

# INDIVIDUALS CERTIFICATION SYSTEM AND ITS INSTITUTIONAL STRUCTURE (ACCREDITATION SYSTEM) EVALUATION IN LATVIA

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## Abstract

In the Latvian certification system of individuals there is necessary to ensure appropriate process realization in the public protection interests and government needs, which incorporates in EU common structure. Certification system and its institutional structure assessment is done with the aim to develop proposals for the improvement of Latvian certification system for reducing costs, while ensuring both high system efficiency and service recipients and the public interest. To achieve its goals study provided a summary of the situation in Latvia, as well as in the neighboring countries: Lithuania, Poland, Estonia and Finland. During the study, there were used both the secondary and the primary sources of information. Primary research was carried out in Latvia and consisted of two parts: expert interviews and focus groups. Results of the research are guidance to the overall approach and the criteria by which to guide in the future, for setting which professional service providers require a mandatory certification. In the process of study there is made a Matrix which helps to define certified profession, taking into account the need to protect the public interest and the level of national involvement in regulation of specific areas of professional services.

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**Keywords:** Certification, risks

## Introduction

In the Latvian certification system of individuals there is necessary to ensure appropriate process realization in the public protection interests and government needs, which incorporates in EU common structure. There are regulated and non-regulated occupations. So there can be separated two types of recognition of professional qualifications:

- De jure "professional recognition of regulated professions. To be eligible to work in these occupations, the national legal acts (laws of

Latvian Republic, the regulations of the Cabinet of Ministers or the ministerial normative documents) states that the person must have documents confirming the recognition of educational and professional qualifications.

- "De facto" recognition of professional non-regulated professions. In this case, the employer and / or professional organization is in need of information about the applicant's qualifications.

The object of the study is both regulated and non-regulated occupations.

Regulated professions covered by the study: security staff, architects, competent specialists of occupational health and safety, detectives, building, road and bridge construction professionals, surveyors, real estate appraisers. Non-regulated professions: dangerous machinery safety specialists (experts), energy auditors, accountants, geodesists, cartographers, real estate agents (brokers); land installers, tourist guides.

### **Aim of the study**

Study of the certification system and its institutional structure assessment is done with the aim to develop proposals for the improvement of Latvian certification system for reducing costs, while ensuring both high system efficiency and service recipients and the public interest.

### **Materials and methods**

To achieve its goals study provided a summary of the situation in Latvia, as well as in the neighboring countries: Lithuania, Poland, Estonia and Finland. During the study, there were used both the secondary and the primary sources of information. The previous studies, databases and Internet resources, which can provide the necessary information about the certification principles, criteria, institutions, costs, etc., were used as secondary sources of information.

Primary research was carried out in Latvia and consisted of two parts: expert interviews and focus groups.

Interviews with experts were held with both, public and private institutions. The focus group was held on 23 July 2014 and was attended by 14 experts representing public authorities and the private sector. Primary investigation has obtained the arguments and facts about the system of certification in Latvia and possible improvements to increase the system functionality and reduce costs.

### **Results**

As the results of the research there are provided guidance to the overall approach and the criteria by which to guide in the future, by setting

which professional service providers require a mandatory certification. There has been made a Matrix which helps to define certified profession, taking into account the need to protect the public interest and the level of national involvement in regulation of specific areas of professional services.

Risk analysis and assessment was carried out as a first step in the development of certification criteria. One can distinguish two probabilistic risk methods:

- The objective of the event is based on the given repetition frequency calculation;
- The subjective is based on personal experience, expert assessment consultant's opinion.

The certification system and the potential risk calculation are very difficult and often impossible. Therefore, this study used a subjective method of using expert and consultant ratings.

The potential risk to mitigate the impact of specific countermeasures is needed to provide the necessary protection. As the most important mitigation measures identified in the analysis of international and Latvian research showed the following:

- Education;
- Insurance;
- Work experience;
- Monitoring and control.

Education criterion exists in all the Member States and applies to all professions which are certified. On various occasions the general or special education is used as criteria, as well as various educational levels: secondary and higher education. There are countries where gained suitable education from the state view point is considered to be sufficient proof of professional ability to work in their chosen profession, as it is, for example, in Finland.

