



European Employment Observatory

EEO Review: Youth Employment Measures, 2010

Lithuania

Prof. Dr. (HP) Boguslavas Gruzevskis

Prof. Assoc. Dr. Inga Blaziene

Institute of Labour and Social Research

October 2010

This article is the sole responsibility of the author(s)

Introduction

With the onset of the financial and economic crisis in Lithuania in late 2008, young people found themselves in an extremely unfavourable situation. From the 3Q 2008 to 2Q 2010 their employment rate dropped by 11 percentage points, i.e., from 28 % to 17 %. At the same time, the unemployment rate grew by 22 percentage points – from 15 % to 37 %. The main reasons for this include an inadequate match between the qualifications of young people and labour market demands, the lack of practical experience, and the low wages offered in the labour market. In the middle of 2010, 52 % out of the 50 000 young unemployed people (under 25) registered with the Lithuanian Labour Exchange (LLE), did not have any vocational training.

The inability of young people to find a place in the Lithuanian labour market has led to large-scale youth emigration to other countries.

It is also worth mentioning that the current higher education reform has significantly restricted access to higher education in Lithuania. Youth are unwilling to take scholarship loans and often instead prefer paid studies abroad.

In order to improve the existing situation, the Government of the Republic of Lithuania has recently launched a number of measures to enhance the educational system (vocational training in particular) and to promote the labour market integration of young people. However, these measures have not generated any visible results so far. When the economic and labour market situations begin to improve in Lithuania it is predicted that the situation of young people will also begin to slowly change. Similarly, this should reduce youth emigration from Lithuania.

1. Trends

In Lithuania, breaking-down youth employment and unemployment statistics into subgroups often produces unreliable information. Therefore, in most cases data are provided for the whole youth group (15-24 years old). Eurostat data is used to give a more detailed analysis of the youth unemployment situation, although some of the data is unreliable due to small sample size (see Table 1 in the Annex).

Employment rate

The overall youth employment rate (ages 15-24) has decreased sharply in Lithuania over the last years: from 26.0 % in the 1Q 2008 down to 22.8 % in the 1Q 2009 and further down to 18.6 % in the 1Q 2010. Accordingly this indicator dropped from 4.2 % (1Q 2008) to 2.6 % (1Q 2009) in the age group 15-19 (the sharpest employment decrease was observed in men in this age group), from 46.8 % (2008) to 41.6 % (2009) and further to 34.1 % in 2010 for the age group 20-24 (the sharpest employment decrease was observed in men in this age group as well), and from 76.8 % (2008) to 75.1 % (2009), and further to 68.1 % in 2010 for the age group 25-29 (employment decreased for both men and women). Both overall employment and youth employment rates continued to decrease in Lithuania in the 2Q 2010; the overall employment rate in the 2Q in Lithuania was 56.7 % and for youth (aged 15-24) it was 17.1 %.

Unemployment rate

Youth unemployment is increasing parallel to decreasing employment rates. According to Lithuanian Statistics (LS), the number of young unemployed individuals grew from 39 000 in

the beginning of 2009 to 53 000 in the beginning of 2010. In the second quarter of 2010, youth unemployment reached its highest value of 37.1 %.

The highest unemployment rates were recorded in the age group 15-19, representing 46.4 % in the 1Q 2009 and 66.1 % in the 1Q 2010. In the older age groups the youth unemployment rate is lower: in the 1Q 2010 the unemployment rate in the age group 20-24 was 33.8 % and 21.8 % in the age group 25-29.

The overall level of long-term unemployment has been rapidly growing alongside increasing youth unemployment in Lithuania. In the second quarter of 2010, the overall long-term unemployment was 2.6 times higher compared to the second quarter of 2009 and accounted for almost 41 % of the total number of unemployed.

Low skills/high skills (ISCED <3/ISCED >3)

A more detailed analysis of youth unemployment in Lithuania is based on LLE's (Lithuanian Labour Exchange) data. As of 1 September 2010, 50 500 young people were registered as unemployed with the LLE.

