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Mapping youth unemployment in the border regions of the Baltic Sea and Barents Regions

LITHUANIA
National report

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Executive summary

This report aims to provide information about the situation of the youth in the Lithuanian labour market. The main purpose of the report would be as follows: 1) to provide the main characteristics and trends of the situation of the youth in the Lithuanian labour market; 2) to discuss the main problems with regard to access a gainful employment for youth in Lithuania; 3) to address labour policy measures provided by national employment agencies and local governments in Lithuania; 4) to discuss other programmes (campaigns) implemented at the country level and how they correspond to the labour market needs of youth in Lithuania; and 5) to provide examples of the best practices encouraging youth employment in Lithuania.

Over the past decade, Lithuania has been among the countries whose labour market has been affected the most. Decrease of employment, increase of unemployment, in particular among the most vulnerable groups in the labour market: youth, the unskilled, people with lower education levels, etc. Young people in the Lithuanian labour market are at a disadvantaged position, facing difficulties of successful transition from education to the labour market, finding gainful employment etc.

Labour force participation rates for male and female, among both the total working population and the youth, were decreasing from 2003-2006 in Lithuania. However, in 2007-2012 labour force participation rates for total working population started to rise every year.

The total employment rate, as well as those of men and women, was rising in 2004-2007. As the crisis hit, employment rates fell considerably in 2009 and 2010. However, even though male employment rate among the total working population every year was higher than female, it also decreased in larger steps during the crisis in 2009 and 2010. Due to this fact, in 2009 and 2010, for the first time the male employment rate was lower than the female rate.

Compared with the total working population, trends in the changes for youth unemployment rate are similar. It is important to mention, that youth unemployment rates are about two times higher in comparison with the total working population.

In addition to the high unemployment rates of young people, it is worrying that a considerable share of them is neither employed nor obtaining education (so-called NEET). The lowest rate was in 2007 (9.6%), however during the crisis period it almost doubled (18.2% in 2010). In 2009 and 2010, almost one out of every five young male persons was neither employed nor in education or training. It is important to note that from 2003-2008 young female NEET rate was higher in comparison with young male, but in 2009 the situation changed and the rate for the young female NEET was lower instead.

The considerably higher youth unemployment rates compared to the total working population ones clearly show the disadvantaged situation of young people in the labour market in Lithuania. It could be related to the school leavers lack of work experience, but it can also be due to the fact that almost one out of every ten students has dropped out of school and has low education level.

Young people's participation in formal education rates have remained on rather similar levels since 2003. What is apparent is that female population participation in education is higher compared to male population.

The national research on youth unemployment in Lithuania is rather limited. The constant monitoring of youth situation on the labour market is executed by the Lithuanian Ministry of Social

Security and Labour¹. The largest part of the scientific research is mostly targeted towards the analysis of integrating the unemployed youth into the labour market. Beresneviciute and Poviliunas (2007) carried out a survey on Master's students' integration into the labour market; Okuneviciute-Neverauskiene and Moskva (2008) analysed the situation of socially vulnerable youth in the labour market; Pocius and Okuneviciute-Neverauskiene (2001) analysed youth unemployment characteristics based on the youth survey research in 2000. Braziene and Merkys (2013), and Braziene and Dorelaitiene (2012) analysed different aspects of youth transition from education to the labour market.

There are a number of measures that are designed specifically for youth to increase their labour market participation. Among those measures it is important to mention professional training for young unemployed persons, financial measures for the enhancement of entrepreneurship and self-employment, the system of social benefits for employers for hiring young people without work experience, etc. However, these measures are mostly targeted reducing unfavourable consequences. Lithuania still lacks more efficient measures to improve educational choices, acquisition of competences and skills, decreasing the high level of mismatch between education and the labour market.

When it comes to migration issues, Lithuania is one of the new EU "sending countries" with an average of 30,000 persons leaving the country every year. The most important factors of explaining emigration are high rates of unemployment, especially among the youth, and also relatively low wages. 85% of the unemployed had been unemployed for a year or longer before departure. On the other hand, immigration to Lithuania is relatively low. Over the last decade, approximately 6,500 people a year immigrated to Lithuania. Moreover, about 80% of the immigrants are returning Lithuanian residents. In 2012, the main destinations for emigrants are the United Kingdom and Ireland.

¹ <http://www.socmin.lt/>

1. Introduction

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This report gives an overview of the labour market trends of the young (15 to 24-year-olds) through the past decade, at the same time comparing them with those of the whole working-age population. This includes data on activity, employment, unemployment, education, migration, etc. The relevant studies analysing youth situation in the labour market are also discussed. In addition, policy measures concerning youth (un)employment, education, and migration are reviewed.

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There are a number of measures that are designed specifically for youth to increase their labour market participation. Among those measures it is important to mention professional training for young unemployed persons, financial measures for the enhancement of entrepreneurship and self-employment, the system of social benefits for employers for hiring young people without work experience, etc. However, these measures are mostly targeted to reduce unfavourable consequences. However, Lithuania still lacks more efficient measures to improve educational choices, acquisition of competences and skills, decreasing the high level of mismatch between education and the labour market.

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When it comes to migration issues, Lithuania is one of the new EU "sending countries" with an average of 30,000 persons leaving the country every year. The most important factors of explaining emigration are the high rates of unemployment, especially among the youth, and relatively low wages. 85% of unemployed had been unemployed for a year or longer before departure. On the other hand, immigration to Lithuania is relatively low. During the last decade approximately 6,500

² <http://www.socmin.lt/>

people a year immigrated to Lithuania. Moreover, about 80% of the immigrants are returning Lithuanian residents. In 2012, the main destinations for emigrants are the United Kingdom and Ireland.