In spite of the right to work in the acquired specialty, also the non-regulated occupations often use the certification. In such cases, it works on a voluntary basis and is conducted by professional organizations such as associations or chambers of commerce.

Often in such a situation, in the process of monitoring the service quality are involved both the public and the local government bodies. Local governments are involved in cases where the service is associated with a specific territory, as it is, for example, architects, real estate agents, tourist guides. Public bodies are significantly less involved in the supervision of unregulated professions provided service quality, and it is mostly through consumer protection system.

Often used in risk protection is the insurance.

Liability insurance is a versatile tool that provides protection of the recipient, especially financial. In the professions assessment or certification/no certification decision making, there are recommended several matrix options. They many have possible modifications. Based on the study's analysis, you can change the determinants of risk indicators.

A simple risk assessment leads to conclusion that most professions are subjects of tax, economic, legal and political risks. Life and health risk doesn't matter in many professions, but the focus group participants believe that it is one of the main certification / non-certification criteria.

- 0- risk is impossible
- 1- risk cannot be excluded
- 2- risk is probably half (50/50)
- 3- there may be a risk
- 4- risk is very likely

Education is a key component of Anti-risk measures. Accreditation is only one of the possible ways for improvement, so this criterion is expanded as "requirements for education", where:

- 0 - no demands;
- 1 - primary education;
- 2 - secondary education, courses;
- 3 - first level higher education;
- 4 - second level higher education, a master's degree.

Law of Free service provision (free service provision law; paragraph 1, point 10), points out 14 public protection measures to be carried out by its performers. Ratings are associated with the degree of realization of these measures:

- 0 - do not exercise;
- 1 -1 to 3 protective measures;
- 2 – 4 to 6 protective measures;
- 3 – 7 to 9 protective measures;
- 4 – 10 to 14 protective measures.

One of the ways to improve the attitude towards work events is the use of a code of ethics. Evaluation:

- 0 - absent;
- 1 - has been prepared but not implemented;
- 2 – is in the association as advisable;
- 3 - is in the association as a mandatory requirement for all;
- 4 - is included as a requirement of the legislation.

Table 1. Matrix

Matrix	Health/life	Finance/tax	Commercial/economic	Legal	A=I+II+III+IV	Education requirements	Protecting the public	Insurance coverage	Code of ethics	B=VI+VII+VIII+IX	B - A
0	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
Guards	4	1	3	3	11	2	2	4	3	11	0
Dangerous equipment security experts	4	2	2	2	10	0	3	0	1	4	-6
Occupational Health and Safety Specialists	4	2	1	3	10	4	3	4	0	11	+1
Detectives	3	2	2	3	10	4	3	0	3	10	0
Accountants	0	4	4	4	12	3	3	0	2	8	-4
Tourist guides	1	1	1	0	3	3	2	0	0	5	+2

The matrix shows the calculation logic, however it is clear that risk assessment is not and cannot be so simplified. Therefore, an accurate risk assessment follows this sequence and conditions:

1. Matrix is added to a number of peer reviews, with the size and significance of the risk determination for each profession. For, example:

Table 2. Multiple expert assessment Matrix

Profession	Expert I			Expert II			Expert III			Weighted average
	Risk amount	Notability	Weighted value	Risk amount	Notability	Weighted value	Risk amount	Notability	Weighted value	

To the risk assessment according to probability (risk value) and the degree of effect (the importance) experts use the following values:

Table 3. Risk assessment probability and degree of effect.

Evaluation system	Risk probability	Risk effect
4	The risk is very likely	Catastrophic
3	Risk is possible	Critical
2	The risk is probably half 50/50	Serious
1	Risks cannot be excluded	Minor
0	Risks cannot be	Minor

2. Risk qualitative and quantitative analysis and evaluation. This study employs Qualitative analysis, because for quantitative analysis it is

necessary the assessment of occurred risk in terms of money. To use this exercise, it requires a lot of financial information that the author of this study did not obtain.

### **Risk qualitative analysis.**

Does not give an accurately measurable risk value, but allows you to set the priority risks (ranked in order of impact amount). Bases on the nominal or descriptive scales, which includes the possible consequence analysis. Viewing two dimensions - risk probability and risk consequences. (Working Environment Risk Assessment Guidelines, 2003)

### **Risk quantitative analysis.**

Quantitative risk assessment is based on mathematical methods, using the principles of probability theory, algorithms, empirical coefficients, functions, methods of analysis, as well as a variety of software programs. Risk quantification is the assessment of the risk event occurrence in terms of money. To use this evaluation it requires an extensive financial information that the author of this study was not available to acquire.