In January to August 2010, there were 54 300 young individuals registered as unemployed and over the same period in 2009 there were 54 400 young people registered as unemployed. For comparison, the total number of Lithuanian young unemployed individuals registered within 12 months was 38 700 in 2008.

As for the structure of unemployed youth, the proportion of university/college graduates has been growing; at the end of the 3Q 2010, young graduates (ISCED 5-6) accounted for 19 % (13 % in 2009 and 10 % in 2008), those with ISCED 3-4 education level accounted for 55 %, and those with ISCED 1-2 education level accounted for 26% of the total young unemployed. At the same time, the percentage of unskilled youth has been shrinking in the total number of unemployed youth (though still remaining at quite a high level). At the end of the 3Q 2010, unskilled youths accounted for 52 % of the total number of young unemployed individuals (56 % in 2009 and 59 % in 2008). The proportion of graduates (ISCED levels 3-4 and 5-6) has sharply increased among unemployed youth and reached 32 % (over 17 000 young people) of the total number of unemployed youth registered with the LLE at the end of the 3Q 2010 (this indicator was 23.5% and 19.6 % in 2009 and 2008, respectively).

According to Eurostat data there is a close relationship between education level and unemployment rate for all the age groups. In the 1Q 2010 for the age group 20-24, unemployment for the low skilled was 62 %, medium-skilled 32 %, high-skilled 24 %; in the age group 25-29 it was 43 %, 33% and 12% respectively.

Difference in youth unemployment rate between Q4-2009 and Q4-2007

According to LS (Lithuanian Statistics), the youth unemployment rate in the age group 15-24 was 7.4 % in the 4Q 2007, whereas in the Q4 2009 it was 29.1 %.

Incidence of long-term unemployment (% of unemployment)

Since 2009 more young men have been unemployed in comparison to young women. In the 3Q 2010, men accounted for 57 % of total young unemployed individuals (60% in 2009). In

2010, 40% of young male jobseekers were long-term unemployed¹ (20% in 2009 and around 2 % in 2008) and 36% of young female jobseekers were long-term unemployed (15% in 2009 and around 4 % in 2008).

Incidence of temporary work (% of employment)

Temporary work in Lithuania in general is not widespread; according to LS temporary work contracts during the last few years covered approximately 2 % to 3 % of all Lithuanian employees. According to Eurostat, the incidence of temporary work among youth was slightly higher than the overall average; in 2009 3.9 % of employees aged 20-24 and 2.4 % of employees aged 25-29 were working under temporary work contracts (compared to the overall average of 2 %).

Not in Education Employment or Training (NEET) rate (% of the age group)

According to municipal social workers the number of young people not in education, employment or training rose sharply in 2009-2010, particularly in rural areas. The Eurostat data gives a NEET rate in 2008 of 2.9 % for the age group 15-19 and 14.6 % for the age group 20-24.

School drop-outs (% of the age group)

Early school leavers (in the age group 18-24) accounted for 7.5 % of all 18-24 year olds in 2008 and 8.8 % in 2009. However, this figure does not reflect the number of young individuals on academic leave. According to representatives from higher education establishments, only some 60 % of students continue their studies after academic leave. Furthermore, according to municipal social workers, the school drop-out rate for under 18 year olds is increasing as well.

Youth /adult unemployment ratio

In 2009, the youth (ages 15-24) / adult (ages 25-74) unemployment ratio was 2.2 in Lithuania.

To summarise, we should note that the situation of youth unemployment is critical in Lithuania. Youth registration in the labour exchange has reached record-breaking heights, the number of unemployed graduates is gradually increasing, and long-term youth unemployment is rapidly rising. A decision of the Government of the Republic of Lithuania (GRL) to collect compulsory health insurance contributions from the unemployed has significantly contributed to the registration of youth with the labour exchange. On the other hand, it should be pointed out that youth unemployment in Lithuania is reduced by youth emigration to foreign countries. In 2009, 22 000 Lithuanian nationals, of which the age group 15-19 accounted for 37 %, declared that they were emigrating; during the first quarter of 2010, emigration rates exceeded those of 2009 by nearly 40 % in Lithuania.

