport allowance.

VI. For unemployed without work experience: to combine modular training with partially subsidized work practice at the enterprise.

For the unemployed with insufficient proficiency of Latvian language (measures I-III), the lack of language skills is the major obstacle in the access to potential jobs. Therefore this group should be included in the list of target group for subsidised employment. Previously, the active labour market policy solved the problems, related to unemployed low proficiency in Latvian language by proposing the Latvian language courses (under modular training programme). However, the participation in this programme did not include the deliverance of the “Certificate of proficiency in Latvian language”.

Meanwhile, such certificate is required for a number of professions (see Cabinet of Ministry Instructions Nr. 296 on “Language skill requirements”, dated August 22, 2000). In addition, the “Law on the state language” includes cases, when the knowledge of the state language is required for ensuring job duties in private sector firms.

The procedure of obtaining the above-mentioned certificate is neither difficult nor costly - the examinations of language proficiency are organised almost every month in all major Latvian cities (Riga, Daugavpils, Rezekne, Liepaja and Ventspils). The cost of examination is five lats for those unemployed, who receive the unemployment benefits and one lat for the unemployed, who do not receive benefits (Centre for Education and Examination (ISEC) 2006a).

The attending of the exam is however left at the unemployed’ responsibility and different factors can therefore contribute to the possibility of non-attending. These can be related to the location the examination facility (examinations are organised in major cities, but it is possible to organise the venue of the examination committee to other cities or areas), to the unemployed’ lack of the motivation and self-confidence with respect to the proficiency in Latvian language (lack of practical skills), to the fear of the failure, which would involve a re-examination. Combining the Latvian language courses with work – practice, organising the examination and the deliverance of the “certificate of proficiency” can reduce the negative effect of the above mentioned factors. The practice of the language at workplace does not only improve the proficiency, but also increases the confidence of unemployed on their capabilities. The payment of transport allowance for reaching the examination place or organisation of exceptional examination sessions in particular areas with a high number of unemployed completing the language training also will significantly increase the number of unemployed, who pass the examination and obtain the certificate of proficiency. In addition, the centralised payments of certification fee, or the reimbursement of this fee to the unemployed, will not only increase the number of certified unemployed, but will also ensure the re-examinations for those who face failure, thus giving the possibility to obtain the certificate to practically all unemployed who
When the proficiency certificate is obtained by the unemployed, it enhances his/her self confidence, but it also sends a signal to the employer: a signal on the skills and capabilities of the certified individual - on the ability to learn and to apply the knowledge on practice.

Unemployed, concerned by the measures I-III can be divided in two groups: first, unemployed with poor knowledge of Latvian language, and, second, unemployed who have a sufficient knowledge of Latvian language, but lack some practice and confidence about their skills. These groups are actually relatively big: of the unemployed that have received the status in 2005-2006, every fourth did not have any knowledge or had poor skills. In June, 2006, such individuals made over 25% of the total number of unemployed. Since the problems of these groups have different natures, two different solutions are proposed: for the first group – measure I, while for the second – measure II.

Over last five years, a new problem group has been identified - unemployed with a lack of skills in Russian language (source: interview with Antons Kursitis - head of Language Control Centre of the Ministry of Law). Since Russian language is no longer obligatory in secondary schools, more and more secondary school and university graduates join the labour market without any sufficient skills of Russian language. While the statistics on the exact proportion of such individuals among young workers is not available, several studies have tried to quantify the situation. The study "Language" of Baltic Institute of Social Science (2004: 7) shows that, on average the knowledge of Russian language is good (56% of Latvians evaluate their skills as very good, and only 3% do not have any knowledge). In contrast, the study on the influence of language skills on the quality of life by Data Serviss (2006: 6 - 7) reveals that 22-24 % of economically active Latvians find it difficult to communicate in Russian language, when the scope of treated subjects overpasses the casual themes as TV and shopping. In fact the knowledge of Russian language can be essential for some professions in, for example, service sector, where the service is more often operated by the those workers, who have knowledge of both Latvian and Russian languages. It is therefore interesting to pay attention to this group and to increase the job-finding probability of unemployed by providing for Latvians the training in Russian language and the possibility to practise it at workplace, were Russian language knowledge is required (measure III).

For disabled unemployed, the following measures are proposed: for those with motion and gesture disabilities, as well as for those with other disabilities (speech, audition) that indirectly limit the mobility, to promote tele-working and working at distance by proposing the adequate training and by equipping the workplace at unemployed’ place of residence. Since the cost of both training (which, possibly, should be ensured at the disabled’ place of residence) and workplace equipment are high (they include computer installation, internet access, internet and software training) and should be completely or in part covered by SEA. Thus the financial viability of the program is low, but the social one is much higher: in addition to increasing employment, it also gives to the disabled person.
the necessary tools for communication and integration in the society and thus reduces social exclusion.

Moreover, when the basic training (basic computer and internet skills) is ensured, the specific training for a specific enterprise can be effectuated by the employer at distance via internet, email exchange, voice communication and etc.

It is also possible to organise the non-computerised work-places, when the nature of job allows. However in this case the SEA or the employer face additional transport costs: raw materials should be delivered to unemployed’ residence, where also the output should also be gathered. It is also more difficult to ensure training in this case, since it should be organised at unemployed place of residence.

It is possible to calculate the cost of this measure (IV) per unemployed, depending on the district of residence, the distance to the centre of the district, the cost of necessary equipment, etc.

While the share of disabled among registered unemployed is not excessively high – about 5% in June 2006 – a number of non-working disabled do not register as unemployed with SEA or do not actively search for employment (are out of labour force) due to discouragement. The promotion of tele-working and working at distance among disabled will stimulate the integration of the above-mentioned individuals in the labour market.

For the unemployed residing outside the district centres, it is possible to reduce unemployment by combining the subsidised employment with transport allowance, which would stimulate the geographical mobility of worker’s through commuting. This measure is suitable for the areas where the activity of the private sector is low, where the job offers are rare and unemployed are forced to seek for employment in neighbouring areas. In June 2006, almost half of registered unemployed lived outside the district centres. This proportion is even higher in Latgale and reaches 66 %. With the help of SEA regional units, it is possible to determine the areas where the number of unemployed is high, but the level of economic activity is low. Taking into account the amount of required subsidy and average transport costs it is possible to evaluate the cost of such measure per unemployed and depending on district of residence.

The measures for stimulating the tele-working and working at distance can also be applied to the unemployed, residing outside the district centres. This will increase the employment possibilities for such unemployed and reduce the budget spent on the payments of unemployment benefits. Nevertheless, these measures should in first place be available to unemployed with disabilities.

For the unemployed without working experience, it is possible to increase the hiring rate by combining the modular training courses, which providing theoretical skills, with partially subsidised internship with the enterprise. In June 2006, over 15% of unemployed did not have any work experience. Meanwhile, at Latvian labour market work experience is often more valued than
education, which indirectly indicates on low confidence in educational system and in its’ ability to ensure the adequate professional skills. Unemployed without work experience have significantly lower chances to convince the employers about their competence, while employers avoid hiring the individuals without any work experience. Therefore “creating the working experience” through subsidized employment will not only improve the skills of unemployed in specific profession, but will also reduce the psychological barrier from the side of the employer.

5.2.4. Financial and social-economic analysis of policy alternative

Currently it is impossible to evaluate the total influence of combined training program on the labour market: such programs are new, they have not been implemented yet and only few unemployed have participated in similar programs. It is therefore difficult to elaborate the evaluation, which can give the statistically confident results. It is meanwhile possible to evaluate the average costs and benefits per participant and to determine the critical level of assumptions, under which the implementation of the measure becomes financially beneficial to the state budget and to the whole society.

We use two benefit measures: financial return to the state budget will be estimated as the amount of taxes created by the additional employment and transferred to the state, while social benefits are measured by total earnings and tax payments of the employed.

Macroeconomic assumptions on average wages are identical to those used in analysis of 1st policy alternative (section 5.1.2.), they are given in the appendix "X".1.

For each of above mentioned measures (I-VI), we use a hypothetical representative unemployed - a person with default characteristics and belonging to the target group - as a reference point for calculations. For such representative unemployed, average costs, associated with the implementation of the measure, and benefits (for the state budget and for the society, are calculated and compared. When benefits cover costs, it indicated on the financial viability of the measure.

The measure I proposes to combine the subsidized employment, where working environment would stimulate the improvement of language skills, with Latvian language courses provided by SEA (at or outside the work place); to ensure the examination of language skills and the receipt of certificate of proficiency level. The cost of this measure per unemployed is composed by the amount of the subsidy, the cost of Latvian language courses and the cost of examination.

The amount of the subsidy is given by the level of minimum wage. The amount of the minimum wage in future years is forecasted, it’s predicted values is given in appendix „X”1. The construction of the prediction is based on the same assumption as used in the evaluation of the measures under the 1st policy alternative. The subsidy is assumed to be paid for three months (full time job, for part time employment longer periods can be applied).
The cost of Latvian language courses is predicted based on the information on average cost of Latvian language courses under modular training programs. As the cost can differ depending on level and length of the program, the following simplification is applied – a cost of language course per unemployed is assumed to be 121.75 lats at current prices (correspond to the training of the highest level of 120 Ls) and in the forthcoming years grows with the growth rate of average wage level (similar to the analysis of 1st policy alternative). Examination costs are assumed to be 5 lats per examination and remain constant in medium term. For the cases, when the examination is taken by the unemployed, who reside outside the major cities, SEA should also cover the cost of transport to the examination place. We assume, for simplicity, that these costs make 10 lats per person at current prices. This is plausible since the distances to district centres from Riga or Daugavpils are sufficiently large and examination groups can be small. It is assumed that the cost of transportation increases by 10% per year in the following periods.