Over the past decade, Lithuania has been among the countries whose labour market has been affected the most. Decrease of employment, increase of unemployment, in particular among the most vulnerable groups in the labour market: youth, the unskilled, people with lower education levels, etc. Young people in the Lithuanian labour market are in a disadvantaged position, facing difficulties of successful transition from education to the labour market, finding a gainful employment etc.

2. Youth labour market situation: facts and figures

General labour market trends

The global economic crisis hit Lithuania at the end of 2008. In the face of the global economic recession, employment started decreasing and unemployment increasing. In 2009, the employment rate of the total population aged 15–64 decreased to 60.1% (in 2008, it reached 64.3%). The unemployment rate in Lithuania has increased considerably, more than in the EU on average. In two years (2008-2010), the unemployment rate, as well as the youth (15 to 24-year olds) unemployment rate, increased the most in Lithuania among the Baltic countries and much more than in the EU on average. In 2009, an increase in the male unemployment rate was more rapid than that of the female one. Even though the total unemployment rate in 2010 in Lithuania was lower than in Latvia, Lithuania's youth unemployment rate continued its rapid increase, reaching 35.1% - 14.2 percentage points more than the EU average and slightly more than in Latvia (34.5%). In 2009, the number of unemployed amounted to being 2.4 times more than in 2008.

According to the information of Lithuanian labour exchange³, during the economic crisis (2008-2010), the largest part of the population that has lost their jobs, 40% worked in the service sector, 28% in industry and 20% in construction. In 2008-2010, when the unemployment rate increased from 5.8% to 17.8%, the number of employed in the construction, manufacturing, and wholesale sectors decreased the most - by more than 10%. About 45% and 40% of all employed were in those three sectors in 2008 and 2010, respectively.

The global economic crisis has mainly affected the vulnerable groups on the labour market: less educated, rural, unskilled and young males and females. However, the recovery of Lithuanian labour market was conditionally quick and the employment rate started increasing and the unemployment rate decreasing from mid-2010. Employment started to increase in some activities, such as information and communication, transport, accommodation and food service, financial and insurance activities.

Due to the information provided by the Lithuanian labour exchange⁴, in May 2010, the increase in labour force demand in traditionally male-dominated industries like construction, woodworking, furniture and metal goods production determined higher men employment. There were 61.2% male and 38.8% female among individuals who got a job. Almost every fifth in a placement was younger than 25 years of age.

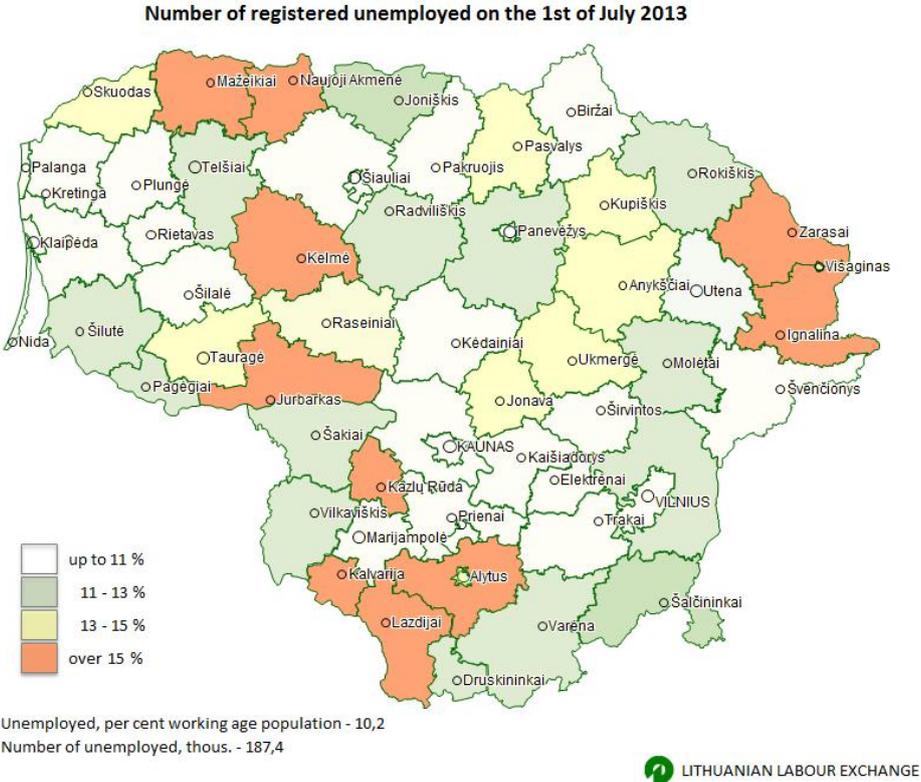
In May 2011, among the registered unemployed there were less male, youth and rural inhabitants. Male made up 55.9% of total unemployed persons in May and it was 2.6% less than in April. The share of individuals under 25 who were granted the status of unemployed decreased from 22% in the beginning of the year to 18.5% in May.

In May 2011, there were 128,500 unemployed male and that was 18,900 thousand less than a month before. Unemployed male formed 11.8% of the country's total working age male population. In May 2011, male unemployment rate reduced more rapidly than the female rate (1.7%). At the end of May 2011, there were 114,700 registered unemployed female. Women unemployment rate during one month (May) decreased by 0.7% (from 11.4 to 10.7%).