2.0 Measures taken to promote youth employment

Since the beginning of the economic crisis in the fourth quarter of 2008, Lithuania has under-emphasised the need to improve labour market policy measures and promote youth employment. Instead, the GRL prioritised the reduction of public expenses and the balancing of the budget. As a result, funding of active labour market policy measures (ALMPs) was cut

¹ The Lithuanian Labour Exchange defines long-term youth unemployment as six consecutive months without employment.

in 2009 and the maximum amount of unemployment benefit was reduced by almost 35 %. Wages in the public sector were cut by 10 % to 15 %; income of private-sector employees decreased similarly as a result of the economic recession.

At the same time a higher education reform has reduced state funding to higher education. A studies credit system has failed to gain popularity, thus resulting in restricted access to higher education for young individuals from low-income families. Consequently, the number of Lithuanian youth leaving to study abroad more than doubled in 2009. Likewise, competition for studies in vocational schools has significantly increased.

Despite rapidly growing unemployment and the near fourfold increase in the number of people receiving social benefits from 2008 to mid 2010, the role of local authorities has remained quite passive. Restricted in financial potential, local-level authorities did not introduce any initiatives in the area of labour market policy, including reduction of youth unemployment, despite nearly all local authorities in Lithuania having councils for youth affairs in place.

2.1 School education and training policies

Although the problem of how to increase the effectiveness of education and vocational training has been debated in the Lithuanian education system since 2000, changes in this area nonetheless insufficiently meet the labour market needs. The defects of the present system became extremely obvious during the economic crisis, leading to increased youth unemployment (including long-term unemployment), more youth emigration, increased child and youth poverty, as well as deeper social exclusion.

Lithuania is still among the best-performing EU Member States in terms of low numbers of early school leavers, although the crisis has had a negative impact on it; the proportion of early school leavers (% out of all 18-24 year olds) in the years 2007 to 2008 grew from 7.4 % to 7.5 % and in 2009 it increased to 8.8 %.

Although Lithuania does not have a system to support pupils in returning to school (e.g. support with aspects such as motivation to learn, study skills, social skills and self-reliance), there are targeted efforts being made in this direction. Funding is provided for projects to set up this system; for example a programme to return non-school attending children back to schools was approved in 2008 to reduce the number of children not attending comprehensive schools and not studying in compulsory education. In 2010 a new Programme for the Socialisation of Children and Youth was approved.

In September 2010, amendments to the Law on Vocational Education and Training were drafted to delegate powers previously exercised by the Ministry of Social Security and Labour (MSSL) to the Ministry of Economy (ME). According to these amendments, the ME is now authorised to participate in a number of measures: the shared formation and implementation of human resources development policy, the shared formation and implementation of vocational training policy, the organisation of prognostic research into labour market demand, the organisation of continuous training of employees in the area regulated by the ME, and other related measures.

It is worth noting that the crisis has revealed that the previous reforms and measures foreseen were not efficient enough. The number of various graduates registered with the Lithuanian Labour Exchange (LLE) nearly tripled in 2009 to 2010, as compared to 2005 to 2007.

Until 1 July 2010, vocational training (delivered by eleven labour market training centres) and vocational guidance services (delivered in seven labour market training and counselling centres) was supervised and coordinated by the Lithuanian Labour Market Training Authority (LLMTA), which is part of the MSSL. In 2009, the services of this authority were used by 13 548 individuals under 25 (or by 36 % of total persons supported by the LLMTA). The LLMTA was dissolved with effect from 1 October 2010, delegating some of its functions to the LLE and some to the Ministry of Education and Science (MES). It is worth noting that the delegation of functions in order to save money was not combined with the transfer of human or financial resources. Therefore, it is not clear whether and how the LLE and the MES are going to perform the functions delegated to them. Out of existing LLMTA staff, 70% were not offered new jobs, although their long work experience and specific competencies are highly valuable for the delivery of vocational guidance and continuous training services in Lithuania.

The mentioned reforms have resulted in the merger of basic and follow-up vocational training systems in Lithuania. The merger is expected to allow for:

- optimisation of the vocational training programmes network on a regional basis,
- more rational use of funds for vocational training and competences of teachers in vocational education and training,
- more rational use of training space, and
- ensuring a better selection of opportunities for students.