3. The anti-risk measures. It should be noted that risk can not be transferred, but can be divided.

Dividing ways:

- Insurance;
- Outsourcing;
- Joint venture;
- Franchise.

There is carried out the possible additions to risk assessment analysis, but the proposed Matrix as important is the second section - anti-risk measures. It should be noted that the risk cannot be transferred, but can be divided.

Insurance offered in the Matrix.

There is no standard list of risks that are worth to insure, because of the priority risks vary depending on the company's activities and specifics. Insurance is often cost-effective risk management method, as it provides protection against the risk of a price that is lower than the risk value.

Typical risks to be insured are:

- Threats to property (fire, storm, vandalism, etc.).
- Loss of Income (strike, fraud, etc.);
- Accidents;
- Environmental pollution;
- Professional Responsibility.

Matrix offered insurance, which provides for three types of insurance: Accident, Environmental Pollution, Professional Liability. However, further analysis is required here, where the main aim is for the insurance to be lower than the price of risk. Otherwise, the insurance will not have expected effect.

There is also carried out an initial redistribution of risk between the public and private partners. In a case of study, it may also occur between the state, municipalities and the private partner. Latvian accreditation and certification system provides public and private responsibility in risk management. Only in one case (tour guides), it is entrusted the municipalities. Redistribution of risks is also possible in this aspect.

## **Conclusion**

The study will provide guidance to the optimal distribution of roles and responsibilities between public authorities and private parties aptitude assessment, and institutions involved in the designation of certified individuals in the monitoring. Currently, the state has undertaken a major role in the accreditation of both companies, as well as at the certification of individual professions. Local governments are not practically involved in these processes. The involvement of non-governmental organizations is incomplete and dependent on the organization and its activities, rather than on sound strategy. Situation in Latvia is not thought out, compared to the situation in the other studied countries. State institution is the supervising authority in Estonia and non-governmental organizations are entrusted with the conformity evaluation. In Poland certification takes place in the corresponding local government. Finland considers that its public education is in a very high quality, so it is more valuable than a diploma certificate.

- Latvia introduces a certification system for individuals to separate the monitoring of conformity assessment.
- At present, in the local government supervision is transferred only one of the studied profession certification, that is, tourist guide. However, other professions have essential municipal opinion and monitoring, such as security guards, architects, surveyors, geodesists, land installers, etc.
- The state certification should be explicit provisions to avoid possible interpretation. The criteria to be set by the state regulatory regimes. There should be pointed the precise number of points that describe the accordance of certification services and objective of certification. In particular, for the certification process to be able to select a good and qualified specialists from the poor quality workers and for the certification process to ensure the proper examination required for daily work. Accuracy is essential to minimize the potential action of

certification organizations in the interpretation of the rules according to their needs and preferences.

- The certificate may be issued only by the state-accredited institutions (as it is already presented), which uses state licensed and accredited program (which is currently not in all study analyzed institutions). Programs can be developed by certification organizations on the basis of the public authority (Ministry of Education and Science) recommendations. Thus, the state is responsible for the development of high-quality programs (this process in collaboration with certification organizations is guided by national authorities), as well as the criteria for accreditation of both organizations and the creation of programs. Private organizations are responsible for respect of these criteria and quality of execution, or the realization of these criteria in their work.
- State participating in the examinations, depending on the level of risk in each profession. From the professions analyzed in this study, the most at risk is in the dangerous equipment specialist, security guard and detective work. In these occupations, there are at least two risks - life and health risks. The presence and supervision of state is necessary, because these sectors going into low-quality professionals in the labor market would be a threat not only to specialists, but also the life and health of the persons involved. One possible solution is to build the examination procedure similar to Latvian. Obtaining a driver's license, the certification candidate's knowledge and skills can be acquired in a private organization, but the examination is made, organized, directed and adopted by national institution, therefore the fact of non objectiveness is excluded. Equivalent results can be obtained, supplementing the requirements of the profession criteria, such as the obligatory higher education.

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