

**MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER - LITHUANIA**

**CAN THE GERMAN SYSTEM OF DUAL TRAINING BE
USED TO ENHANCE THE APPRENTICESHIP SYSTEM
IN LITHUANIA?**

Peer Review on 'The dual training system – Integration of young people into the
labour market'

Germany, 24 – 25 September 2012

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1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Lithuania's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.

Up to the 2008 economic crisis, Lithuania has experienced a period of very healthy economic growth - with GDP growth rates 3-4 times above the EU-27 average since 2000 (see table 1 in Annex). However, the decline in economic activity in 2009 and 2010 has been dramatic. But the recovery in 2011 and outlook for 2012 and 2013 is much more positive compared to the European average.

This has been reflected in the labour market developments in Lithuania, which up to 2008 had an employment rate higher than the EU-27 average (consistently above 70% since 2003, see table 2 in the Annex). Since 2008, the employment rate has declined to below EU-27 average. It has increased significantly in 2011, but remains still below the EU-27 average.

The unfavourable economic and labour market development has hit young people particularly hard (see table 3 in the Annex). Since 2000, the youth unemployment rate (15-24 age group) had been declining, up to 2007 when it was significantly below the EU-27 average. However, since 2008, the rate has increased dramatically above the EU-27 average to 35.1% in 2010, and has declined only slightly in 2011 (the year when GDP grew by 5.9%).

It is important to note that the problem of early school leaving is less widespread in Lithuania, compared both with the Host Country and EU-27 average (see table 4 in the Annex).

However, unemployment amongst young people in Lithuania is much more concentrated in the 'older' sub-group of the young people – age cohort 20-24 (see table 5 in the Annex). Taking into account the prevalence of tertiary education route (see table 7 in the Annex) in Lithuania this means that youth unemployment is increasing a phenomenon of young higher education graduates with typically very little work experience.

The general unemployment rate since 2008 has also been higher in Lithuania, compared to the EU-27 average (17.8 and 9.3% respectively in 2010, see Table 6 in the Annex). But on this indicator, the distance to the EU-27 average is smaller compared to the situation of youth unemployment.

Given the topic of this Peer Review, these figures also need to be considered in the general national VET context in Lithuania, where VET is not the preferred option for further study after the secondary school. The majority of young people graduating from general schools in Lithuania pursue a higher education route (see table 7 in the Annex).

The preference for tertiary education as opposed to VET amongst young people in Lithuania is also demonstrated by higher tertiary education attainment rates, compared to both EU-27 average and Germany (see table 8 in the Annex).

2 ASSESSMENT OF THE POLICY MEASURE

2.1 Similarities with the Host Country

Apprenticeships in Lithuania are one of the forms of vocational training offered. The vocational education system is separated from the general education system. In vocational schools, it is also possible to obtain general education, but not vice versa. Vocational schools are of several types – traditional vocational schools, regional centres and labour market training centres. Most of the vocational training providers are state-owned and financed from public budgets.

A formal legal framework governing the status, roles and rules of apprentices and apprenticeship framework has been developed in Lithuania. The Vocational Training Law 2007 introduced the legal concept of apprenticeships and defined the key concepts and principles of apprenticeships¹.

There is an explicit government policy commitment and concrete initiatives in Lithuania to support the development and increase the take-up of apprenticeships amongst young people:

- In the government's Plan of measures to support young people, the Ministry of Education is tasked with ensuring that 1000 young unemployed people take up apprenticeships.
- During 2006-2008 period, ESF co-financed a project to explore the development of modern apprenticeships in Lithuania, based on the experience of Germany, France, UK and the Netherlands.² The project developed scenarios for further development of apprenticeships in Lithuania, including recommendations for improving the legal basis and introducing financial incentives for employers to establish apprenticeships.
- Sectoral training centres are being established, catering to the needs of specific sectors and involving sectoral employers and trade unions.