In a line with other EU Member States, Lithuania is trying to improve its education system as effectively as possible, so that it can help people acquire the knowledge, skills and competences necessary to succeed in life. However, due to cultural, historical and social reasons, the focus has been on formal education in Lithuania, while the role of informal education is confined to complementing formal education in Lithuania (informal education was known as complementary education before 2003).

In order to promote the recognition of non-formal and informal learning, the Procedure for an Optional Education Funding Model for Children was submitted in spring 2010. Under it, informal education will be renamed 'optional education' and it introduces a funding scheme based on individualised student accounts. Graduates of optional education programmes might be awarded additional competencies in a specific field in the procedure established by the state or higher-education establishments.

In order to ease the recognition of competencies obtained by various means and in various education/training establishments, efforts are currently being taken to move to a modular structure of vocational training programmes in Lithuania.

It can be stated that the youth employment policy pursued in Lithuania in 2010 is compliant with the provisions of the European Youth Guarantee as adopted in November 2010. Already in 2008 territorial exchanges were called upon to find employment within four months for registered unemployed youth or to include them on ALMP measures; to this effect, a so-called 'new start' programme was undertaken. In 2009, in the first four months of unemployment, the 'new start' programme was offered to 85 % of young unemployed individuals registered with the LLE. However, there are no political documents conforming to the provisions of the

European Youth Guarantee. Similarly, there was no intervention in this process on the part of the Ministry of Education and Science. Vocational training institutions (universities including) did not create any more opportunities for youth to study further and delay joining the overloaded labour market.

In order to improve the effectiveness of youth policy, particularly in the area of vocational training and youth employment, a Long-term Strategy for Youth Policy for 2010-2018 was elaborated in 2010. Implementation of this strategy is expected to contribute to ensuring better youth employment opportunities by promoting economic and social entrepreneurship, creating favourable conditions for young people to take an active part in the labour market and to match family and work obligations, etc. Implementation of the strategy requires additional financial resources and close interdepartmental cooperation. Therefore, we can presume that achievement of the mentioned strategic goals might be problematic under the current conditions in Lithuania.

2.2 Labour market and employment-related policies and access to benefits

Regarding Active Labour Market Policies (ALMPs)

In the environment of low labour force demand, employers, being able to select employees from a large number of applicants, expect sound practical training and professional skills from future employees. For this reason it is very difficult to find jobs for young people who lack professional skills or adequate work experience. It is worth noting that at the end of the 3Q 2010 50 % of young unemployed individuals in Lithuania did not have any professional qualifications (44 % in 2009) and thus could not compete in the labour market. At the end of the 3Q 2010, 49 % of young individuals were starting their first job in the labour market (compared to 31 % in 2009).

According to the Labour Force Survey (LFS), youth unemployment has been steadily growing in Lithuania since 2008: from 17.3 % in the 4Q 2008 up to 37.1 % in the 2Q 2010. Yet, a decrease is observed in the proportion of young unemployed people in the overall growing number of unemployed (from 22 % in the 4Q 2008 down to 17 % in the 2Q 2010).

ALMPs have been given somewhat more attention in 2009, particularly in order to assist youth without professional qualifications and from low-income families. A 'first career' scheme is applied to the vocational training of unemployed youth. This scheme is aimed at matching vocational training and subsidised employment in order to ensure the smallest possible number of jobless people remain after completion of the mentioned vocational training programme.

In 2010, less investment in vocational training programmes for young employees was foreseen, rather than focusing on, and allocating more financial resources to direct support for youth employment. As a result, subsidised youth employment, support of labour skills and participation in public works increased in 2010, as compared to 2009 (in six months in 2010, 5 074 young unemployed individuals participated in ALMPs, as compared to 1 200 in the year before). In addition, more young unemployed people acquired business certificates and started their own business in 2010 (2 333 in nine months in 2010, as compared to 1 350 in the year before).

