



Weekly Briefing

Latvia social briefing:

Employment of graduates of higher education institutions in Latvia

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Summary

Youth employment and career opportunities are of the utmost importance for the country's social and economic development. The dynamics of both employment and income trends show an increase in the value of higher education. Moreover, the increase is seen at both - national economy level - increase of employment rate, including higher qualification occupations, and at the level of the individual – increase of the income level in the second year after graduation.

Introduction

Among young people in Latvia, there is a high level of emigration. This is a great challenge for the country as a whole as the problem of ageing society becomes more obvious and alarming. Therefore, the question of graduates employment and income is very important to keep young people from moving abroad. In this briefing, the analysis of graduates structure and level of income is provided to understand what are the prospects for Latvian graduates. By conducting yearly monitoring of graduates it is possible to show younger people who are not yet graduate college or university what are their opportunities and what is the overall tendency for the country.

Overview of the research and respondents' profile

Employment data of graduates of higher education institutions are being published for the second year in a row by the Ministry of Education and Science. For the country, this analysis is of the utmost importance to understand how young people are employed right after graduation. Also, by conducting this research it is possible to make a comparative analysis of public and private universities in Latvia. In 2018 the first data set provided an insight into the work of 2017 graduates one year after graduation. This year, new graduate data sets have been added to the database: the workflow of 2018 graduates in 2019, as well as the employment of 2017 graduates in the second year after graduating from a higher education institution.

In 2019 88% of 2017's graduates and 87,6% of 2018's graduates were employed, while the average salary for 2017's graduates was EUR 17 662 per year and for 2018's graduates it

was EUR 15 968 per year.¹ The level of salary has increased by 37% and 24% for 2017's and 2018's graduates respectively. The gender structure of the 2019 dataset is dominated by women for both 2017's and 2018's graduates, so 63% of all graduates were females.

Structure of Latvian graduates

For a better understanding of age and level of education structure of Latvian graduates, let us have a look on Figure 1:

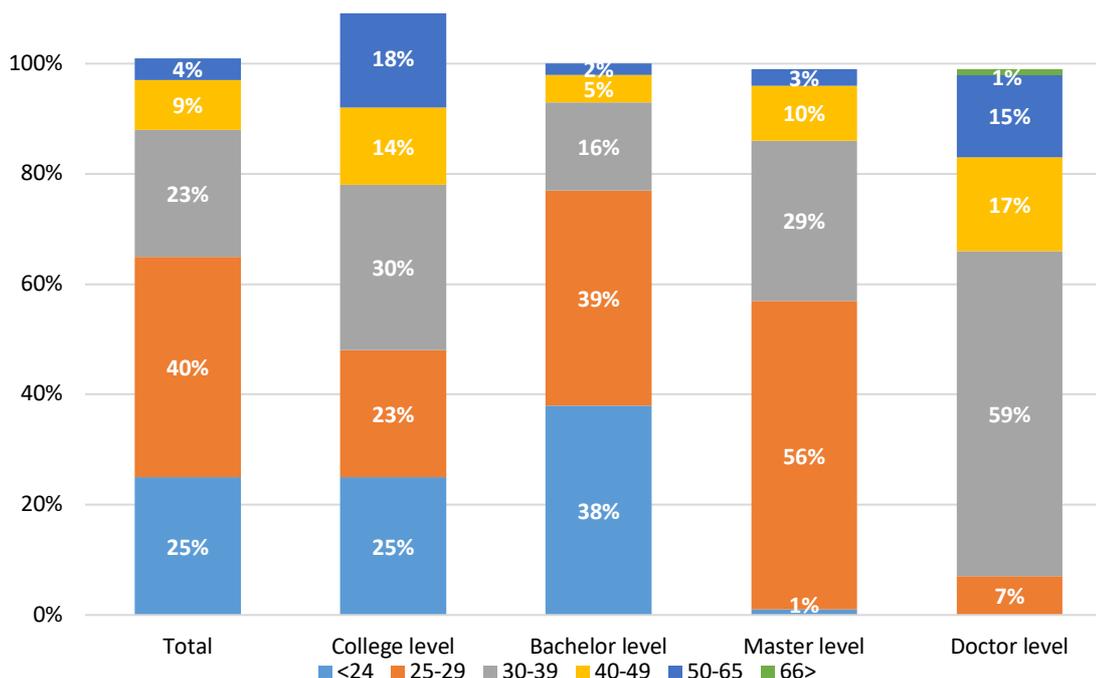


Fig. 1. Age of graduates by level of acquired education level, 2018 graduates in 2019 taxation year (in the first year after graduation)