In addition, there are also a number of measures to support the transition from school to work and improve professional orientation for young people in general education:

- Professional information points (PITs) have been established in schools, libraries and public employment offices and provide information about career options, training requirements and opportunities for young people, their parents and general public.
- Since 2008, the general education curriculum includes a specific programme 'Economics and entrepreneurship' which is compulsory in Years 9-10 and optional subject in Years 11-12 (last years of a secondary school). The programme teaches basic knowledge and competences of economics, provides practical skills, entrepreneurship education and develops critical thinking about economic developments in the country. Entrepreneurship education is also supported through cooperation with non-governmental organisations³ and through ESF funded projects⁴.
- Youth schools (which are attended by young people with learning difficulties and those not attending general schools due to social exclusion) have vocational education as a compulsory part of their curriculum. This is seen as essential to help disadvantaged

¹ A contract is established between VET provider, learner and employer. Practical training takes place in the workplace, theoretical training can take place in the VET provider premises. The law is available at http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=404449

² Project website <http://www.devapprent.eu/>

³ The Ministry of Education has a formal cooperation agreement with Junior Achievement Lithuania which organises the establishment of 'learning' firms for general education students and seminars for teachers on entrepreneurship education.

⁴ A number of ESF funded projects have been developed to support the development of methodological basis for teaching entrepreneurship competences.

young people to understand the importance of work, learn about various professions and training opportunities.

2.2 Differences with the Host Country

There are a number of key differences between the apprenticeship systems in Lithuania and Germany.

Apprenticeships, in legal existence since 2007, are not widespread in Lithuania. Official statistics about the numbers of apprentices are not available; some vocational schools appear to be offering dual training programmes to their students.⁵ This needs to be seen in the context of general choices made by young people after school, where vocational training is not the preferred route (see table 7).

Other key differences include:

- The lack of social partner involvement and leadership of the apprenticeship system witnessed in Germany. For employers in Lithuania, adopting apprenticeships as a mainstream human resource management practice requires the long-term planning and commitment and preparedness to take risks. This is currently Trade unions in general are not as well-developed in Lithuania as in Germany.
- The level of financing for vocational training in general is lower in Lithuania (see table 10) compared to Germany. It is also the case that in the times of economic downturn, the resources available to the state to support the development of apprenticeships are much lower compared to Germany where the economic situation remains very favourable.

Table 1 - State and municipal budget expenditure on education % of GDP, Lithuania

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total of educational types:	5.7	5.8	5.4	5.4	5.2	5.6	6.8	6.2	5.9
• Pre-school education	0.7	0.7	0.6	0.6	0.6	0.6	0.8	0.7	0.7
• Pre-primary, primary, lower secondary, upper secondary education	2.9	2.8	2.6	2.5	2.4	2.5	3.3	2.8	2.5
• Vocational education	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3
• Tertiary education	1.2	1.3	1.2	1.2	1.1	1.1	1.3	1.2	1.0
• Non-formal education	0.3	0.4	0.3	0.4	0.4	0.4	0.5	0.4	0.4
• Research and development activity	0	0	0	0	0	0.2	0.2	0.1	0.1
• Additional educational service and other education-related issues	0.3	0.3	0.3	0.4	0.5	0.6	0.4	0.6	0.9

Source: Statistics Lithuania, accessed 3 September 2012.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

The institution of apprenticeships exists in Lithuania, both as a legal and institutional concept and a part of government policy to combat high levels of youth unemployment and improve transitions from education to labour market. So the key consideration would be not to introduce a new measure, but to develop and increase the take-up of the existing framework of apprenticeships amongst young people and employers in Lithuania.