In general, the promotion of youth employment was paid little attention in Lithuania from the start of the economic downturn until the end of the 1Q 2010. However, growing youth

unemployment and intensive emigration of this age group from Lithuania urged the GRL to pay more attention to the problem. Additional public works organisation schemes, tax privileges for employers and financial support to the unemployed setting up their own business were foreseen in order to reduce youth unemployment.

In order to increase the involvement of the unemployed (including youth) in the public works programme, efforts were taken to allow flexibility in dealing with programme funding issues, especially with regard to regions with high unemployment rates.

We believe that better inclusion of youth into public works might bring some more positive effects in the regions with prevailing rural infrastructure. On the other hand, the effectiveness of the measure will depend highly on its organisation. The reduced financial liability of local authorities increases the likelihood of abuse and irresponsible spending of funds. Participation in the public works programme is less attractive for urban youth, however growing long-term unemployment and decreasing living standards may change these attitudes.

In addition, a new measure was introduced in the 1Q 2010 to partly exempt employers from social insurance contributions (around 80% of the established rate) for one year if the employer offers an unemployed young person their first job. This tax privilege is expected to exist until July 2012. It is anticipated that it will help tackle youth unemployment problems, promote the employment of new graduates without the necessary work experience, and at the same time, reduce emigration and brain drain.

According to Lithuanian employers, this measure seems to be very attractive, but not under the conditions of the economic downturn when there is very low demand for labour. In today's situation employers often do not need any new employees, irrespective of their cost. On the other hand, organisations representing people with disabilities and people at pre-retirement age, expressed their dissatisfaction about this measure, because they are afraid that better conditions for youth employment will reduce their competitive labour market opportunities. According to them, the measure may encourage a substitution effect, which will lead to reduced income of the social insurance fund without increasing overall employment.

Measures are also foreseen to promote the setting up of private and small businesses. Unemployed individuals who decide to become self-employed (to work under a business certificate) will receive a subsidy equivalent to 25 % of the minimum wage (i.e. LTL 200 and EUR 58) per month for a period of up to one year. Currently people employed under business certificates must pay monthly contributions of LTL 180 (EUR 52) to old-age pension insurance, LTL 72 (EUR 21) to health social insurance, and a LTL 120 to 140 (EUR 35 to 41) fee for the business certificate (i.e. around LTL 382 and EUR 111 in total per month). Accordingly, reducing this tax burden by more than half can be considered as quite a significant change for persons employed under business certificates who are generating moderate income from their new business. Therefore this measure is expected to encourage long-term unemployed individuals, including young people, to engage in private business, promote their own employment and to move out of the grey economy.

Access to social security benefits

The minimum monthly gross wage in Lithuania since January 2008 has been equal to LTL 800 (EUR 232) and the net minimum wage is equal to LTL 678 (EUR 197). Approximately 20 % of all employees receive the minimum wage.

In Lithuania, there are general eligibility rules for unemployment benefits and other social allowances. These rules apply the same to youth as to all other age groups. The growth in overall unemployment in Lithuania since 2008 was accompanied by a growth in the number of unemployment benefit beneficiaries, which continued until around mid 2009. Around 40 % of all jobseekers registered with the LLE in this period received unemployment benefits. Long-term unemployment kept growing along with overall unemployment. According to the Law on Unemployment Social Insurance, unemployed persons are entitled to unemployment social insurance benefit for up to six months, therefore the proportion of unemployed people receiving unemployment benefits started to decrease out of the total number of the unemployed. At the end of the 3Q 2010, as the number of the unemployed totalled 320 000, unemployment benefits were paid only to 54 000 of the unemployed (i.e., to approx. 17 % of those registered with the LLE). Youth account for some 15 % of the total number of recipients of unemployment benefits.

Regional disparities

One of the biggest problems connected to youth employment and labour market integration is the difficulty associated with acquiring housing. Because accommodation is expensive and it is quite problematic for young people to attain bank credits, they are left without any support and actually cannot afford to live in the largest cities and towns of Lithuania which offer the widest employment opportunities. Likewise, movement to other regions of the country is not encouraged by weak labour demand and low wages. Low-income young people cannot afford to rent a house or a flat. Young people are usually offered LTL 700 to LTL 1 100 net wages per month (between EUR 203 and EUR 319), while the rent for a single-room apartment is at least LTL 400 (EUR 116) per month in addition to utility charges. This restricts mobility among young people and does not promote labour market development.