³ Lithuanian labor exchange: <http://www.ldb.lt>

⁴ Lithuanian labor exchange: <http://www.ldb.lt>

The most recent data provided by the Lithuanian labour exchange (July 1st, 2013) indicates that the unemployment rate is 10.2%; the number of unemployed is 187,400 (See picture 1).



Youth employment and unemployment trends

Labour force participation rates for male and female, among both the total working population and the youth, were decreasing from 2003-2006 in Lithuania. However, in 2007-2012 labour force participation rates for total working population started to rise yearly (see Table 1). When looking at the youth participation rate in Lithuania, the situation varies a little: despite the increase in youth activity rate in 2007 and 2008, there is a decrease again in 2009, 2010 and 2011. However, in 2012 a growth in youth activity rate in Lithuania can be detected. What is also noticeable for both the total working population and for the youth is that the female participation rate is lower than for the male. Interesting to outline is also that the male activity rate in 2012 is lower than in 2003 (by 1.6% for total working population and by 1.7% for the youth), but it is the opposite for the female activity rate which is higher (by 1% for total working population and 0.3% for the youth).

Table 1. Total and youth activity rates in Lithuania by sex, 2003–2012 (%)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total (15 - 64)										

Total	72,1	69,3	68,4	67,4	67,9	68,4	69,8	70,5	71,4	71,9
Male	75,4	73,4	72,1	70,5	71	71,4	72	72,4	73,6	73,8
Female	69,1	65,5	64,9	64,6	65	65,5	67,8	68,8	69,3	70,1
Youth (15 - 24)										
Total	30,0	26,2	25,1	26,3	27,4	30,8	30,3	29,6	28,1	29,3
Male	34,1	30,9	29,5	29,3	31,8	35,4	33,9	32,8	31,9	32,4
Female	25,8	21,4	20,5	23,1	22,8	26,0	26,7	26,3	24,1	26,1

Sources: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database

The total employment rate, as well as those of men and women, was rising in 2004-2007. As the crisis hit, employment rates fell considerably in 2009 and 2010. However, even though male employment rate among total working population every year was higher than for female, it also decreased in larger steps during the crisis in 2009 and 2010. Due to this fact, in 2009 and 2010, for the first time the male employment rate was lower than the female rate (56.8% for the male and 58.7% for the female population).

When analysing the situation in youth employment, similar overall trends can be seen (see Table 2): gradual rise from 2004-2008 to be followed by a fall over 2009 and 2010; also, young men's employment rate decreased during the crisis being higher compared to young women.

As is apparent from Table 2, the total working population employment rate is about three times higher than youth employment rate. However, this situation can be explained by the fact that in Lithuania a large part of young working-age people are still in education and training. However, it has to be mentioned, that finding gainful employment is harder for young people in Lithuania due to the lack of experience required by most of employers.

Table 2. Total and youth employment rates in Lithuania by sex, 2003–2012 (%)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total (15 - 64)										
Total	62,8	61,4	62,6	63,6	64,9	64,3	60,1	57,8	60,3	62,2
Male	65,8	65,2	66,1	66,3	67,9	67,1	59,5	56,8	60,4	62,5
Female	60	57,8	59,4	61	62,2	61,8	60,7	58,7	60,2	61,9
Youth (15 - 24)										
Total	22,5	20,3	21,2	23,7	25,2	26,7	21,5	19,2	19,1	21,6
Male	26,3	24,0	24,8	26,4	29,6	30,9	22,0	20,2	21,0	22,7
Female	18,5	16,5	17,4	20,9	20,5	22,2	20,9	18,2	17,0	20,4

Sources: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database

In the first quarter of 2012 there were 35,900 unemployed persons aged 15-24. Compared to the fourth quarter of 2011, the number decreased by 6,300 (14.9%). Therefore, every thirteenth person

was unemployed. The youth unemployment (aged 15-24) in 2012 was 21.9% for women and 29.9% for men. Compared to 2011, there was a decrease of 7.4 and 4.4 percentage points respectively. The unemployment rate for men was considerably lower than the EU28 average (23.4%) and slightly lower for women than the EU28 average (22.1%).

Total unemployment decreased from 13% in 2003 to a very low 4.4% in 2007 (see Table 3). In 2008, increase of unemployment started, and in 2010 the rate reached its highest value, which was more than four times higher from the one in 2007. After this peak in 2010, unemployment has been decreasing gradually, being 13.5% in 2012.

Table 3. Total and youth unemployment rates in Lithuania by sex, 2003–2012 (%)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total (15 - 64)										
Total	13	11,4	8,4	5,7	4,4	5,9	13,9	18	15,5	13,5
Male	12,7	11,2	8,3	5,9	4,4	6,1	17,3	21,5	18	15,4
Female	13,2	11,6	8,4	5,5	4,4	5,7	10,5	14,6	13,1	11,7
Youth (15 - 24)										
Total	24,7	22,1	14,9	8,6	6,8	12,2	29,0	35,3	32,2	26,4
Male	22,3	22,0	15,2	8,8	5,5	11,4	35,2	38,9	34,3	29,9
Female	28,0	22,3	14,5	8,4	8,6	13,4	20,7	30,6	29,3	21,9

Sources: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_ifs/data/database

Compared with the total working population, trends in the changes for youth unemployment rate are similar. It is important to mention, that youth unemployment rates are about two times higher in comparison with the total working population.

In addition to the high unemployment rates of young people, it is worrying that a considerable share of them is neither employed nor obtaining education (so-called NEET). The lowest rate was in 2007 (9.6%), but during the crisis it almost doubled (18.2% in 2010). In 2009 and 2010, almost one out of every five young male persons was neither employed nor in education or training. It is interesting to note that from 2003-2008 young female NEET rate was higher in comparison with young male, but in 2009 the situation changed and the rate for the young female NEET was lower instead.