⁵ Status of VET in Lithuania, 2012, available at http://www.smm.lt/svietimo_bukle/docs/Lietuvis%20svietimas%20skaiciais%202012_Profesinis%20mokymas.pdf

The key success factors and challenges in doing so can be assessed as follows:

- Transfer of a complicated process of identification and matching of potential apprentices and employers currently in Germany into the Lithuanian national context. This would require a significantly increased participation and buy-in from the key stakeholders – schools, public employment service, education departments at national, regional and local level, employers, young people and their parents.
- One of the key developments in Germany's dual system is the increased complexity of the system with various forms of dual training developed to cater for different target groups and labour market profiles. This responds to the identified needs and helps to deliver successful outcomes. This variety and complexity of dual training system in Germany would need to be reflected for its successful take-up in Lithuania.
- The question of adequate financing is key to the success of dual training system in Germany, with significant government spending, dedicated PES resources and contributions from employers. This is challenging in the Lithuanian context, where all stakeholders have less resources in a challenging economic climate.
- However, more structural constraints would remain both for employers and trade unions. Employers have been generally reluctant in Lithuania to take risks in employing apprentices also prior to the 2008 crisis. This is due to the fundamental premise of the apprenticeship system whereby a short-term loss attributed to taking on an apprentice (who needs to be supervised, trained, managed) is balanced out in the medium and long term by the employer acquiring a well-trained employee. Another contributing factor in the Lithuanian context is high rates of emigration where employers might be discouraged to invest long-term in an apprentice faced with a potential risk of a skilled worker emigrating abroad. The incentive system to the employer would require strong build-up in Lithuania, together with assurance systems for the quality of workplace training delivered by the employer.
- It is also apparent that the dual system is successful in Germany also due to the strong involvement of social partners. In Lithuania, trade unions in particular are less developed than in Germany to play a similar role to the one trade unions play in the development and management of apprenticeship system in Germany.
- Public opinion and perceptions of apprentices in Germany is different from Lithuania. In Germany, this is a widespread and highly respectable choice for young people. This would need to be changed in Lithuania, requiring showcasing good practice examples, ensuring and showing that apprentices receive good-quality training which leads to well-paid good quality jobs and convincing employers that long-term perspective required for apprenticeship system to become embedded is also beneficial for them.

4 QUESTIONS

- The Host Country paper identifies that there are some critics of the apprenticeship system within Germany. What are the main points and arguments of the critics?
- Given that apprenticeship system is very popular in Germany, how is the adequate supply of apprenticeship places ensured to meet the demand?
- It seems that there is competition for apprenticeship places amongst German youth and the companies have preference to take the best applicants. How is this competition managed to ensure that less successful applicants also benefit?
- What measures would the Host Country recommend to prioritise in Lithuania where the prestige of the VET as a preferred choice for young people is overall relatively low and thus systemic change of public attitudes and opinions is required?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country

- Lithuania experienced a period of very healthy economic growth which has been reversed by the 2008 economic crisis; the recovery since 2011 is stronger than the EU-27 average
- Up to 2008 the employment rate in Lithuania was higher than the EU-27 average; since 2008, the employment rate has declined to below EU-27 average and stayed so since
- Since 2008, the youth unemployment rate in Lithuania has increased dramatically above the EU-27 average, and has declined only slightly in 2011. The unemployment amongst young people in Lithuania is much more concentrated in the 'older' sub-group of the young people – age cohort 20-24.
- Taking into account the prevalence of tertiary education route in Lithuania this means that youth unemployment is increasing a phenomenon of young higher education graduates with typically very little work experience.
- The problem of early school leaving is less widespread in Lithuania, compared both with the Host Country Germany and EU-27 average.

Assessment of the policy measure

- The institution of apprenticeships exists in Lithuania as a legal and institutional concept with some explicit government commitments to increase its take-up
- There is a host of other measures to support transition from school to work and professional orientation of young people
- The take-up of apprenticeships is very low in Lithuania (official statistics do not exist)
- There is little social partner involvement and buy-in into the apprenticeship system

Assessment of success factors and transferability

- The challenge would be to increase the stakeholder buy-in and involvement into apprenticeships and vocational training system overall – including young people, their parents, employers, trade unions, public employment services and local education institutions
- Another key challenge would be to change societal attitudes away from clear preferences of a tertiary education route for young people towards increased attractiveness of apprenticeships and vocational training in general
- This would involve encouraging employers to re-think human resource management policies, adopt more long-term perspective in investing in apprentices; trade unions to play a bigger role in the management and development of the system; state to provide increased financial support to apprenticeships and ensure the good quality of the training provided.