In turn, increasing the differentiation of economic development among different regions increases the internal migration of youth. Findings of a youth situation survey, conducted by the Department of Youth Affairs in 2007, suggested that 33 % of young people left smaller residential settlements to relocate to larger areas to study or due to family (personal) reasons. It is suggested that as many as 70 % of these individuals have no intentions of returning. On the one hand, this has negative effects on the development of certain Lithuanian regions. On the other hand, young people who stay in bigger Lithuanian cities (mainly in Vilnius, Klaipėda and Kaunas) after their studies and cannot find proper jobs, are encouraged by such circumstances to emigrate and look for employment opportunities abroad.

In order to promote territorial mobility of the unemployed, special measures – such as reimbursement of travel and accommodation costs for those working further from home – are foreseen in the Law on Support for Employment. However, these measures were applied to a very limited extent from 2009 to 2010 due to high unemployment and high labour supply.

2.3 Addressing problematic features of youth employment

In Lithuania, youth employment characteristics depend to a great extent, on the level of education, professional skills and place of residence. Seasonal job patterns, temporary contracts, low wages and undeclared work are characteristic of unskilled young people and youth living in rural areas. However, the economic crisis starkly increased the incidence of these negative youth employment manifestations among both urban and skilled youth. Neither

the Department of Statistics nor the Department of Youth Affairs have more detailed information about the spread of the above-mentioned negative manifestations in youth employment in Lithuania.

There is no specific information on the proportion of young unemployed individuals from marginalised groups. However, indirect information (such as the very high unemployment rates, a growing number of youth without vocational training, a growing number of recipients of social support, increasing youth crimes, etc.) suggests that this group of youth has grown significantly during the economic crisis.

The Long-term Strategy for Youth Policy for 2010 to 2018 does not place enough emphasises on solidarity in society for youth issues, particularly in regards to young individuals with fewer social and economic opportunities. Youth at risk of social exclusion do not have sufficient access to information about informal education/training, employment and healthy living.

In order to increase the economic activity of young people from social risk groups, the strategy pays a great deal of attention to strengthening non governmental organisations (NGOs) to help them deal with youth issues and develop their network. A particular emphasis is placed on strengthening the role of local authorities in contributing to social integration and reducing social exclusion of youth. For this purpose, it is necessary to more effectively use the financial resources allocated to students to fund after-school activities. Researchers from the Institute of Labour and Social Research recommend considerably increasing the educational and leisure services available to children and youth from low-income families. This is because the effective education/training of children and youth, in conformity with their needs and opportunities, is the main way to ensure their successful start in the labour market and protect them from social exclusion.

2.4 Roles of the labour market actors

In Lithuania, implementation of youth policy falls within the competence of the GRL. Co-ordination of the implementation of youth policy is vested in the MSSL. The objectives and measures of the national youth policy are implemented by the Department of Youth Affairs at the MSSL. The Council of Youth Affairs is part of the Department of Youth Affairs. The Council of Youth Affairs consists of representatives delegated equally by public authorities, agencies and the Council of Lithuanian Youth Organisations. In Lithuania, youth policy is implemented in compliance with the principles of solidarity entrenched in the Law on Youth Policy Framework. In this context, an important role is given to municipal youth policy. Institutions of local authorities are assisted in the formation and implementation of youth policy by a co-ordinator for youth affairs. The co-ordinator is an intermediary between politicians and local authorities and local/national youth organisations. A municipal council of youth affairs is formed by the resolution of the municipal council equally from representatives of local authorities, agencies and youth organisations.

It is accurate to say that all the institutions necessary for the effective formation and implementation of youth policy are established and functioning in Lithuania. However, the influence of the whole system of the above-mentioned institutions is very insignificant in practice. Under the conditions of the economic downturn, this system failed to influence, to a

somewhat greater extent than usual, decisions of the GRL in order to secure and protect the interests of youth in the society and the labour market.