The statistics provided by ISEC Commission for Examination of Official Language Proficiency (ISEC 2007b) indicate the success rate of 67% in 2006 (from 4997 examinees, 3334 have successfully passed the test). However, data also reveals a declining pattern in this indicator – it has decreased by almost 30% in last couple of years (in 2001 - 2004, the success rate was, on average, 94%). In order to integrate the latest trends in the analysis, we use the 2006 data on success rate in the analysis. We thus assume that 67% of unemployed will be certified at first attempt, but 33% will need the re-examination. The per capita cost of examination (including transportation cost) will therefore increase by 33%.

Benefits from this measure are related to the expected earnings of the representative unemployed in case he/she becomes employed after completing the combined training program (including here language course, certification and practice at the workplace.

Similarly to the analysis carried for the 1st policy alternative, we assume that, after exiting the unemployment, the individual earns the equivalent of 2/3 of national average wage, and jobs are kept for at least 12 months. The job-finding probability of trained unemployed is assumed to be 75%, meaning that three of four program participants outflow to employment.

The length of the program is assumed to be six months, including 120 hours of language training and 90 days (three months) of subsidized work practice.

No discounting is used in this analysis because time horizon under default assumptions is only two years.

Under these assumptions, the average costs and benefits of the measure (per unemployed) can be calculated (appendix „Y“.1.). We use two efficiency indicators:

- benefit/cost ratio to the budget (expected tax income), where benefits consist of PIT and
MSSP of the employed after the end of subsidisation period;

- total benefit/cost ratio (total benefits generated), where benefits include PIT and MSSP after the end of subsidisation period, but also net earnings of the employee.

Benefit/cost ratio is often used for evaluation of policy measures due to the simplicity of interpretation: using a break-even point, where benefit/cost ratio (B/C) equals 1 (benefits fully cover costs) one can vary the baseline assumptions of the model and perform the sensitivity analysis.

The results of the evaluation are displayed in the appendix Y’’.1. Under the baseline assumptions, the cost of the program is covered by social benefits (total benefits make 3 times the cost), but not by the budget benefits. The viability in terms of social gain cannot be denied.

The results of the sensitivity analysis are given in Table 2 of appendix "Y".1. We evaluate the impact of the assumption on the job-finding probability of program participants, and the expected employment length.

When the benefits are defined as total benefits to the society, the cost of the measure is covered by benefits if job finding probability approaches 14% (other things equal), while the employment length required for equalising the cost with benefits is 2 months.

When only the gains to the state budget (tax transfers) are evaluated on the benefit side, the financial viability of the program (B/C=1) requires either a 91% job finding rate or a 15 month employment.

Summarising the evaluation results, the total gains almost always cover cost indicating the high efficiency of the program, while the gains to the state budget are not high enough under baseline assumptions. However the changes in the assumptions required for reaching a positive return on the measure are not substantial – if a simultaneous but small increase in both expected employment length and job finding probability of participants should happen the program becomes financially beneficial.

The II measure proposes a short term (3-6 months) subsidised employment, followed by the examination and deliverance of proficiency certificate for unemployed who have Latvian language skill, but lack certificate, practice or self-confidence. The cost-benefit analysis of this measure is similar to the one carried out for the measure I. The difference lies in the expenses, accounted for at the cost side: here Latvian language courses are excluded from the cost of the program. The return on measure II is therefore higher, when comparing to the measure I.

The results of cost-benefit analysis are given in Table 1. (Appendix "Y".2), but the results of sensitivity analysis are displayed in Table 2.

The return on the measure in terms of social welfare is positive – total benefits surpass costs and the results are quite robust to the change in the baseline assumptions. At the same time, the returns in
The results of the analysis, including sensitivity analysis, are given in Appendix "Y".3.

The results are similar to the conclusions drawn for the evaluation of measure I and measure II: - the return on the measure is positive if benefits are defined as total benefits to social welfare, but in case when benefits are calculated as tax transfers to the state budget, costs are not covered by the gains under baseline assumptions. Sensitivity analysis shows that the return on the measure in terms of social gain is stable, while small changes in baseline assumptions significantly affect the results in terms of budget benefits.

The measure IV is oriented towards unemployed with disabilities. It proposes to combine the subsidized employment and professional training with the creation of a work-place, situated at person’s place of residence and equipped for work at distance and tele-working.

In this case program costs include the cost of work place creation, the cost of professional training and the amount of the employment subsidy.

For disabled with motion/gesture and speech/audition dysfunctions the cost of workplace creation includes the purchase of computer (if necessary) and the establishment of internet connection at his/her place of residence. The evaluation does not include the cost of specific software, only the cost of operating system and general office suite is included. The price of the computer is set to 500 lats (350 lats - computer, 150 lats - monitor), but the cost of software equipment - 260 lats (Windows Vista Home Basic - 60 lats, Microsoft Office Basic 2003 - 140 lats, Tildes Birojs 2005 - 60 lats, prices...
of software are for OEM licences, i.e. only to be purchased together with hardware).

Upon the willingness of the employer, it is also possible to use the alternative and free of charge software that would decrease the total cost, but in this analysis we assume that the above mentioned commercial software package is bought (which is the most common case). At the moment, the most broadly available type of internet connection is Mājas DSL by "Lattelecom" Ltd., which costs 17.44 lats per month (assuming that SEA worker installs it). We assume that this cost of internet connection is financed by SEA during the period of subsidized employment, but afterwards the cost of connection is paid by the employer.

The subsidy is set at minimum wage level and the length of the subsidized employment is 12 months.

The implementation of the measure requires the provision of computer literacy courses. We assume the cost of such course is 150 lats at current price and grows with average wage level in the forthcoming years. We also include the cost of transportation (in the initial phase of the program unemployed person should be transported to attend the courses and the employer’s enterprise to get acquainted and receive professional training) - 100 lats at current prices, growing by 10% annually.

As to the assumptions of the employment possibilities of the participants, these are kept at the same level as previously: job-finding rate of 75%, employment length of 12 months, wage amount - 2/3 of national average wage. The results of the analysis are given in Table 1, Appendix "Y", while sensitivity analysis results in Table 2.

The results of the analysis show that the measure is not financially beneficial when gains are calculated as budget gains only. In addition, the change in the baseline assumption should be sustainable in order to bring the benefits close to the costs: employment length should exceed 69.5 months (almost 6 years) or the wage, received by the participant when employed, should exceed the national average wage by four times. At the same time, the benefits for the society (total benefits) still cover costs, even under the baseline assumptions. From this perspective, the measure is beneficial.

The proposed type of equipment for the home workplace is assumed to be typical, it is although not the only possible. For disabled with slight vision disorders - larger displays and keyboards with relief Braille symbols can be supplied, while for those with complete loss of vision - computers can be equipped with full Braille displays and keyboards. Naturally, such solution, and especially the installation or Braille display/keyboard, significantly increases the required investments. Specific equipment also requires additional training.

Based on the previous analysis, such activities can only be beneficial to the state budget in the long-run, if participant of the program retains his/her job for more than ten years. However it must be noted that employment of disabled does not only reduce the unemployment, but also significantly reduces the social exclusion of disabled. By creating a workplace for disabled, not only direct, but also
indirect benefits are obtained. Joining the labour market reinforces individual’s confidence in his/her ability to deal with life, his/her quality of social life improves and these factors are often obstructed by disability. A chance to live full life - it is benefit that cannot be appraised in terms of money.

The measure V proposes to combine the subsidized employment with transport allowance, for the unemployed, residing outside the district centres. It also anticipates the possibility to include the transport allowance in employment contract after the end of the subsidisation period.

The transportation cost is very hard to approximate, because it varies with distance that has to be covered. These variations being important, the average transport route cannot be used as baseline assumption. It is, however, possible to calculate maximal compensated distance, that brings the cost of the program equal to the benefits.

Other baseline assumptions being unchanged (75% of participants become employed after participation, they retain job for at least 12 months and receive wage equal to 2/3 of average national wage), the length of the subsidy is assumed to be 3 months and the amount is equal to the national minimum wage.

Taking into account the growth in minimum wage level in year 2008, the reserve left for a three months of transport allowance is 36 lats in 2008, 27 lats in 2009 and 23 lats in 2010. Such amounts are not sufficient to provide transport compensation to participants, who reside in other administrative region (other parish or city) than the workplace. However, the maximally allowed transport compensation for cost and benefits to break even in terms of gains for the state budget can be increased if the baseline assumptions are changed. Thus, if participant of the program works 24 months instead of 12, the maximum available transport allowance reaches 668 lats for year 2008 and 790 lats for year 2010. Therefore the combination of subsidized employment with transport allowance for unemployed, who live outside the district centres, can be beneficial to the state budget if the expected employment length or the expected wage are higher that under the baseline assumptions.

The measure VI proposes the combination of modular training programs with subsidized employment for unemployed without working experience. The cost of the program per unemployed includes the amount of the subsidy and the cost of modular training. Amount of the subsidy is modelled as previously – the amount equivalent to national minimum wage is paid for three months. The cost of modular training is derived from SEA information on average modular training costs in 2006, which is 185.92 lats per participant. The analysis results are given in Appendix "Y".5.

The results of the analysis indicate that under the baseline assumptions the return on the measure in terms of gains for the state budget is negative. Meanwhile, the sensitivity analysis shows that small upward changes in baseline assumptions may be sufficient to reverse the conclusion: if the expected employment length increases by 4 months (from 12 to 16 months) or if the expected wage made 87%
of national average wage (instead of 66%), a return on the measure becomes positive.