Table 4. Not in employment and not in any education and training, % of young people aged 18–24 (NEET rates)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	14,4	15,2	12,1	11,4	9,6	12,3	16,9	18,2	15,7	14,9
Male	13,5	14,0	11,3	10,7	8,4	11,6	19,2	20,2	17,0	17,0
Female	15,3	16,4	13,0	12,0	10,9	13,1	14,5	16,1	14,4	12,7

Sources: <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

The share of early leavers from education and training (% of population aged 18-24) is higher for men than for women, with a rate of 8.2% for boys and 4.6% for girls in 2012. The early school leaving rate in Lithuania is lower than the EU28 average in 2012 for both men and women (14.5% and 11.0% respectively).

The considerably higher youth unemployment rates compared to the ones for total working population clearly show the disadvantaged situation of young people in the labour market in Lithuania. It could be related to the school leavers lack of work experience, but it can also be due to the fact that almost one out of every ten students has dropped out of school and has low education levels. It can be seen from Table 5 that early leaving rates from education and training are about twice as high for males as for females.

Table 5. Early leavers from education and training by sex, 2003–2012 (% of population aged 18–24)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	13,4	11,4	10,5	8,1	8,2	7,4	7,4	8,7	8,1	7,2	6,5
Male	15,4	13,6	12,4	10,7	10,5	9,6	10	11,5	9,9	9,7	8,2
Female	11,4	9,1	8,6	5,6	5,8	5,1	4,7	5,7	6,2	4,5	4,6

Sources: <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

Young people's participation in formal education rates have remained on rather similar levels since 2003 (see Table 6). What is apparent is that the participation of female population in education is higher compared to the male population.

Table 6. Participation in formal education, 2004 - 2012 (% of population aged 15–24)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	72.2	74.0	73.0	74.6	73.4	72.6	72.9	75.3	73.9
Male	69.1	70.9	70.6	71.3	69.8	69.7	70.4	71.6	70.2
Female	75.4	77.1	75.5	77.9	77.2	75.7	75.5	79.2	77.8

Sources: <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

Since 2003, the total tertiary education attainment has been constantly increasing in Lithuania. It is interesting to notice that the female population has a higher share of attaining tertiary education compared to the male population, as can be seen from Table 7. In addition to the female rate being higher, it has also grown more during the last decade – if the rate for male population has grown by 6.1% from 2003- 2012, then female population rate during the same period gained 11.7%. This can be seen as an interesting paradox: women seem to be more educated in comparison to men, but still have higher unemployment rates.

Table 7. Tertiary education attainment, 2002–2012 (% of population aged 15–64)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	72,2	74,0	73,0	74,6	73,4	72,6	72,9	75,3	73,9

Male	69,1	70,9	70,6	71,3	69,8	69,7	70,4	71,6	70,2
Female	75,4	77,1	75,5	77,9	77,2	75,7	75,5	79,2	77,8

Sources: <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

3. Youth unemployment: research, policies and challenges

The national research on youth unemployment in Lithuania is rather limited. However, the constant monitoring of youth situation on the labour market is executed by the Lithuanian Ministry of Social Security and Labour⁵.

The largest part of the research is mostly targeted towards analysing the integration of the unemployed youth into the labour market, situations of socially vulnerable youth in the labour market, and youth social exclusion issues.

Braziene and Merkys (2013) analysed Lithuanian youth transition from education to the labour market. A representative social survey in Lithuania was carried out. The research results allow concluding that for successful youth transition from education to the labour market successful apprenticeship and adaptation in the first job are important.

Braziene and Dorelaitiene (2012) analysed transition of Lithuanian youth from education to the labour market. The research results revealed that the main challenges concerning successful youth transition from education to the labour market are the following: the supply of professions mismatches the demands of the labour market, there is lack of compliance between educational system and labour market demands, youth often lacks necessary skills and personal qualities for a particular working place, Lithuania lacks more profound labour market forecasts, etc.

Okuneviciute and Neverauskiene (2008) analysed the situation of young people (among them the situation of socially vulnerable youth as dropouts, young convicts without imprisonment and people who undergo treatment in rehabilitation centres for drug abusers) in the labour market and their obstacles seeking for employment. The analysis of the authors relies on the survey of young people, which was performed in 2006–2007 under the EQUAL project “Lithuanian youth occupation development community”. The empirical study highlighted the main problems of young people aged 14–29 who are willing to be employed and allowed to identify their needs on the way towards integration to the labour market.

Beresneviute and Poviliunas (2007) carried out a survey of Master’s students’ integration into the labour market. The results of the study revealed that only a part of the surveyed graduates consider their studies as facilitating in their preparation for the employment. It is important to stress, however, that two-thirds agree that Master’s studies helped them prepare for their professional activity and guarantee a more successful professional career.

Policies

Active labour market policy measures, as the employment policy instrument, have been given particular attention in solving social and economic problems encountered by the Lithuanian labour market. Active labour market policies are measures aimed at helping people seeking employment to improve their employment opportunities and harmonising the supply of and the demand for work

⁵ <http://www.socmin.lt/>

(the Law of the Republic of Lithuania on Support for Employment, 2009⁶). In Lithuania, ALM covers quite a broad variety of measures: 1) brokerage between job seekers and entities offering jobs (consultancy, registration of vacant jobs, assistance in seeking jobs, etc.); 2) improvement of professional abilities (professional training and re-qualification); 3) creation of jobs (public works, encouragement of self-employment, etc.); 4) change of the employment supply pattern (e.g. additional support for the employment of target groups of population).