In order to improve the situation of young people in society and increase the opportunities for economic activity, strengthening the youth NGO sector has been emphasised in Lithuania since 2007/2008. With a view to encouraging young people's participation in the activities of youth organisations, financial aid has been assigned to programmes and projects of youth and youth-related organisations. Funds have also been assigned to youth incentive projects aimed at improving the quality of the work of youth organisations, promoting and teaching youth entrepreneurship, and developing activities in youth centres. In 2009, LTL 1 305 000 (EUR 377 954) was allocated from the public budget for youth and youth-related organisations. ESF-funded projects are also being implemented in order to strengthen the structures of youth policy and NGO youth organisations.

Here we may also mention the increasing role of the social partners, especially employers' organisations. During the crisis the Lithuanian Confederation of Industrialists (LCI) – the largest employers' organisation in Lithuania – began to pay quite a lot of attention to the labour market situation of youth. In 2009/2010, the LCI regularly held various events (meetings, round-table discussions) to address the above-mentioned problems.

The LCI sees the mismatch between education and labour market demands as one of the main reasons for the existing youth labour market situation. First of all, employers are not satisfied with the youth distribution in different levels and types of education, i.e. too many young people seek higher education in Lithuania and too few graduate from vocational schools. In addition, employers are dissatisfied with the concentration of graduates in a limited number of subjects. According to the LCI, employers, even during the crisis, complained of facing difficulties in finding skilled professionals in the field of techniques and technologies, while the number of graduates in management and law exceeds the labour market demands in Lithuania.

Another important problem is posed by the quality of education. Study programmes usually provide theoretical training only, while practical knowledge and skills are badly missing. On the other hand, the LCI does not regard lack of experience to be the biggest problem for youth; where an employer sees that a young person is qualified for work, taking into account his/her theoretical knowledge and personal qualities, the employer will arrange training for such an employee and prepare him/her for practical work.

Activities of employer organisations are mainly confined to initiating and developing various projects in this area. For example, employer organisations are currently sharing in the implementation of the project 'Development of a model for the organisation of students' practices and implementation of the model in industrial enterprises in Lithuania'. The project is being implemented together with other education/training establishments and enterprises. It aims to create a single database of students seeking practical training placements and enterprises willing to admit apprentices, where they can search for each other and exchange information. This would make it easier for students to be placed for practical training, acquire practical knowledge during it and, possibly, gain employment with the enterprise.

One more project being implemented by the LCI and trade unions is 'Friday social dialogue school'. It is a cycle of lectures for the students from various universities, colleges and other

education/training establishments concerning employment opportunities (e.g. how to get ready for a job interview, how to fill in a CV, what specific features are characteristic in labour relations, etc.), entrepreneurship opportunities (available business alternatives, how to start a business, how to set up your own company, etc.) and other issues. The lectures are delivered not only by visiting lecturers but also by representatives from employer and trade union organisations.

3. Conclusions

In Lithuania, the attention given to youth problems is gradually increasing; new institutions were set up in the system of public administration, the network of youth NGOs was developed, new programmes and projects were implemented, the system of education and vocational training was improved and support for youth employment has increased. However, the period of the economic recession showed that 20 years of independence was not enough for the country to develop an effective youth unemployment and social exclusion prevention system. Record-breaking youth unemployment, a growing number of young unemployed people without vocational training, housing-related youth problems, worsening health and increasing social exclusion of young people, highlight the insufficient effectiveness of the created mechanisms.

The economic crisis and the restricted state budget significantly restricted the implementation of initiatives envisaged in the area of youth policy. Likewise, opportunities for employers to actively cooperate with vocational training institutions and for households to invest more in the education and training of children, have decreased. These losses may send very negative ripples through the Lithuanian labour market in the future, as there has been a rapid decrease in the total number of youth aged 15-19 since 2007 (266 000 in 2007, 261 000 in 2008, 254 000 in 2009 and 241 000 in 2010).