5.2.5. Possible obstacles to policy implementation

Similar to the analysis of the 1st policy alternative, one of the obstacles for the implementation of the measures, discussed above is related to the availability of financial funds. As already mentioned in section 5.2.2, in next five years the growth of available budget can be limited by the inflation and current account deficit stabilising policies. The availability of necessary funds can be ensured by informing both society and politicians on the expected benefits from the measures, both direct monetary and indirect social benefits.

The risk of insufficient availability of job vacancies in also important. This risk cannot be completely eliminated, but SEA can reduce it by active negotiations with potential employers, by informing them on the possibility to benefit from the various employment subsidies and by convincing them on high efficiency of the measures.

Another, although less probable, risk is related to the number of participants. Target groups can decrease due to high flows to inactivity. In this case, the additional measures should be implemented to enhance the activity and employment of the labour force.

5.2.6. Conclusions

The 1st policy alternative evaluates the aggregate effects of unemployed training, retraining and rising of qualification program, it analyses the possible impact of changes in funds allocated to this program on state budget receipts and on social welfare in next five years.

The 2nd alternative analyses the measures for special problem groups of unemployed - combined programs of training and subsidized employment. Instead of assessing total impact of the measure, this analysis determines the critical levels of key assumptions (job-finding rate of the participants, the expected employment length, the expected wage) which break even the cost of the implementation with the benefits from additional employment. Two benefit measures are used: financial return to the state budget is estimated as the amount of taxes created by the additional employment and transferred to the state, while social benefits are measured by total earnings and tax payments of the employed.

The conflict of interest between the 1st and the 2nd policy alternatives is not foreseen in terms of implementation (2nd alternative targets more specific groups of unemployed, that the 1st alternative), whereas in terms of allocated budget, the conflict of interest is possible to arise.

The evaluation results reveal that all measures proposed under the 2nd policy alternative are beneficial
to the society, but it is not always the case when benefits are defined as tax transfers to the state budget. Returns to the budget rapidly increase with after-program expected employment length and expected wage level of program participants. Activities for disabled unemployed are the most costly and thus less interesting in monetary terms, but procure very important indirect benefits in terms of improved quality of life and reduced social exclusion of disabled.

The implementation of the measures under 2nd policy alternative can be compromised by a number of obstacles - financial, administrative and physical: availability of financing, conformity of legal basis and availability of job vacancies. First two obstacles can be eliminated by MoW and SEA, but third obstacle mainly depends on external factors. At the same time, previous experience indicates on high employers’ demand for subsidized workers.
5.3 More effective application of benefit for providing GMI

The policy alternative envisages more effective application of the benefit for providing granted minimum income (GMI) in reducing social exclusion, fixing it to the neediness level.

The benefit for providing GMI was introduced when the Law on Social Services and Social Assistance came into force on January 1, 2003 (passed by the Saeima on November 19, 2002). It is an income-tested benefit to provide help to the poorest people in municipalities. Introducing the benefit for providing GMI (1) criteria for providing unified economic assistance to families who lack the means to satisfy basic needs were worked out, and (2) cooperation measures were provided for stimulating people receiving the benefit to improve their living conditions, int. al., by joining the labour market or finding a better paid job. The alternative envisages three prospective scenarios for increasing the GMI additionally considering the possibility of cancelling the benefit for providing GMI. Thus in the follow-up we will deal with the following sub-variants of the policy alternative:

(3.1.) retention of GMI level in proportion to the rise of inflation;
(3.2.) cancelling GMI level and benefit for providing GMI;
(3.3.) increasing GMI level thru neediness level;
(3.4.) increasing GMI level thru 75 % of the neediness level.

3.1 scenario – retain GMI level in proportion to the rise of inflation – does not change anything in the existing system, but it helps to compare this scenario with other sub-variants of the policy alternative.

3.2 scenario – cancel GMI level and the benefit for providing it – actually means returning to the system which existed up to 2003, and it is necessary to reverse the Law on Social Services and Social Assistance and cancel the related Regulations of the Cabinet of Ministers. 3.3 scenario – increase GMI level thru the neediness level – envisages the sharpest increase of the benefit and enlargement of its prospective purpose group, in its turn 3.4 scenario – increase GMI level thru 75% of the neediness level – is alike but a little more circumspect increase of the purpose group for the benefit for providing GMI. Attracting GMI level to the neediness level by 100% (3.3. scenario) or by 75% (3.4. scenario) offers a possibility to carry out improvements on the existing system by developing a new component. The existing institutions should be involved into development of all the alternative variants, but there is no need for setting up new ones.

In order to provide successful introduction of 3.3 and 3.4 scenarios, the dependence of GMI level on the neediness level should be stated and consolidated in normative documents. Therefore in order to introduce the two latter variants it is necessary to apply not only financial tools, but also normative tools altering the Regulation of the Cabinet of Ministers No. 693 of December 9, 2003 “Regulations regarding the level of guaranteed minimum income and the amount of the benefit for providing the guaranteed minimum income” and Section 36 of the Law on Social Services and Social Assistance where the procedure for setting up and revising the guaranteed minimum income level and the amount
Review of the situation and purpose group of the alternative

The direct purpose group of the alternative is permanent residents of Latvia, families (people) who are not able to satisfy their basic needs. In order to receive the benefit for providing GMI a family (person) must comply with three criteria: (1) it has been recognized as needy according to the Regulation of the Cabinet of Ministers No. 97 of February 25, 2003 “Procedures for recognition a family or separately living person as needy”, (2) its income is lower than the GMI level stated by the Cabinet of Ministers which is specified by the Regulation of the Cabinet of Ministers No. 693 of December 9, 2003 and its further amendments, and (3) it fulfils the duties of participation which are stated in compliance with Section 37 and 38 of the Law on Social Services and Social Assistance and Sections 26 – 30 of the Law on Social Security. Introducing the benefit for providing GMI the rules for the criteria of recognizing a person as needy were altered. Since March 6, 2003 a family or a single person is to be recognized as needy if the income per each family member during the last three months does not exceed 50 % of the minimum wages effective in the country as to January 1 of the respective year, and if it does not own accumulated monetary resources in credit institutions; it does not own securities; it does not have debt obligations; it does not own property that could be used for gaining income; it has not concluded subsistence agreement; it does not depend on full state or municipal subsistence; it has not issued loans. When determining the status of neediness, income of separately living family support is taken into account. According to these conditions Table 39 summarizes the information on the minimum wage in the country, income fitting with the neediness level, income fitting with 75% of the neediness level and GMI level within the period of time from 2003 to 2007.

<table>
<thead>
<tr>
<th>Lats (per month):</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wage in the country (gross)</td>
<td>70</td>
<td>80</td>
<td>80</td>
<td>90</td>
<td>120</td>
</tr>
<tr>
<td>Maximum income per each family member for a family to be recognized as needy (neediness level)</td>
<td>35</td>
<td>40</td>
<td>40</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>75% of the neediness level margin</td>
<td>26,25</td>
<td>30,00</td>
<td>30,00</td>
<td>33,75</td>
<td>45,00</td>
</tr>
<tr>
<td>Guarantied minimum income (GMI) level</td>
<td>15</td>
<td>18</td>
<td>21</td>
<td>24</td>
<td>27</td>
</tr>
</tbody>
</table>


It should be noted that the benefit for providing GMI is not the only benefit which may be granted and is granted by municipalities. Section 35 of the Law on Social Services and Social Assistance states that municipalities may also grant a single benefit in an emergency situation and other benefits complying with mandatory rules of local authorities when the justified demand for benefits of needy
inhabitants of the local government for ensuring the guaranteed minimum income level has been satisfied. Social service management data show that the distribution of resources allocated for different kinds of social benefits differs in municipalities of different regions and different size. To analyse the essential differences in granting municipal social benefits, as well as clarify the potential “appeal” of benefits for inhabitants of certain municipalities the following indices have been analysed on the basis of the time period from 2004 to 2006:

- Number of families and people who have been determined as needy;
- Percentage (%) of people in the municipality who have been determined as needy from the total population in the municipality;
- Total sum granted as social benefits, total sum granted as the benefit for providing GMI and the number of beneficiaries (people);
- Percentage (%) of social beneficiaries from the total population in the municipality;
- Percentage (%) of people who have been granted the benefit for providing GMI from the total population of the municipality;
- Percentage (%) of the benefit for providing GMI from the total sum granted as social benefits in the respective municipality;
- Percentage (%) of the benefit for providing GMI paid in monetary resources;
- Percentage (%) of people having entered into an agreement for participation from the total number of people who have been granted the benefit for providing GMI;
- The average amount of municipal benefits per person a year in lats;
- The average amount of the benefit for providing GMI per person a year in lats;
- The average amount of the benefit for providing GMI per person a month in lats;
- The percentage (%) of the average amount of the benefit for providing GMI to the average gross wage for the working hours actually done which has been taken as the basis for calculating the state social insurance instalments for the employees who have declared their place of residence in the respective municipality;
- Distribution of all the families and people who have been granted any kind of municipal social assistance by the income level per person a month;

The given indices have been obtained and calculated from the statistical information about 2004 – 2006 batched by the Social Service Board, Central Statistics Board and State Social Insurance Agency. Social Service Board aggregates information on the number of people who have been recognized as needy in each municipality, the budget spent on benefits and the number of beneficiaries according to different characteristic indices (see the section “Statistics and Information” on the homepage of Social Service Board → „Summary of the State Statistical Reviews“→ [choice of the year]). Central Statistics Boards aggregates information on the changes in population on the 1st level municipal incision (see the section “Data bases” on the homepage of Central Statistics Board → „Annual Statistical data” → „Population and Social Processes” → Tables 4–46). State Social Insurance Agency aggregates data about the average monthly wages, the actual working hours in the
respective municipality which is the basis for calculating the state compulsory social insurance instalments, i.e. gross wages. Since data of different institutions have been used in calculations there are mutual data compatibility problems. For example, the last statistics on the number of population is available with the point of reference of January 1, 2006, but the average number of population in 2006 is not available. On the whole it should be a little less than the number of population on January 1. State Social Insurance Agency calculates the average gross wages in division by municipalities according to the person’s place of residence at the moment of computation not at the moment of receiving the recompense. The average gross wage in employee’s place of residence incision in 2004 has been determined in September, 2005, but the wage calculation for 2005 and 2006 was done in May, 2007. It is possible that a person has changed place of residence during the period from receiving the recompense to the moment of data calculation, but it is presumed that the wage has been received in the place where the person lives at the moment. It should be noted although that the above mentioned peculiarities of data systematization do not have essentially negative effect on the precision of calculated indices and the quality of the conclusions derived from those.