According to the NRP, it is especially important for Lithuania to achieve goals of employment, to tackle high unemployment, in particular among youth, the low-skilled and the long-term unemployed, by focusing resources on active labour market policies while improving their efficiency; to enhance the effectiveness of apprenticeship schemes; to amend labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements.

Youth policy comprises the activities targeted at finding solutions to youth problems and seeking to create favourable conditions for young people, and their integration into social life. Over the period of 2012-2016 the Government of Republic of Lithuania approved the number of youth policy priority measures. In the context of youth unemployment, it is important to measure the following: 1) to provide measures and actions for increasing youth employment and promotion of entrepreneurship; 2) to enhance youth unemployment prevention, develop and improve vocational orientation and counselling.

There are many different areas of measures being adapted and implemented. These measures positively affected the situation on the labour market in Lithuania. Subsidies for job creation are granted for the establishment of a work place for oneself or for starting individual business under a business certificate. LTL 14.1 million was allocated for the support of creating work places. 10,233 job seekers created work places for themselves through the use of the subsidy for the creation of work places.

Raising Youth Employment

The implemented project “Raising Youth Employment” allowed 3,700 young unemployed people under the age of 29 to establish themselves in the labour market through the measures of supported employment and acquisition of professional skills in a work place.

As of the beginning of 2013, a performance-oriented management model has been implemented in all local labour exchanges. The new model is based on the profiled service of the unemployed: job seekers registered with the labour exchange are served taking into consideration their individual needs and skills, establishing the provision of the necessary services and participation in active labour market policy measures, drawing up individual employment action plans and carrying out targeted activities in order to integrate them into the labour market. The implementation of this model is directly linked to the application of the individual responsibility and motivation system of employees of local labour exchanges in charge of employment.

In the implementation of the programme “Increase in labour market participation and employment assistance, particularly to young people”, the implementation of forms of apprenticeship training was started. Tests for student internship models were created during the projects “Creation and implementation of international internships and traineeships for students and teachers of the Lithuania’s schools of higher education” and “Creation of the model for international internships (traineeships) of first and second-cycle students and teachers of the Lithuanian schools of higher education in companies and international organizations residing abroad (EU, EFTA and NATO countries)”; also, works for developing the internship and traineeships search and organisation

⁶ Law Support on Employment: http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=279173&p_query=&p_tr2=

portals were carried out. In the implementation of the programme “Reduction of the mismatch between the demand and supply of skills and competences”, the conditions for better consistency in the need of vocational training and labour market were created. The “Promoting Entrepreneurship”, which is one of the measures of the Human Resources Development Programme for 2007–2013, was enforced.

Active labour market policy measures (13.2% of which was dedicated for vocational training, 11.3% for the support for acquiring professional skills, 31.5% for employment subsidies, 14.1% for the support of the establishment of new work places and 28.4% for public works), 5, 570 unemployed persons and job seekers took part in vocational trainings and LTL 20.7 million was used for vocational training. The average cost of trainings was LTL 3 707,3 for one person. 89% of people, after having completed training courses, were employed within 6 months after the completion thereof; 2) the support for acquiring professional skills in work places was arranged for qualified unemployed people, who were in need for the acquisition of skills or the restoration thereof, as well as for employees of working-age, who had received a notice of dismissal. 4,128 people received support for the acquisition of professional skills, and LTL 11.3 million was used for this purpose. The average costs for the support for acquisition of professional skills amounted to LTL 4165,8 for one person. Within the period of 6 months, 77.2% of persons who had acquired professional skills were employed.

Professional training for young unemployed persons

Young unemployed persons as well as people who have been given dismissal notice, have the possibility to adjust to the demands of the labour market by participating in the professional training initiative for the unemployed. Owing to this initiative, the unemployed can acquire a profession, improve their qualification, and re-qualify. During the training period, the unemployed receive a training scholarship for 3 months, and their travelling and accommodation expenses are covered. In 2011, this opportunity was seized by 21,000 young people.

On 1 January 2012, the “voucher system”, according to which professional training of the unemployed is related to future employment, was put into operation. According to this system, the employer undertakes, upon signing a tripartite agreement, to provide an unemployed person with a job for a period of at least 12 months, with the training expenses of the unemployed being covered by the Labour Exchange.

Databases and information centres

Information on employment opportunities for final-year students and graduates of higher education institutions as well as for employers is provided by the database *Talenty Bankas* (The Talent Bank). Furthermore, there is a database on the current jobs intended for students and pupils. 11 youth employment centres, where training on professional information, career planning, and improvement of job search skills is provided, operate at territorial labour exchanges. In 2011, information and consultancy services were used by 196,000 young people seeking employment (in 2010, the corresponding number was lower by 24,000); 52,000 individuals participated in events and training courses intended for target groups (i.e. 6000 young people more than in 2010).

Financial measure for the enhancement of entrepreneurship and self-employment

In order to increase the entrepreneurial spirit of young people, they are provided with an opportunity to start and develop business under preferential loan conditions (with application of a lower interest rate). In 2011, this opportunity was seized by 57,000 young people, i.e. 39% of all individuals who received preferential loans.

The Entrepreneurship Promotion Fund (EPF), founded under the initiative of the Ministry of Social Security and Labour and the Ministry of Finance, extends micro-credits, i.e. loans up to EUR 25,000 with especially low interest to young people (under 29). During the first five months of this year, 93 micro-credits amounting to EUR 1.53 million were extended; 321 new jobs were created in 2011; nearly 300 individuals under 29 received loans during the period from November 2010 to 1 July 2012 (Ministry of Social Security and Labour, 2012). More active borrowing was observed compared to the same period of the previous years: the number of extended loans grew by 31%, with the amount of the loans having increased by 23% compared to the first half of 2011. Retail and wholesale trading, public catering, beauty services, short-term car rent, recreational activity, and advertising enterprises were among the most active borrowers from the Fund. Young people use this kind of support more actively compared to other target groups.