Source: Ministry of Education and Science

Overall, 65% of 2018 graduates in the year after graduation (in 2019) were under 29 years of age. The largest share of youngest graduates in 2017 (up to 29 years) is in bachelor's level studies, this tendency also remains among 2018 graduates (77% under 29 years, incl. 38% under the age of 24). The majority of Master level students are in the age group between 25 and 29 (56%), following by 29% of graduates from 30 to 39 years of age. An interesting fact is that 13% of Master level graduates and one-third of all graduates (33%) are more than 40 years. Meanwhile, the largest share of Doctor level graduates is in the age group between 30 and 39 years of age.

The age structure of college-level graduates should be noted: 48% are under 29 years of age, 25% of them are under 24 years of age and 30% of graduates between 30 and 39 years of age.

State vs. private education

81% of all graduates have studied at the state higher education institutions. Overall, in 2018, the proportion of the public and private sectors has changed by 2%, thus for 2018 graduates it is 81% and 19% and for 2017 it is 79% and 21%.

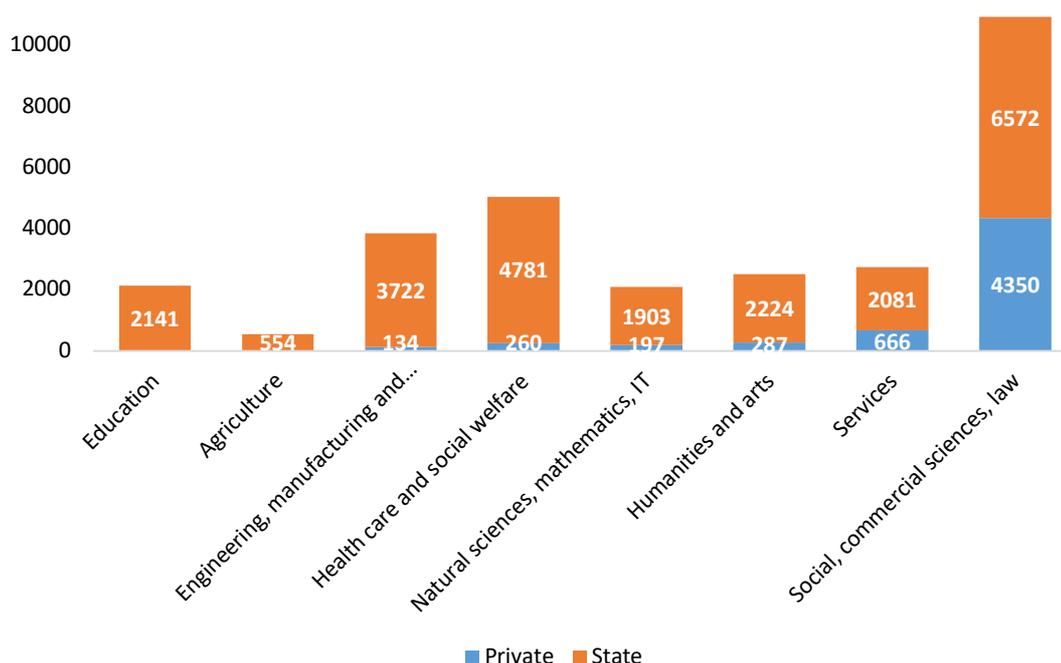


Fig. 2. Distribution of graduates by graduated thematic study groups, state and private higher education institutions, 2017 and 2018 graduates in 2019 tax year

Source: Ministry of Education and Science

The distribution of graduates of private and public sector higher education institutions by graduated thematic groups shows the tendencies of the previous year - the proportion of graduates of private education institutions is significantly higher in social, commercial sciences and law. At the same time, state higher education institutions provide 100% education in agricultural studies, as well as resource-intensive study programs like engineering, manufacturing and construction 96.5%; health and social care 94.8%; natural sciences, mathematics and information technologies 90.6%.