Data have been analysed in division by statistical regions and division of territories into five groups complying with territory development index. The research team had at their disposal territorial development indices about 2004 and 2005. When grouped into 5 groups by their development indices first level municipalities in Latvia included approximately 20% of the total indices value data range each. While analysing the contingency that a certain municipality can “fall into” one and the same group both years it was established that in most cases the group where the given unit belongs to complying with its development index has not changed and the interconnection between data of both years is close and stable (a statistically significant association measure was calculated for ordinary level variable quantities \( \tau = 0.910 \)). It was observed that in cases municipalities moved to another development index group it moved just by one section up or down. More radical changes in municipal development index groups were not observed. Since the research team did not have the territorial development index for 2006 at its disposal to evaluate the last year trends municipal grouping was used which has been created on the basis of data about 2005, as the measure of the above mentioned index groups interrelation shows that alterations in group number can be expected less than in 10% of cases.

The analyses of statistical indices are provided in 15 supplement tables. According to the data of Social Service Board the number of families and people who have been determined as needy increased from 2004 to 2005, but then it decreased in 2006. In 2004 there were 36 069 families in Latvia who were recognized as needy, in 2005 – 44 921 family and in 2006 – 43 051 family (see Table 15.2 of Supplement 15). With regard to an individual there were 102 785 needy people in 2004, 127 257 – in 2005 and 121 632 needy people in 2006. In 2005 and 2006 the percentage of people having been recognized as needy was 5–6% of the total population. The highest percentage of people having been recognized as needy is in Latgale (8%), Zemgale and Vidzeme (6–7%). Examining the
number of people who have been recognized as needy depending on the territory development index it can be seen that the lower the development index, the higher percentage of needy people. Thus, for example, in 2004-2006 only 3-4% of the municipality had been determined as needy in those municipalities where the territory development index was high, in municipalities with medium-high, medium and medium-low territory development index 7-8% were needy people, and 9-11% of the population were needy in municipalities with low territory development index (see Tables 15.8 – 15.12 of Supplement 15).

To ascertain how active people of different groups are to complete documents to be determined as needy the information summarized by the Social Service Board was compared to the data from Central Statistic Board Household Budget research on 2004 and 2005. Since Household Budget research data about 2006 were not yet available at the moment of evaluating the alternative HBR data about 2005 were applied to compare the data about 2006 indexing household income based on the average dynamics of wages in Latvia. While comparing the average wages in 2005 and 2006 it was noted that HBR data must be multiplied by 1.228 to get the situation that, taking into consideration increase in income could be observed in 2006. Provisional household budget data for 2007 were obtained in the same way to assess the purpose group in 2007. To define provisional household income in 2007 the data of Central Statistics Board Household Budget research were multiplied by 1.51, which corresponds to the average increase in wages during the two year period.

When judging the data for 2006 and 2007 it should be taken into account that all kinds of income of a household were multiplied by the given coefficient – wages, pensions (taking into account that pensions are indexed once or twice a year), and other kinds of income (from small entrepreneurship), allowances part of which have increased in financial terms. It should be noted that similar coefficient has been applied to all kinds of income as there are no exact data as to if the rate of monetary resource increase differs by different income groups.

CSB Household budget data show that in 2004 on the average approximately 10% of families could be considered as needy, 7% of families in 2005 and the indexed data for 2006 testify that the percentage of needy families could decrease to 5%. For their part the approximate data for 2007 show that when applying the criteria for 2007 to calculate the prospective needy families the purpose group size could possibly increase – it has been estimated that 6,5% (i.e. 57 565 families) of households could be determined as needy.

Comparing the data of Social Service Board on the number of families which have been determined as needy to the data of HBR on the number of families where average income per person in 2004 did not exceed 40 lats (maximum margin for a person/family to be determined as needy) it can be seen that approximately 41% of households in the purpose group have been determined as needy. When comparing the corresponding data in 2005 it can be seen that 77% of households from the prospective purpose group have been determined as needy. Applying the indexed data of 2005 it has been
calculated that more than 90% of households from the purpose group have been determined as needy (see Table 40).

**Table 40 Number of needy families and the size of prospective purpose group in 2004–2006**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSB data, number of needy families</td>
<td>36 069</td>
<td>44 921</td>
<td>43 051</td>
</tr>
<tr>
<td>HBR data, number of families where income per person does not exceed the neediness level stated by the Law</td>
<td>87 523</td>
<td>58 425</td>
<td>44 263</td>
</tr>
<tr>
<td>Covered, %</td>
<td>41%</td>
<td>77%</td>
<td>97%</td>
</tr>
</tbody>
</table>

Note: SSB – Social Service Board data about the number of families which have been determined as needy. HBR – size of prospective purpose group, calculations from the data of 2004 and 2005 CSB Household Budget research about the number of families where the income per person does not exceed the margin stated by the Law for the respective year (see Table 1) if the total income of the households is divided by the number of people in the household excluding income from rent. HBR data of 2006 have been calculated by indexing HBR data of 2005 thus they must be considered only as provisional. Covered, % – the proportion (%) between SSB registered needy family number to the HBR estimated number of prospectively needy families. Source: Calculations from the data obtained in the Section “Statistics and Information” of the homepage of Social Service Board „Summary of the State Statistical Reviews” [choice of the year], and CSB Household Budget research data about 2004 and 2005.

Regardless of the activities of families to be determined as needy families several indices characterizing granting of the benefit for providing GMI have decreased within the period in question. First, the total number of people being granted the benefit for providing GMI has decreased. Thus in 2004 74 634 people were granted the benefit for providing GMI, in 2005 – 58 195 and in 2006 – 41 016 people. Secondly, the proportion of needy people who receive the benefit for providing GMI has substantially decreased since 2004. In 2004 73% people who were determined as needy were granted the benefit for providing GMI, in 2005 – 46% and in 2006 – 34%. Thirdly, although the total sum granted in municipal benefits has increased since 2004, the amount of resources granted for the benefit for providing GMI has decreased in absolute numbers as a result of which the proportion of the benefit for providing GMI from the total amount of municipal benefits has been diminished (see Table 15.1 of Supplement 15). During the period under consideration the percentage of people having entered into an agreement for participation among those having been granted the benefit for providing GMI has increased (from 29% on the average in 2004 to 37% in 2006). It is possible that one of the reasons for decrease in the number of people who have been granted the benefit for providing GMI has been unwillingness to enter into an agreement for participation, but that is not the only reason. Decrease in number of people who have been granted the benefit for providing GMI has been sharper than increase in the number of agreements for participation.

While examining the Social Service Board (SSB) data about families which have been granted the benefit for providing GMI in 2005 and 2006 (the relevant data about 2004 are not publicly available) it can be seen that the most part of beneficiaries is families with children at the age of 0-17 (including) and one or more able-bodied adults (53–54%) and families without children and one or more able-bodied adults (38%). The division of these types of families has remained practically the same in 2005
and 2006 (see Table 41). SSB data show that 50-51% of beneficiaries of the benefit for providing GMI in 2005 and 2006 were able-bodied adults, 41–42% – children at the age of 0–17 (including), 4–5% – disabled adults and 4% – retired people. On average 13–14% beneficiaries of the benefit for providing GMI were working people, 32–34% – non-working able-bodied people and 4% – people on the leave for child care. Thus almost half of the beneficiaries of the benefit for providing GMI are incapable people and approximately one tenth is working people whose wages do not provide their family for the necessary income.

**Table 41 Characterization of the beneficiaries of the benefit for providing GMI in 2005–2006**

<table>
<thead>
<tr>
<th>Family type</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage (% from all beneficiaries of the benefit for providing GMI)</td>
</tr>
<tr>
<td>Family with children and one or more able-bodied adults</td>
<td>12 364</td>
<td>54%</td>
</tr>
<tr>
<td>Family with children and none able-bodied adult</td>
<td>500</td>
<td>2%</td>
</tr>
<tr>
<td>Family without children and one or more able-bodied adults</td>
<td>8 732</td>
<td>38%</td>
</tr>
<tr>
<td>Family without children and none able-bodied adult</td>
<td>1 232</td>
<td>5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22 828</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Note*: Able-bodied people – people of age excluding disabled people and pensioners. Children – people at the age of 0-17 (including).

*Source*: Section “Statistics and Information” of the homepage of Social Service Board → „Summary of the State Statistical Reviews“ → [choice of the year] → Table 7.1.1.