Furthermore, since the start of this year another benefit, actively used by young people, has been applied for those taking micro-credits: borrowers are compensated 95% of the interest paid (Ministry of Social Security and Labour, 2012).

In order to facilitate the process of the establishment in the market for business newcomers, the Ministry of Social Security and Labour is planning to launch a new measure, "Subsidies for Entrepreneurship Promotion" according to which, subsidies will be provided to borrowers from the State Studies Foundations for partial compensation of salaries and wages.

Youth actively uses first business year baskets, which correspond to a LTL 6000 voucher allowing an individual to establish a company within 6 months while using various services intended for a start-up business. In 2011, enterprises founded by young people at the age of 18-29 years accounted for as many as 70% (around 240 enterprises) of all companies that enjoyed the vouchers.

If young people opt for individual activities under a business licence, subsidies for partial cover of expenses for the acquisition of business licence and social insurance contributions are provided. Subsidies are granted only if business licence is issued for a period of not less than 1 month or extended for a period of 12 months and amounts to no more than LTL 20,000 per month.

Lithuanian venture capital funds financed by the EU Structural Funds may extend support that can be allocated to support enterprises or ideas with high growth potential, provided that they comply with the investment criteria.

On 1 August 2012 the Lithuanian Labour Exchange started the implementation of the project "Improvement of Youth Employment" financed by the European Social Fund, the purpose of which is to promote youth employment by creating possibilities for the acquisition of practical skills and getting a foothold in the labour market (Lithuanian Labour Exchange, 2012). An employer hiring a young individual under 29 for a period of 4 months will be able to receive a subsidy amounting to up to 50% of the accrued labour compensation (the Ministry of Social Security and Labour, 2012).

Measures for the formation of work skills and career-significant competences in the education system

The skills and competences of youth are constantly developed by updating of training and study programmes, and organising practical studies and internships for students. Students also have the possibility to choose a collateral study field, and both are recorded in the diploma.

The system of social benefits for employers hiring young people without work experience

The benefit for social insurance contributions for an individual being employed for the first time was enjoyed by 27,800 individuals during the first three months of 2012 and by 62,000 young people in 2011, which allowed employers to save more than EUR 14 million. The benefit for social insurance compensation is planned to be extended as a highly effective initiative with the use of the funds of the European Social Fund (Ministry of Social Security and Labour, 2012). On the basis of a new measure “Support for the First Job” (effective from 1 August 2012 to 1 August 2013), which would provide an incentive for an employer to hire a young individual with no experience, support will be provided to an individual aged 16–29, who is employed under an employment contract for the first time provided that he/she had no previous employment. The support is allocated for partial compensation of salaries/wages within a period of 12 months, and EUR 9 million is planned to be allocated for the initiative. According to the Minister of Social Security and Labour, this very type of business incentive, aimed at helping young people to enter and integrate into the labour market, is highly effective (Ministry of Social Security and Labour, 2012). However, despite the fact that a subsidy for compensating salaries/wages is allocated for employers who hire young specialists under 29 or employing a young person starting to work within one’s speciality area, there are no statistical data substantiating the efficiency of the measures provided by the Lithuanian Labour Exchange, i.e. whether contracts concluded with young people are extended after the payment of subsidy terminates.

National Programme for Youth Entrepreneurship 2008–2012

The youth unemployment rate considerably exceeds the national average. Youth unemployment rate increased more considerably than on other segments of population. National Programme on the Development and Promotion of Youth Entrepreneurship 2008–2012 is aimed at the development and promotion of youth entrepreneurship. The purpose of this programme is to create consistent, effectively working education system of youth entrepreneurship. This programme aimed at financing projects that contribute to the analysis of the situation of the development and promotion of youth entrepreneurship in Lithuania and the creation, improvement, and development of the existing and new entrepreneurship methodologies. The main goals of this programme are the following:

- To introduce entrepreneurship education measures in 500 secondary schools;
- Every year approximately 50 000 students will participate in this programme;
- Every year approximately 400 teachers from secondary schools, vocational education schools, colleges, and universities will participate in this programme.

Measures of the National Programme on the Development and Promotion of Youth Entrepreneurship 2008–2012 are implemented by the Ministry of Education and Science, Ministry of Economy, Ministry of Agriculture, Ministry of Social security and labour, Lithuanian Labour Exchange under the ministry of Social Security and Labour, municipalities and other social partners. Coordinator of the implementation of National Programme on the Development and Promotion of Youth Entrepreneurship 2008–2012 is Lithuanian Ministry of Social Security and Labour.

There are a number of measures that are designed specifically for youth to increase their labour market participation. Among those measures it is important to mention professional training for young unemployed persons, financial measures for the enhancement of entrepreneurship and self-employment, the system of social benefits for employers for hiring young people without work experience, etc. However, these measures are mostly targeted reducing consequences. Lithuania still lacks more efficient measures to improve educational choices, acquisition of competences and skills, decreasing the high level of mismatch between education and the labour market.