Questions

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ANNEX 2: LABOUR MARKET STATISTICS

Table 1 – GDP, market prices, percentage change on previous period, 2000-2013

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU-27	3.9	2.1	1.3	1.5	2.5	2.1	3.3	3.2	0.3	-4.3	2.0	1.5	0.0	1.3
Lithuania	12.3	6.7	6.8	10.3	7.4	7.8	7.8	9.8	2.9	-14.8	1.4	5.9	2.4	3.5

Source: Eurostat, accessed 3 September 2012. 2012 and 2013 data are estimates.

Table 2 – Employment rate, Lithuania and EU-27, 2000-2011, age group 20-64

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	66.5	66.9	66.8	67.2	67.3	68.0	69.0	69.9	70.3	69.0	68.6	68.6
Lithuania	66.1	64.9	68.0	70.7	69.2	70.6	71.6	72.9	72.0	67.2	64.4	67.2

Source: Eurostat, accessed 3 September 2012.

Table 3 – Youth unemployment rate, 2000-2011, age group 15-24

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	18.3	17.3	17.9	18.1	18.6	18.6	17.3	15.5	15.6	19.9	20.9	21.3
Lithuania	28.6	31.6	20.4	26.9	21.2	15.7	9.8	8.2	13.4	29.2	35.1	32.9

Source: Eurostat, accessed 3 September 2012.

Table 4 - Early leavers from education and training, %, 2000-2011

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	17.6	17.2	17.0	16.5	16.0	15.8	15.5	15.1	14.9	14.4	14.1	13.5
Germany	14.6	12.3	12.5	12.8	12.1	13.5	13.7	12.5	11.8	11.1	11.9	11.5
Lithuania	16.5	14.9	13.4	11.4	10.5	8.1	8.2	7.4	7.4	8.7	8.1	7.9

Source: Eurostat, accessed 3 September 2012.

Table 5 – Detailed breakdown of youth unemployment rate, 2010*

	15-24 age group		... of which 15-19 age group		... of which 20-24 age group	
	No (000s)	%	No (000s)	%	No (000s)	%
EU-27	5,257.8	100%	1,583.7	30%	3,674.1	70%
Germany	459.6	100%	138.6	30%	321.0	70%
Lithuania	52.7	100%	6.4	12%	46.3	88%

Source: Eurostat, accessed 3 September 2012. *data for 2010 is chosen for illustrative purposes; the patterns for previous years are similar.

Table 6 – General unemployment rate, 2000-2011, age group 20-64

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	9.0	8.3	8.7	8.8	8.9	8.6	7.9	6.8	6.7	8.6	9.3	9.3

Lithuania	15.9	16.7	13.0	12.4	11.1	8.2	5.6	4.3	5.7	13.6	17.8	15.4
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Source: Eurostat, accessed 3 September 2012.

Table 7 – Further study destinations of secondary school leavers, %, 2005-2011, Lithuania

	2005	2006	2007	2008	2009	2010	2011
Vocational school	10.2	9.2	6.8	5.2	6.7	8	8
College (Kolegija)	23.8	24.5	27	24.8	23.6	25.2	24.8
University	51	47.1	47.2	53.8	50.5	42	41.3
Total	85	80.8	81	83.8	80.8	75.2	74.1

Source: Statistics Lithuania, accessed 3 September 2012. The remaining school leavers were working, not studying or destination unknown.

Table 8 - Persons with tertiary education attainment (%), age group 15-64

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	17.1	17.1	17.4	18.1	19.1	19.6	20.1	20.6	21.2	22.0	22.7	23.6
Germany	21.4	20.0	18.9	20.3	21.1	20.6	20.1	20.4	21.4	22.3	22.6	23.5
Lithuania	35.3	19.2	19.0	19.8	21.2	22.0	22.4	24.1	25.4	25.5	27.0	28.2

Source: Eurostat, accessed 3 September 2012.