Social Service Board data are being supplemented by the descriptive portraits of municipal benefit beneficiaries created by social workers and obtained by the “Optimum, Employment Promoting System of Taxes and Allowances” research. The portrait given below refers to both beneficiaries of the benefit for providing GMI and other municipal social allowances. Beneficiaries of allowances in almost all the territories are mostly families with children (large families and nuclear families), pensioners (mainly single), people at the pre-retirement age who have lost their job and long-term unemployed people who cannot un do not want to find a regular job (FACTUM & BICEPS 2007: 158–159).

An essential aspect which influences the possibilities of increasing the benefit for providing GMI is the amount of social budget in municipalities. The share for the benefit for providing GMI in the total amount of municipal social allowances varies within the size, region and even district. According to the calculations which have been done based on the Social Service Board data the benefit for providing GMI constituted up 19% of the social allowance budget granted in 2004, in 2005 the benefit
for providing GMI constituted up 17% of all the municipal allowances and in 2006 – 13%. The benefit for providing GMI constitutes up the most part of municipal social allowance budget (25-28% on average) in Latgale but in separate districts it can constitute even half of the municipal allowances resources. In 2006 the benefit for providing GMI constituted approximately 11% of the total municipal allowance budget in municipalities with high or medium high territory development index, approximately 14% in municipalities with medium and medium low development index and approximately 32% in municipalities with low territory development index. It should be noted that during the last three years the part of the allowance budget granted as the benefit for providing GMI has decreased just in the municipalities with low territory development index (see Supplement 15).

Since the data show that the GMI budget and the number of people receiving the benefit for providing GMI has decreased it can be ascertained that the regulations for calculating the amount of the benefit for providing GMI (according to the increase of inflation) cannot compensate the real increase in the cost of living. Increase of prices for consumer goods differs by groups of commodities and services. Changes in the index of prices for consumer goods in different groups and sub-groups of commodities as compared to 2000 (CSB electronic data base Table 7-4 of annual statistical indices) show that food, lodging, water supply, electro energy and other services related to lodging, health care expenses have grown the fastest during recent years. For example, if prices for all the commodities and services within the period from 2003 to 2006 (including) have increased by 23% on average, then food prices have increased by 30%, prices for lodging maintenance – by 32% on average and prices for health care services – by 40%.

When viewing the effectiveness of the benefit for providing GMI deepened insight into the problem is provided by the interviews with municipal social work specialists carried out in the framework of labour market research programme project “Optimum, Employment Promoting System of Taxes and Allowances” (OEPSTA). OEPSTA research data testify that at the present moment specialists value the GMI level and the benefit for providing GMI differently. On the one hand it is considered that the amount of the benefit is small and it is difficult to satisfy the basic needs with it. On the other hand it is considered that the small amount of the benefit diminishes dependence of the beneficiary on social assistance – the person is encouraged to look for solutions to earn means of subsistence and improve his/her situation. The data obtained in OEPSTA research also show that the attitude towards GMI depends on the size of municipality. More positive social work specialists’ attitude to the benefit for providing GMI has been observed in large cities, but in district centres and small municipalities local authorities express concerns that this benefit can have negative effect on the client’s attitude to life favouring inactivity and dependence on the social assistance. In some of small municipalities negative stand to the benefit for providing GMI was observed since this may allow receiving the benefit people who simply do not want to work. Even though one of the conditions for being granted the benefit for providing GMI is entering participation measures social work specialists in small municipalities admitted not knowing how to act in situations when a beneficiary does not fulfil the participation
The benefit for providing GMI is the only municipal benefit on receiving which able-bodied people must do participation measures which are stated by the Law on Social Security (Section 37 of the Law on Social Services and Social Assistance). The aim of those participation measures is to help the person to improve his/her life situation – find a job or a better paid job, engage in community life, improve his/her health, put in order his/her surroundings, etc. Municipal binding regulations can prescribe participation measures in cases of other municipal social allowances, too, but this regulation depends on the particular municipality and local specialists. Special attention has been paid in the research “Optimum, Employment Promoting System of Taxes and Allowances” to the effectiveness of participation measures. It should be noted that the effectiveness of participation measures in OEPSTA research was assessed at the time when State Employment Agency in cooperation with municipalities was implementing employment promoting measure programmes, i.e. at the time when it was possible to draw in clients of municipal social services into improvement of their situation actively and variedly.

The information summarized by the Social Service Board is indicative of the fact that the percentage of people who have entered into an agreement for participation among the beneficiaries of the benefit for providing GMI differs by regions and municipalities. The lowest percentage of those who have entered into an agreement for participation is in Riga where in 2004 this index was 7%, in 2005 – 15% and in 2006 – 20%. The sharpest increase in the number of participation agreements is around Riga (excluding the city of Riga) where in 2006 it reached 59%. In 2006 the percentage of people having entered an agreement for participation was 55% in Vidzeme, 25% - in Kurzeme, 51% - in Zemgale and 44% - in Latgale. Viewing municipalities by the territory development index group it can be seen that low percentage of people having entered into an agreement for participation is characteristic of municipalities with high territory development index but higher – in other municipalities (see Table 15.8 of Supplement 15).

It has been clarified by the OEPSTA research that participation measures and their application are understood differently by different municipalities. OEPSTA research working team has come to a conclusion that sometimes social work specialists lack information and understanding about the application of participation measures. For example, some social work specialists admitted that there are types of municipal allowances which participation measures have not been prescribed for but should be, although the Law on Social Security and the Law on Social Services and Social Assistance allow this to be weighed up by each municipality individually. (FACTUM & BICEPS 2007: 168–169). The same way, when speaking about participation measures in each particular municipality OEPSTA research has concluded that social work specialists are not always sure that they have understood the normative documents correctly. For example, social work specialists very often understand publicly useful work in municipal undertakings where able-bodied beneficiary is sent to
work certain number of hours as participation measures. For their turn social work specialists of other municipalities pointed out that the Law does not allow to assign beneficiaries for this kind of work (FACTUM & BICEPS 2007: 164–166).

OEPSTA research data show that the size and region bring essential differences into the evaluation of effectiveness of participation measures. Social work specialists of municipalities in big cities and district centres named positive examples when due to the participation measures unemployed people had found a job or those people receiving the benefit had found a better paid job. In some municipalities participation measures have to be fulfilled not only when receiving the benefit for providing GMI but also other social allowances. Such results were considerably rarer in small municipalities as there are practically no vacancies in the country, as well as the possibility of being granted the benefit for providing GMI is not popularized, thus it is not applied for and granted so often and there are less participation measures there (FACTUM & BICEPS 2007: 166–167). Viewing opinions of social work specialists which were obtained by the OEPSTA research it can be seen that the effectiveness of fulfilling participation measures depends on the professionalism and personality of the social work specialist – social workers admit that the result is often achieved after long-term work with the client (FACTUM & BICEPS 2007: 168). As a result OEPSTA researchers stress that more extensive and extended social rehabilitation programmes are necessary for inclusion of long-term unemployed into labour market (FACTUM & BICEPS 2007: 177–178). So the procedures of granting the benefit for providing GMI determines the necessity for professional social work within municipalities which gives more positive social effect in long-term.

In addition to the above mentioned data, when evaluating the alternative experts were questioned (mostly representatives of municipal social services) and asked to evaluate the effect of the present procedures for granting the benefit for providing GMI and the above described four alternative scenarios on reducing social exclusion. Social services of all the 1st level municipalities in Latvia were sent a structured questionnaire and the research group received 66 suitably filled in questionnaires. The findings were compared to deepened interview data of another labour market research “Optimum, Employment Promoting System of Taxes and Allowances” carried out by social work specialists.

The data obtained by questioning the experts testify that two thirds of the questioned representatives of municipal social services hold a view that the effectiveness of the benefit for providing GMI on reducing social exclusion is medium at the moment. The questioned experts see the effectiveness of the benefit for providing GMI in promoting employment, stimulating activities and cooperation with the State Employment Agency (the most common answer was “more likely effective”) and reducing social exclusion demanding doing participation measures (the most common answer was “more likely effective”). The benefit for providing GMI is considered to be less effective in reducing poverty and providing means of subsistence to poor people (the most common answer was “not effective, not non-
The most positive evaluation was given by experts to the demand for participation measures to be qualified for the benefit for providing GMI – the majority recognized it as very effective or more likely condition. The length of payment of the benefit (the status of a needy person which allows receiving the benefit for providing GMI is reconsidered every three month) has been evaluated as “more likely effective” or “not effective, not non-effective”, but the amount of the benefit is evaluated as more likely or totally non-effective. Both the data of expert questioning and the analyses of statistical data testify that reconsidering the amount of the benefit for providing GMI is necessary in order to increase the effectiveness of the benefit.

5.3.1. Political and economical potentiality of the alternative

There are three major power groups who influence the alternative in regard: people who have become needy, state administration and municipalities. The first major group – people (families) who have become needy – can be considered to be winners if alternative scenarios 3.1, 3.3 or 3.4 are introduced. The most gain for this purpose group would give introduction of the alternative 3.3 that is increasing the benefit for providing GMI thru the neediness level, a little less would be the gain from alternative 3.4. If the existing procedures are retained, needy people still will be the winners as there is a united system of economical assistance for needy people which, as compared to other allowances that can be paid by municipalities is the least dependent on its resources. If alternative 3.2 is introduced, municipal allowances become dependent on the decision of local authorities and its financial possibilities which would create significant differences not just between regions but also, possibly, within one district. In this situation the purpose group would arrive at a relatively more disadvantageous situation.