4. Youth migration trends

Lithuania is one of the new EU “sending countries“ with an average of 30,000 persons leaving the country every year. The most important factors of explaining emigration are the high rates of unemployment, especially among the youth, and relatively low wages. 85% of unemployed had been unemployed for a year or longer before departure. On the other hand, immigration to Lithuania is relatively low. According to the information provided by the Migration Yearbook 2012, the largest part of immigrants comes from Belarus, Russia and Ukraine. During the last decade approximately 65,000 people a year immigrated to Lithuania. Moreover, about 80% of the immigrants are returning Lithuanian residents. In 2012, the main destinations of emigrants are the United Kingdom and Ireland.

According to the survey in 2010, the emigration is led predominantly by young, single and educated individuals. The 2010 survey data shows that 55% of the emigrants were 20 to 35 years old, 52% were women. 25% of the migrants have tertiary education level.

When talking about emigration, there is a huge increase of emigrants, both in the 15 to 64-year-old population and also the younger population. In 15 to 64-year-old population, from 19,001 emigrants in 2009 we have more than doubled figures making it 47,796 emigrants in 2011. Same pattern is visible in youth population as well. It is interesting to point out that there are more female than male emigrants in youth population.

Table 1. Emigration (total working population (15–64) and youth (20–24))

Year	2008	2009	2010	2011
Total (15 - 64)				
Total		19.001		47.796
Male		10.320		23.897
Female		8.681		23.899
Youth (20 - 24)				
Total	2.141	2.710	15.131	11.724
Male	1.005	1.228	6.867	5.644
Female	1.136	1.482	8.264	6.080

Sources: <http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data/database>

Looking at statistical figures provided by the Eurostat, from 2010-2011, immigration more than tripled in Lithuania with more than 14,000 new immigrants aged 15–64 in 2011. The same tendency is visible both among male and female population. It is also noticeable that there are more male immigrants than female ones. Youth immigration follows a similar pattern. It is interesting to outline that youth immigrant number was dropping during crisis period but has skyrocketed in 2011 by more than four times.

Table 2. Immigration (total working population (15–64) and youth (20–24))

Year	2005	2006	2007	2008	2009	2010	2011
Total (15 - 64)							
Total					5.495	4.545	14.247
Male					2.878	2.472	7.786
Female					2.617	2.073	6.461
Youth (20 - 24)							
Total	1.192	1.218	1.195	1.187	743	818	3.600
Male	605,0	621,0	601,0	667,0	385,0	432,0	1.881,0
Female	587	597	594	520	358	386	1.719

<http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data/database>

The main model of internal migration is mostly targeted towards youth emigration from rural to urban areas.

Legal framework and policies

According to the **Migration Yearbook 2012**⁷, the main documents that regulate migration processes in Lithuania are the following (as of 1 January 2013):

- *Law of the Republic of Lithuania on the Legal Status of Aliens* (as amended, in force since 30 April 2004);
- *Law of the Republic of Lithuania Implementing the Law on the Legal Status of Aliens* (in force since 30 April 2004);
- *Law of the Republic of Lithuania on Citizenship* (as amended, in force since 1 April 2011);
- *Law of the Republic of Lithuania on Personal Identity Card* (as amended, in force since 1 January 2003);
- *Law of the Republic of Lithuania on Passport* (as amended, in force since 1 January 2003);
- *International treaties of the Republic of Lithuania on Travelling of Citizens of both states* (in force with 2 states: Belarus and Russia);
- *International treaty of the Republic of Lithuania on the procedure of issuing facilitated railway transit documents* (in force with Russia from 30 June 2003, and applicable only to citizens of the Russian Federation);
- *International readmission treaties of the Republic of Lithuania* (in force with 25 states: Armenia, Austria, Belgium, Estonia, Greece, Georgia, Iceland, Spain, Italy, Croatia, Latvia, Poland, Luxembourg, Moldova, the Netherlands, Portugal, France, Romania, Russia, Slovenia, Finland, Switzerland, Sweden, Netherlands, Portugal, France, Romania, Russia, Slovenia, Finland, Ukraine, Germany).

In 2012, a number of amendments to the Lithuanian **Law on the Legal Status of Aliens**⁸ were adopted, with a view to transposing and implementing provisions of legal acts of the European Union including the Blue Card Directive, Long-Term Residence Directive, Return Directive, and Employer Sanctions Directives.

⁷ <http://www.migracija.lt/index.php?-1820634528>

⁸ http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=356478

In 2013, the Seimas (Lithuanian Parliament) ratified the 1961 United Nations Convention on the Reduction of Statelessness and drafted legal acts to integrate its provisions into national law. The draft provisions stipulate more favourable conditions for the naturalisation of stateless persons born in Lithuania. In 2012, citizenship and naturalization was granted to 183 persons, the majority of whom had been stateless.

Research

The majority of research targeted towards analysis of emigration is lacking age dimension. However, the authors of a study on return migration (Sipaviciene, et al., 2009) claim that due to migration, Lithuania first loses young people (around half the migrants are young people under the age of 30 and around 80% of migrants are people under the age of 40), which means that in the future it will affect both – the development of demographic processes (wedlock, fertility, family) and of labour resources, which might force the country to import them from third countries.

The study conducted by the **Labour and Social Research Institute** (2006) on analysis of labour demand and job vacancy filling issues, examined the dynamics of the number of jobs (labour demand) and existing job vacancy filling patterns in various regions of the country between 2001 and 2005. At that time, this study was particularly relevant because there were a large number of vacancies that were difficult to fill. The study included a description of some of the reasons why vacancies were not filled:

- Low wages offered by employers for individuals registered with the Labour Exchange;
- High number of unskilled persons registered with the Labour Exchange;
- Structural unemployment in individual areas;
- Those who are unemployed and have specialized skills lack vocational training;
- Poor mobility of the unemployed between towns etc.