Employment situation

More than 80% of graduates of higher education institutions are employed in 2019, but the adjusted employment rates are close to 88%; a relatively small upward trend in this indicator should be noted. Emigration has consistently remained at 1%, while the overall unemployment rate has risen (from 2.9% in 2018 to 3.7% in 2019 for both graduates; in 2019 it has also increased for 2017 graduates). It can be foreseen that in 2020-2021 the situation with the unemployment rate among recent graduates is worsened due to the Covid-19 crisis.

Employment of graduates in higher qualification professions in the 2019 monitoring year reaches the level of 80%, and in this indicator, there is a slightly increasing tendency - in 2018 78.7% of graduates were employed in higher qualification groups (managers, senior specialists, specialists), while in the 2019 monitoring year - 80.1% (graduates of both 2017 and 2018). Overall, there are no significant changes in employment in the main groups of occupations between the two years of monitoring. The share of senior specialists in the 2019 monitoring year has slightly increased by 2.5% compared to the previous year.

Among university graduates in the 2019 tax year, employment in higher qualification professions exceeds 90% among Latvian National Defense Academy - 100% of graduates are employed, Stockholm School of Economics in Riga (private university) and Riga Stradins University (state medical university) graduates of both years. In the 2019 monitoring year, the employment of graduates of both private universities and private colleges (on average 70.5%, adjusted 72% for private universities and on average 69.2%, adjusted 70% for private colleges) in higher qualification professions is significantly lower than between state universities and state colleges (83.1%, adjusted 85% for state universities and 76.8%, adjusted 78% for state colleges). The exceptions are such private universities as Stockholm School of Economics in Riga and Riga Graduate School of Law (on average 98.3%; adjusted 98% and on average 86.8%; adjusted 92% respectively), where the employment of graduates in higher qualification professions is very high.

Graduates' level of income

The average income of graduates of both years in 2019 is 16,774 EUR, which is about 30% higher than the average salary in the country in 2019. The average income of 2017 graduates in 2018 (one year after graduation) was 14,677 EUR, which was about 22% higher than the average salary in the country in 2018. Meanwhile, the income of 2018 graduates in 2019 (one year after graduation) is 15,968 EUR, which is almost 24% higher than the national

average salary in 2019. Therefore, in the first year after graduation, the income of higher education institutions is on average 23% higher than the average salary in the country. This fact can be explained that recent graduates can gain skills that are needed on the market and employers are ready to pay them more than to older employees. without the necessary knowledge. In the second year after graduation - the income of 2017 graduates in 2019 - is already 17 662 EUR, which is 37% higher than the average income in the country in the respective tax year.

The highest average income in both 2018 and 2019 taxation years is for graduates of the agricultural thematic group, but the highest median income is for graduates of the thematic group of natural sciences, mathematics and IT, as well as engineering, production and construction.

On the other hand, the income of the graduates of the service thematic group is lower than the average among all graduates and lower than the national average salary. The same applied to graduates of educational, humanities and art studying fields. It is important to mention that graduates of service fields in 2019, 2020 and 2021 most probably are in the worse position in comparison with graduates of 2017, 2018 as the Covid-19 pandemic has hit this sector the most.

Conclusion

The dynamics of both employment and income trends show an increase in the value of higher education. Recent graduates have a higher income than on average in Latvia. The positive tendency is seen in the employment and income level of graduates from year to year. State education significantly prevails in the country, and graduates of state universities have a higher remuneration on average than those of private educational institutions. In general, an attractive environment for young people is strengthening in the country, which may prevent graduates from moving abroad for better opportunities.

i Izglītības un zinātnes ministrija. (April 2021). Augstākās izglītības iestāžu absolventu darba gaitas 2019. gadā. Available on: <https://www.izm.gov.lv/lv/media/11040/download>