The second group – state administration on the whole can be considered a winner if alternative scenarios 3.3 or 3.4 are introduced as supplying adequate income by means of wages, tax policies and social security system is the tasks defined in Latvian policy planning documents to reduce neediness and social exclusion. Regular reconsideration of the benefit for providing GMI is one of the means to achieve the above mentioned goal (see, for example, Latvian National Activity Plan to Reduce Neediness and Social Exclusion (2004–2006), 2004: 28–29; National Report on Social Protection and the Strategy of Social Inclusion 2006–2008, 2006: 12–15). As it can be seen from the data given in the previous chapter families with children is one of the most essential groups of the clients of municipalities, and resources and services availability improvement is an aim the significance of which has been stressed in policy planning documents. Increasing the benefit for providing GMI will, firstly, support the major group of its beneficiaries – families with children which will help reduce children’s neediness which is a significant matter in the European Union. Decrease in resource limitedness during childhood reduces potential risk of neediness when a person grows up.

It should be noted that the state administration as a concerned power group is not uniform – the
Ministry of Well-fare is the state administration institution which could be most interested in introduction of alternative scenarios 3.3 or 3.4, other institutions in their turn could likely have likely neutral attitude to the alternative if its introduction did not affect activities of these institutions. There could be a very cautious attitude towards introduction of alternative 3.3 or 3.4 at any state administration institution in case if the risk increases that raising the benefit for providing GMI would diminish beneficiaries’ motivation to get involved into labour market in Latvia as in that case attainment of a very significant goal of Latvia employment promotion would be bothered. In this situation alternative 3.1 is less risky but the assistance to needy people is smaller, as well. State administration could be rather little interested in introduction of the alternative 3.2 as it would mean that resignation from comparatively new procedure for granting municipal allowances is on the way devaluing the administrative and financial input of recent years which has been used to introduce and stabilize the new system. All the above mentioned considerations on the state as a power group interest in implementing one or another alternative scenario have been displayed in expert questionnaire data where it has been indicated that the implementing of the scenario 3.1 corresponds to the state interest most of all.

The third power group – municipalities would have the biggest differences in attitudes towards the sub-variants of the alternative policy. If alternatives 3.3 or 3.4 were introduced, the attitude of municipalities could be very contradictious – some part would support the proposal, some not. Positive attitude towards increasing the benefit for providing GMI could be created by the opinion that the benefit for providing GMI at the moment does not provide a person with possibility to satisfy the basic needs and willingness to help families with children which was often accented by social work specialists in OEPSTA research (FACTUM & BICEPS 2007: 156, 161–162). Negative attitude towards increasing the benefit for providing GMI could arise from the concern about possibilities to provide the necessary financing and opinion that part of GMI beneficiaries spend the municipal assistance incongruous with its aim and comparatively big benefit could de-motivate people to try for themselves to improve their life situation (FACTUM & BICEPS 2007: 161–163). The attitude towards the scenario 3.1 could be more neutral as it corresponds to the rate of increasing the benefit for providing GMI effective as of today. The attitude towards alternative 3.2 in case of municipalities is more difficult to foresee, on the one hand introduction of this alternative would increase the local authorities’ ability to decide about granting allowances and would resume the procedures which existed thru 2003, on the other hand such possibility would disincline municipalities about the lack of long-term liability of decisions made on national level. The given evaluation of representatives of municipalities has been obtained both analysing expert questionnaires and other research data. The results of expert questioning testify of the fact that from the point of view of municipalities they would be the most winners in a situation when the alternative 3.1 or 3.2 were implemented as the role of local authorities in granting municipal allowances would not be altered or would even increase.

An essential aspect which influences the opinion of municipalities on increasing the benefit for
providing GMI is the amount of municipal social budget. As it has been noted before the part of resources for the benefit for providing GMI within all the social allowances granted by the particular municipality varies within region and even district. If the amount of this benefit increases municipalities will have to find resources to satisfy the demand for it and it may happen that they lack resources to finance the other forms of municipal social assistance. For example, OEPSTA research states that representatives of some municipalities hold a view that it would be fair if the state provided the necessary resources for granting the benefit for providing GMI as this benefit was state introduced. (FACTUM & BICEPS 2007: 155). As a result within the research „Unemployment and Reasons for Social Exclusion and Its Length” a question was put to municipality experts which would be the best way of financing in case if the GMI level was increased as it is envisaged in scenarios 3.3 and 3.4. Most often representatives of municipalities supported the model where 50% municipality resources and 50% state financing has been provided for the benefit. A model which was not described in the questionnaires but was obtained by summarizing experts’ comments was in favour of 100% state budget support to finance the benefit for providing GMI.

It should be noted that considering the proposition of financing GMI benefit from the state budget possible counterarguments have to be taken into account. One of the most essential counterarguments is the fact that most part of the personal income tax goes into the budget of the particular municipality where the employee has declared his/her place of residence and thus could apply for social assistance. The part of personal income tax which is transferred to the municipality budget has gradually increased within the period under consideration. In 2004 municipality budget received 71.6% of the personal income tax, in 2005 – 73% and in 2006 – 75% (Latvia Republic Saeima, December 20, 2004; October 20, 2005). Since January 1, 2007, 79% of the personal income tax has been transferred to the taxpayer’s place of residence municipality but 21% - to the state budget (Section 26, Law on Personal Income Tax; Latvia Republic Saeima, December 19, 2006). One of the reasons for increasing the part of the personal income tax to be transferred into the municipality budget is necessity to compensate decrease of income which arises from raising the non-taxable minimum and dispensation on each dependent. If GMI benefit was financed from the state budget it would be one of the reasons to suggest decreasing the part of personal income tax which is transferred into municipal budgets as income of those would diminish.

While evaluating the economical possibilities for introduction of alternative scenarios the above considered data of municipal social allowance budgets testifies that the alternative 3.1 (retention of the effective procedure) corresponds to the financial possibilities of municipalities. Additional resources are not necessary for introducing the alternative 3.2, but it would have negative impact on the situation of social risk groups – they would become more dependent on decisions made by local authorities’ specialists about granting municipal allowances. If the alternative 3.2 was introduced the unified approach to granting social assistance to needy families which is provided by the help of GMI benefit would be lost. As the part of GMI benefit diminishes within the total amount of resources
spent on municipal allowances and in most municipalities the budget of GMI benefit adds up to less than a half of the total municipal allowance budget there is a reason to consider the possibilities of increasing GMI level and the amount of the benefit for providing GMI. Although one of the counterarguments against increasing the benefit for providing GMI is prospective lack of finances which would infringe on municipal chances to grant other types of social assistance the answer to that is as follows: the Law on Social Services and Social Assistance defines that the only compulsory payable benefit is the benefit for providing GMI. The municipality has the right to grant other benefits and allowances if the justified demand of needy people for GMI benefit has been satisfied within the particular municipality (Section 35, Law on Social Services and Social Assistance). Thus, if increasing the GMI level and the amount of GMI benefit indispensable resources do not exceed the former municipal allowance total budget it can be considered that the alternative corresponds to the financial possibilities of the particular municipality.

It should be marked that even if GMI was increased thru a particular percentage of the neediness level (scenario 3.3 or 3.4 was implemented) the latter index is possible to influence by political means. The neediness level depends on the minimum wage in the country, and minimum wage is also one of those items which are being discussed by decision makers, representatives of employers’ and employees’ organizations.

Summarizing opinions of questioned municipality experts it can be seen that the scenario 3.3 was most often marked as the most effective in reducing social exclusiveness, the scenarios 3.1 and 3.4 have been marked equally often even though the latter envisages a little higher GMI level that the scenario 3.1, but the scenario 3.2 which envisages cancelling GMI level and the benefit for providing GMI has the most rarest been marked as the most effective. When evaluating which of the offered scenarios in altering GMI level and the amount of the benefit for providing GMI experts were rather of the same opinion it would be the variant 3.1 – retain the GMI level in proportion to the rise of inflation.

5.3.2. Financial analyses of the alternative

The major implementer of this policy alternative is the local authority therefore municipal expenses and potential gains will be viewed in the financial analyses. Since the alternative envisages increasing the amount of the benefit the criteria for granting which have been introduced several years ago it can be considered that there are practically no implementation expenses of the alternative. Municipalities may have insignificant expenses if the system of GMI benefit inventory and registration has to be rearranged according to the new conditions. The most essential expenses of the alternative are maintenance expenses since bigger municipal budget has to be provided to grant GMI benefit. If activities of potential clients grew, it is possible that larger municipalities would need more employees in their social services.
Major attention within the financial analyses of the alternative will be paid to the scenarios 3.3 and 3.4. In case of the scenario 3.1 resources allocated for municipal allowances could increase but there is no reason for considering that the part of resources applied to the benefit for providing GMI could substantially increase. Data summarized by the Social Service Board show that in most cases GMI benefit budget adds up to less than a half of all the resources spent on municipal allowances. Thus in most municipalities there are no financial barriers to implementing the alternative 3.1. Viewing the alternative 3.2 it can be presumed that cancelling GMI level and the benefit for providing GMI in most cases will not diminish the amount of municipal social budget but the resources up to now channelled to granting GMI benefit could be channelled to granting other types of municipal allowances or providing other social services within the municipality. Since the total paid in benefits for providing GMI in 2004–2006 in the country in total was 2.8–3.5 million lats, it can be seen that in case of introducing the alternative 3.2 approximately 3 million lats could be channelled to providing other types of municipal social assistance annually. It should be noted that economizing resources that are paid for providing GMI other kind of expenses could arise in municipalities which would be connected with socio-economical losses of local population while social tension was growing on the territory of the municipality. Socio-economical consequences of introducing the scenario 3.2 are described more in detail in the next chapter.