Bibliography

- Blaziene I. Anticipating and Management of Restructuring. European Commission, ILO International Training Centre, 2009.
- Blaziene I., Gerikiene V. Regulation of remuneration of public sector employees in Lithuania. Jurisprudence: Research Papers, 2009 No 4 (118). ISSN 1392-6195. P. 299-320.
- Gruzevskis B., Grazulis V. Characteristics of Lithuanian Labour Market Policy Development. Public Policy and Administration, No 28. Vilnius, 2009. ISSN 1648-2603. P. 40-52.
- Gruzevskis B., Zabarauskaite R. Social Consequences of Economic Downturn (2008) in Lithuania. Ekonomika. 2010, Vol 89(3), Vilnius.
- Lithuania: Helping young workers during the crisis: contributions by social partners and public authorities. European Foundation for the Improvement of Living and Working Conditions, 2010.
- Lithuanian education in figures. 2010. Vocational training. Ministry of Education and Science, 2010.
- Lithuanian education. Facts. Annual Report 2010. Ministry of Education and Science, 2010.
- Law on support for Employment (with amendments), 15 June 2006 – No X-694, Vilnius
- Law on unemployment social insurance (with amendments), 16 December 2003 No IX-1904, Vilnius.
- Law on Vocational Education and Training (with amendments), 14 October 1997 No VIII-450, Vilnius.
- Long-term Strategy for Youth Policy for 2010-2018. Draft, 2010.
- Moskvina J., Skuciene D. Security in flexible labour market. Social Work. Research Papers, No 7(1). Vilnius. Mykolas Romeris University, 2009. ISSN 16-48-47-89. P. 25-35.
- Programme for the Socialisation of Children and Youth. Ministry of Education and Science, 2010.
- Programme to Return Non-School Attending Children Back to Schools. Ministry of Education and Science, 2008.
- Situation in the labour market. Lithuanian Labour Exchange, 2010.
- Weekly review of the economic situation in the Republic of Lithuania (January – November, 2010). – The Ministry of Economy of the Republic of Lithuania, 2010.

Web pages:

- Internet: <http://www.ldb.lt> (Lithuanian Labour Exchange)
- Internet: <http://www.ldrmt.lt> (Lithuanian Labour Market Training Authority)

- Internet: <http://www.lrs.lt> (Lithuanian Parliament)
- Internet: <http://www.lrtt.lt> (Tripartite Council of the Republic of Lithuania)
- Internet: <http://www.smm.lt> (Ministry of Education)
- Internet: <http://www.socmin.lt> (Ministry of Labour and Social Security)
- Internet: <http://www.stat.gov.lt> (Lithuanian Statistics)
- Internet: <http://www.ukmin.lt> (Ministry of Economy)
- Internet: <http://www.vdi.lt> (National Labour Inspection)

Annex:

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	(4.2)	(2.6)	-	46.8	41.6	34.1	76.8	75.1	68.1
Unemployment rate (%)	-	(46.4)	(66.1)	(9.0)	23.2	33.8	(5.4)	15.5	21.8
Long-term unemployment as a % of unemployed	-	-	-	-	-	(32.1)	-	-	(23.6)
Youth unemployment to population ratio	-	(2.3)	(2.6)	(4.6)	12.5	17.4	(4.3)	13.8	19.0

Source: Eurostat, Labour Force Survey**- : Data not available****Data in brackets is not reliable due to small sample size.**

Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	50.9	63.7	46.4	61.6	29.4	42.7
Unemployment for the medium-skilled (ISCED 3-4)	23.8	33.7	23.4	32.3	22.2	32.6
Unemployment for the high skilled (ISCED 5-6)	-	24.4	8.9	24.4	7.8	11.5

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted**- : Data not available**

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	-	3.9	2.4

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)

Data	Age group 15-19	Age group 20-24
	2008	2008
NEET rate (% of the age group) (annual averages)	(2.9)	14.6

Source: Eurostat, EU Labour Force Survey, Annual averages

Table 5: EARLY SCHOOL LEAVERS* (Annual data)

Data	All ages (18-24)	
	2008	2009
Early school leavers (% of the age group)	7.5	8.8

Source: Eurostat, Labour Force Survey

* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007

Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	-	21.7

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

- : Data not available