To evaluate the scenarios 3.3 and 3.4 analyses of cost effectiveness was done. This method was the most appropriate because although it is possible to determine the municipal budget to provide for elevated GMI benefit the gains of implementing the alternative variants is difficult to assess in monetary terms – introduction results would be rather different but at the moment it is impossible to express them in number. Potential municipality gains when increasing the benefit for providing GMI would be firstly, diminishing of social tension on the territory of the municipality. Decreasing the children neediness a better social situation would be ensured in the future, in long-term. The gain of the municipality is also work which has been carried out by able-bodied beneficiaries within the participation measures as a result of what the environment on the territory of the particular municipality has been landscaped. Similar result could be reached by employing workforce and the economized resources are municipality gain which has not been evaluated in monetary terms. If a person finds a better paid job within the participation measures municipality gains bigger personal income tax which is paid based on the higher wage.

Data review shows that even though the total sum of municipal allowances paid during the last three years has increased the rate of increase differs – calculating the increase rate in proportion to the previous year in 2004 the budget spent on municipal allowances increased by 19%, in 2005 – by 5% and in 2006 – by 10%. The number of those people (families) who have been recognized as needy grew in 2005 but decreased in 2006. Since it is not possible to foresee the exact number of beneficiaries the financial analyses of the alternative has been done by estimating the prospective resources channelled to GMI benefit if the scenarios 3.3 and 3.4 would be carried out in 2004, 2005
and 2006. The prospective resources have been compared with actual municipal expenses, as it is the best way of assessing the capacity of the particular municipality to help needy people on its territory. This assessment will help better understand how reasonable are the concerns that in case of increasing the benefit for providing GMI municipalities will lack resources to satisfy the needs of its population.

Applying Social Service Board data it is possible to evaluate the budget of implementation of the scenario 3.3 in 2004, 2005 and 2006 as it can be presumed that all the people who have been granted municipal social assistance and whose income does not exceed the neediness level would be granted the benefit for providing GMI which has been increased thru neediness level (see Supplement 15, the division by income levels). It should be marked that there are more people of the kind than those who have been recognized as needy, and even less of needy people have actually been granted the benefit for providing GMI (see tables in Supplement 15). Such approach allows stating the maximum budget including partial backup in case the activity of the population in applying for the benefit would increase. The task group presumes that in case of higher GMI benefit motivation to cooperate with municipalities could increase, as well, but there are no data as to the percentage by which the activities of applicants for the benefit would increase. Thus, when doing estimates of municipal budget it is essential to define the maximum purpose group size.

According to the Social Service Board data the size of purpose group of the alternative 3.3 in 2004 would be 178 362 people, in 2005 – 134 803 people and in 2006 – 106 679 people. Difficulties would appear in calculating the implementation budget for the alternative 3.4 as the Social Service Board batches families based on their income level per capita in groups which do not allow exactly distinguish people whose income per capita reaches 75% of the neediness level (in 2004 and 2005 – 30 lats, in 2006 – 33,75 lats per capita, see Table 39). Estimations done on the basis of the data from the Central Statistics Board Household budget research for 2004 and 2005 show that the income per capita in approximately 46% of needy families would not exceed 75% of the neediness level. Using this evaluation it can be stated that the size of purpose group for the alternative 3.4 in 2004 would be approximately 89 thousand, in 2005 – 67,4 thousand and in 2006 – 53,3 thousand people.

To estimate the increase in municipal budget increasing the amount of the benefit for providing GMI the procedure for calculating the benefit, defined by Regulations of the Cabinet of Ministers No. 96 (25.02.2003.) and its amendments (for example, Regulations of the Cabinet of Ministers No. 544, 30.09.2003.). Section 13 of the Regulations of the Cabinet of ministers No. 96 defines that „the size of the benefit is calculated as margin between the guaranteed minimum income stated by the Cabinet of Ministers per capita and total income of a needy person (family) (excluding municipality social assistance allowances)”, providing the formula for calculations. Section 14 of the above mentioned Regulations states the formula to calculate the benefit if its size is being decreased for the part of family members not having done participation measures. Since in order to estimate the increase in budget it is important to calculate the maximum size of the benefit for providing GMI the task group
presumes that all the potential GMI beneficiaries would become involved in participation measures.

According to the Regulations of the Cabinet of Ministers No. 96 (25.02.2003.) and No. 544 (30.09.2003.) the benefit is being calculated by multiplying the guaranteed minimum income by the number of family members and subtracting the average income of the whole family during the last three months. The task group will use the number of all the people who have been granted any form of municipal social assistance in budget calculations, which means that GMI level must be multiplied not by the number of family members but by the average monthly income per capita. Since the benefit is granted for the period for which the person (family) has been recognized as needy, not longer than for three months estimating the budget the task group assumed that the benefit will be paid to all of its beneficiaries for three months. Social service data in Supplement 15 on the income level per capita have been grouped into intervals. It makes estimation difficult since the exact income is not known. When calculating the budget in order to find out the personal income the midpoints of the income intervals were used presuming that an equal number of people within the interval will have income more than this point and less than this point. See the Table 42 for the summary of the calculations.

| Table 42 Assessment of resources necessary for granting the benefit for providing GMI in case of introduction of the scenario 3.3 in 2004–2006 |
|---|---|---|---|
| | 2004 | 2005 | 2006 |
| In the country in total | | | |
| Total sum of actually granted benefits by municipalities, lats | 18 586 337 | 19 545 560 | 21 572 045 |
| Provisional budget necessary for GMI benefit, lats | 10 721 816 | 5 894 915 | 7 762 802 |
| Proportion of GMI benefit to the total sum of granted municipal allowances, % | 58% | 30% | 36% |
| High territory development index | | | |
| Total sum of actually granted benefits by municipalities, lats | 12 493 708 | 13 263 433 | 14 211 213 |
| Provisional budget necessary for GMI benefit, lats | 3 565 402 | 2 067 177 | 3 200 360 |
| Proportion of GMI benefit to the total sum of granted municipal allowances, % | 29% | 16% | 23% |
| Medium high territory development index | | | |
| Total sum of actually granted benefits by municipalities, lats | 782 352 | 852 000 | 944 701 |
| Provisional budget necessary for GMI benefit, lats | 1 143 926 | 711 193 | 973 863 |
| Proportion of GMI benefit to the total sum of granted municipal allowances, % | 146% | 84% | 103% |
| Medium territory development index | | | |
| Total sum of actually granted benefits by municipalities, lats | 728 249 | 882 835 | 890 263 |
| Provisional budget necessary for GMI benefit, lats | 893 429 | 635 964 | 870 435 |
| Proportion of GMI benefit to the total sum of granted municipal allowances, % | 123% | 72% | 98% |
Table 42 depicts the budget which would be necessary to introduce the alternative 3.3 if the GMI benefit was granted to every person whose income per capita does not exceed the neediness level in the respective year for three months in succession in Latvia in total, dividing by municipalities according to their territory development index and comparing budget estimations with the total sum granted by municipalities in allowances. Data in division by the territory development index have been used to illustrate the potential burden on budgets of those municipalities which are situated in underdeveloped areas of Latvia.

Data show that by increasing the GMI benefit thru neediness level would not burden municipalities with high territory development index (such as, Riga, Ventspils, several rural municipalities of Riga district, and others). The prospective budget of those municipalities only slightly differs from the actual GMI benefit budget. It is because, for example, Riga whose data have essential impact on all the indices for the group of municipalities with high territory development index, already now exercise the right envisaged by the Law to determine higher GMI level. Resources of other municipalities are scarcer and at the moment within the existing budgets they could not provide the benefit for providing GMI on the level envisaged by the scenario 3.3. Alongside with the municipalities with high territory development index also municipalities which go in the group of municipalities with medium low territory development index could in 2005 and in 2006 provide for the GMI level corresponding to the scenario 3.3. Since this group contains the second biggest city of Latvia - Daugavpils it may be that its data raise essentially the assessment of the whole group.

It should be marked that the estimates given in Table 42 depend on the number of people municipalities have granted benefits to (any, not just the benefit for providing GMI) within the examined period and the increase or decrease in the estimated budget part depends on these measurements. In addition municipalities can grant the benefit for providing GMI longer than the three months used in the estimate, which happens in cases when a family is recognized as needy repeatedly.

<table>
<thead>
<tr>
<th>Medium low territory development index</th>
<th>Total sum of actually granted benefits by municipalities, lats</th>
<th>Provisional budget necessary for GMI benefit, lats</th>
<th>Proportion of GMI benefit to the total sum of granted municipal allowances, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 171 070</td>
<td>3 188 519</td>
<td>101%</td>
</tr>
<tr>
<td></td>
<td>2 976 244</td>
<td>1 322 450</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>3 890 695</td>
<td>1 413 315</td>
<td>36%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low territory development index</th>
<th>Total sum of actually granted benefits by municipalities, lats</th>
<th>Provisional budget necessary for GMI benefit, lats</th>
<th>Proportion of GMI benefit to the total sum of granted municipal allowances, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 410 958</td>
<td>1 930 541</td>
<td>1 635 172</td>
</tr>
<tr>
<td></td>
<td>1 571 048</td>
<td>1 158 131</td>
<td>1 304 829</td>
</tr>
<tr>
<td></td>
<td>1 635 172</td>
<td>1 304 829</td>
<td></td>
</tr>
</tbody>
</table>

Source: Calculations done by the task group applying the Social Service Board data (see Supplement 15) and presumptions given in the text.
As mentioned above there are no sufficient data which would allow stating the necessary amount of the GMI budget if its level would be determined at 75% of the neediness level. Accepting the above mentioned calculation which has been obtained from the Central Statistics Board Household Budget research that the size of the purpose group would be 46% of the purpose group for the scenario 3.3, it can be assumed that resources necessary for the scenario 3.4 would be a half of the provisory budget necessary for GMI benefit given in Table 42. In case of the scenario 3.4 more municipalities could provide for granting an elevated GMI level payments, although even though there could be territories whose possibilities would be burdened.

5.3.3. Socio-economic analyses of the alternative

Potential socio-economic consequences of the alternatives were evaluated by questioning experts. A list of major socio-economic consequences was created by analyzing experts’ interview within the research “Unemployment and Reasons for Social Exclusion and Its Length” and the data from interviews with social work specialists within the research “Optimum, Employment Promoting System of Taxes and Allowances” which was included into the expert questionnaire.

In total 20 potential socio-economic consequences were formulated. Experts were asked to evaluate which of the consequences, to their mind, will definitely set in the case introduction of one or another scenario of the alternative. Since the experts were all employees of municipal social services the evaluation of the socio-economic consequences of the alternative depend on the situation in the particular municipality in the sphere of employment, the amount of its social budget and the personality and attitude of the particular employee. To lessen the impact of separate standpoints on the evaluation of the consequences the data were grouped. Five consequence probability evaluation groups were formed (see Table 43): high (81%–100%), relatively high (61%–80%), medium (41%–60%), relatively low (21%–40%) and low (up to 20%).

<table>
<thead>
<tr>
<th>Table 43 Prospective socio-economical consequences of different scenarios on alterations in the benefit for providing GMI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scenarios</strong></td>
</tr>
<tr>
<td>Scenario 3.1 Retention of GMI level in proportion to the rise of inflation</td>
</tr>
<tr>
<td>Scenario 3.2 Cancelling GMI level and benefit for providing GMI</td>
</tr>
<tr>
<td>Scenario 3.3 Increasing GMI level thru neediness level</td>
</tr>
<tr>
<td>Scenario 3.4 Increasing GMI level thru 75% of the neediness level</td>
</tr>
</tbody>
</table>
The experts’ evaluation of the alternatives obtained through questionnaires shows that increasing GMI level thru the neediness level would have the most contradictory socio-economic consequences. On the whole needy people could be both, the winners and the losers. It depends on individual factors. If needy people were losers the society and the entire state would be indirect losers, as well. Experts point out (Table 43) that introducing the scenario 3.3 risk will increase that the dependence on social allowances is “inherited” by beneficiaries’ children (second generation) which is an adverse
consequence not just for the individuals themselves, but for the society, the particular municipality, and the state in general, especially in the context of promoting social inclusion and employment. The next consequences which are often invoked are equally adverse – beneficiaries will lose motivation to look for a job or a better paid job. The two consequences can be considered as risks of implementation of the scenario 3.3. It should be noted that while evaluating the rather alike scenario 3.4 experts were less pessimistic and considered that in case if GMI level is increased thru 75% of the neediness level, the two above mentioned consequences are less probable.

When introducing the scenarios 3.3 or 3.4 needy people would be winners, as well. Experts evaluate that in both cases there is a possibility that social security and protection in emergency situations will increase, bigger financial support will be provided to needy families with several children and activities of potential beneficiaries on the whole will increase. These consequences in experts’ opinion are more likely to be expected if the alternative 3.3 is introduced. Other socio-economic consequences have also been mentioned: spread of neediness and social exclusion will be reduced in Latvia, apathy and indifference will lessen among needy people.

Municipalities who are the implementers of the policy in everyday life would be winners if those positive socio-economic consequences which first of all refer to needy people came into effect. The result would be beneficial to the rest of the population. However the local authorities have to invest resources to achieve the desirable result. Experts point out that introducing the scenario 3.3 municipality may lack resources for other allowances. Allowances of municipalities will become more uniform which is to be considered neither a positive nor negative result. An achievement consistent with the aims of the state, i.e. paying greater attention to participation measures and promotion of employment is also mentioned as a potential consequence if the scenario 3.3 is introduced. Irrespective of the fact that the benefit for providing GMI envisages unified criteria for granting and payment on the whole territory an equal number of experts consider that two in their very essence contradictious results will be achieved simultaneously, i.e. both the comparativeness (criteria) of the conditions for granting benefits will increase among municipalities, and the role of local specialists will increase when making decisions about granting a benefit to the applicant.

In case of introducing the alternative 3.4 the potential socio-economic consequences are alike but their probability is lower (see Table 43). The possible social risk – a possibility of wider spread of alcoholism is accented more often than in case of the alternative 3.3, maybe because other consequences are less likely. Within OEPSTA research social work specialists have pointed out that in order to assure appropriate use of the benefit it can be granted in economic form. The data of Social Services Board show that the part of the benefit for providing GMI which is paid in economic form diminishes annually, though (see Supplement 15). According to the data of OEPSTA research and agreement between municipal social work specialists and local entrepreneurs causes additional amount of work for social work specialists.
In case of introducing the scenario 3.2, i.e. cancelling GMI level and the benefit for providing GMI the most essential consequences affect all the power groups and it can be considered to be a negative result. Experts point out that introducing this scenario the assistance to needy people will be left to themselves. If needy people will be denied assistance neediness, social exclusion and social tension will increase in whole society, which contradicts the goals of the state. Part of the experts think that by cancelling the benefit for providing GMI a group of socially dependent people who are accustomed to do with little resources will not be established, the research group consider that these consequences do not depend on the existence or non-existence of the benefit but on professional implementation of social recovery programmes, including participation measures, though. Although introducing the scenario 3.2 municipalities could save part of their social budget expenses the lack of unified conditions on granting municipal allowances and sociably adverse consequences of the decision do not correspond neither to the goals of Latvia, nor European Union.

In case of introducing the scenario 3.1 i.e. retaining GMI level in proportion with the increase of inflation experts mention the following consequences: Number of people receiving the benefit repeatedly will diminish and at the same time there will be a possibility to assist wider range of population. No other needy people, the society and the state beneficial consequences have been mentioned in case of this alternative (see Table 43).

Summarizing the information on socio-economic consequences of introducing different scenarios it can be seen that socially the most favourable result which calls for local authorities’ contribution will be achieved if introducing the scenarios 3.3 or 3.4. Taking into consideration concerns that municipalities can become short of resources to implement the scenario 3.3 and all the possible negative concomitants if this scenario was introduced the implementation of the scenario 3.4 would be more recommendable. At the same time the capacity of municipal social services and professionalism of their employees while drawing in beneficiaries in participation measures must be increased. To reduce risk of “inheriting” the dependence on municipal allowances by beneficiaries’ children (second generation) these children should be encouraged to participate in the summer employment programme carried out by the State Employment Agency. Implementation of the scenario 3.4 would allow municipalities to keep certain autonomy when granting other kinds of allowances.

5.3.4. Risks of Introducing the Alternative and Their Preventive Measures

Risks and their preventive measures of different alternative scenarios follow the data and information which was analysed in previous chapters (for example, evaluating the procedures effective as of today and socio-economic effect of the alternative). Summary on possible risks and their preventive measures, especially if alternatives 3.3 and 3.4 are introduced and the implementation of the alternative 3.1 is continued are described in Table 44.
Table 44 Risks of raising the benefit for providing GMI and their preventive measures

<table>
<thead>
<tr>
<th>Risks</th>
<th>Preventive measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries will have less motivation to look for a job/a better paid job</td>
<td>• Increasing the quality and control over participation measures</td>
</tr>
</tbody>
</table>
| Risk that the dependence on municipal allowances is “inherited” by beneficiaries’ children (second generation) | • Drawing in children into summer employment camps organized by the State Employment Agency lowering the age range at which children can get involved in the programmes from 15 to 14  
  • Development of youth interest centres within the territories of municipalities, drawing in children into interest groups which reduce social exclusion, broadens their minds and accustoms to activities  
  • Social work development in families with children |
| Lack of financial resources to provide with the benefit for providing GMI all its claimants | • Transferring 100% or more of the income tax into municipality budget  
  • Partial state budget financing to provide the benefit for providing GMI in municipalities |
| Spread of alcoholism, spending the benefit incongruous with its purpose | • Evolve granting allowances in material benefits form  
  • Health lessons at school |

5.3.5. Comparison of the Alternative Scenarios and Conclusions

Judging which of the solutions can provide the achievement of policy results to the most it should be taken into consideration that the defined problem (neediness) cannot be eliminated completely. Assistance to those who have become needy is a continuous process which can be carried out more or less effectively by the state and local authorities, and the effectiveness of activities results from the prevailing socio-political opinion and financial possibilities. By bringing forward this policy alternative – evaluation of the scenarios to increase the effectiveness of the benefit for providing GMI providing assistance to needy people (families) – the research group came to a conclusion that the benefit has to be bigger than it is set up in normative documents effective as of today. Within evaluating alternatives as a result of questioning social service workers of municipalities it has been concluded that the benefit for providing GMI at the moment can be judged as medium effective in reducing social exclusion.

After weighing up political and economical possibilities and prospective socio-economic consequences of different scenarios of the alternative it would be recommendable to implement scenarios 3.1 or 3.4. Scenario 3.1 corresponds to the procedures effective as of today by which the benefit for providing GMI is being defined, granted and calculated. Although GMI level is low at the moment it corresponds to the possibilities of all municipalities in Latvia to provide their inhabitants with social assistance. Since normative documents define possibilities that municipalities state higher GMI level, while following up scenario 3.1 the implementation of this norm should be encouraged if the financial resources of the particular municipality allow to raise GMI level and grant bigger benefits. In case of introduction the scenario 3.4 (GMI level is 75% of the neediness level) a risk appears that less developed municipalities will have problems in providing the elevated GMI level.
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„Valsts valodas likums” (1999. gada 21. decembris), [LR likums], Latvijas Vēstnesis


ANNEXES