In 2006 the Lithuanian Free Market Institute carried out a study “Migration: Main reasons and guidelines for changes”. The study reviews migration tendencies of the Lithuanian population, focuses on an analysis of the reasons for emigration, and presents public policy recommendations. It concludes that the main reasons for emigration are low wages and high unemployment rates in Lithuania and the growing demand for labour in Western European countries. It is noted that unemployment rates dropped significantly because of emigration and the population leaving the local labour market. Emigration of workers and the reduction in labour supply has led to increased salaries in particular sectors of the economy and improvement of working conditions.

A research paper prepared by the Centre of Economic and Legal Advice in 2007⁹ is an analysis of the labour market and includes suggestions for resolving the problem of labour force shortage, taking into account the State's economic development forecast for 2008-2015. It revealed that since 2002 the Lithuanian labour market has been dominated by trends in the growth of labour demand and reduction of labour supply. A shrinking labour supply due to emigration is unable to meet labour market needs. Economic growth that began in 2002 can be identified as the main reason for the growth of labour demand in Lithuania. Meanwhile, emigration and the negative natural growth of the population are the major causes of reduction in the labour supply in Lithuania.

The study noted that both in Lithuania and in the European Union, labour market and employment policy is focused on implementation of the main tasks of the Lisbon Strategy. In order to ensure overall labour market efficiency, the European Union's labour market policy focuses on promotion of labour mobility within the EU and formation of a common immigration policy for those from developing countries. The study offered two solutions for the labour shortage:

- Efficient use of available national human potential;

⁹ Study Analysis of labour market and suggestions on resolving the problem of labour force shortage, taking into account state's economy development forecast for 2005-2013, commissioned by the Ministry of Economy in 2007

- Acceleration of labour migration from third countries.

The authors of the study emphasise that labour market policy in Lithuania is oriented towards development of human resources, while immigration from third countries to Lithuania, in contrast to the EU's labour market policy, cannot be regarded as a primary measure for addressing the labour shortage problem and can only be regarded as a secondary mean to fill emerging labour shortages.

In 2008, the Public Policy and Management Institute conducted a study *Influence of European Union migration policy initiatives on Lithuania and Lithuania's goals in shaping European Union policy in the area of legal and illegal migration*. In this study, the main objective was to identify Lithuania's interests in the area of labour immigration from developing countries.

In 2009, the International Organization for Migration (IOM) Vilnius office and the European Migration Network (EMN) National Contact Point (NCP) for Lithuania in cooperation with the Social Research Institute published a study titled "Return migration: theoretical insights and situation in Lithuania". The study evaluates governmental initiatives to promote return migration of Lithuanian nationals and states that return migration was given a clear preference only in the face of mass labour force shortages in many economic sectors and only as a better alternative to bringing foreign labour force.

5. Country specific issues

Gender differences in educational attainment among young women and men

According to the data provided by the Eurostat¹⁰, on average the educational attainment during the last decade has increased for both women and men. However, the rate of male early school leavers is higher from that of women. Male students are more likely to drop out from education than female students. Moreover, the increase of women's enrolment in tertiary education is almost twice as high as the male enrolment rate.

High rates of youth not in education, employment or training

The rates of youth that are not in education, employment or training is high for both of the age groups 15-24 and 25-29¹¹. The "Programme for Intensive Long-Term Assistance for Young People Who Are Not in Education, Employment or Training" was developed. This programme is aiming at promoting integration of socially excluded youth into the labour market and/or education system providing services of social rehabilitation and preparation for employment in the labour market with regard to the experience of non-governmental organisations. In the course of implementation of the programme, a system will be created and enforced for long-term intensive assistance of social rehabilitation and preparation for employment in the labour market, to encourage integration into the labour market and/or education system, helping to raise self-esteem and a sense of responsibility of youngsters, restore, develop and maintain social and independent life skills.

Mismatch between education and labour market demands

According to the survey research carried out by the Department of Youth Affairs¹² under the Ministry of Social Security and Labour, Lithuania is one of the countries where mismatch between education and labour market demands are very high. According to the survey results, more than 45% of the

¹⁰ <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

¹¹ <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

¹² <http://www.jrd.lt/en>

tertiary and vocational education graduates are not employed according to the acquired education, and for successful entrance into the labour market need an additional training.

Regional differences in employment/unemployment rates

According to the data provided by the Lithuanian department of statistics¹³, higher rates of youth unemployment in rural or remote areas are a significant problem in Lithuania. This is partly due to the lower development of some factors, such as a lack of working places and lack of decent employment. In comparison with 2012, youth (15 to 24-year-olds) unemployment level was 26.4%; in rural areas this indicator was considerably higher with 32.8%.

¹³ <http://www.stat.gov.lt/en>

Summary and conclusions

The analysis of statistical data, policy measures, and relevant research allows to conclude the following:

- 1) Youth unemployment remains a significant problem in Lithuania. Despite the measures applied, youth unemployment remains higher than employment for all ages. The young people on the Lithuanian labour market suffered from a particularly high risk of becoming unemployed and they were affected the most by the crisis in 2008. The governmental strategy is mostly aimed at creating self-employment, training etc., instead of providing young people with high quality and decent jobs. Existing youth job centres that are limited only to larger cities or towns do provide counselling and information, but in reality they can help very little in providing jobs;
- 2) Despite the relatively high levels of education, considerable part of the graduates are lacking appropriate experience, skills and abilities for a particular working place; this makes them less attractive to the employers; the mismatch between labour market demands and skills attained by the young people are very high;
- 3) The number of working age emigrants from Lithuania since 2004 is increasing every year (peaking in 2010), whereas the number of immigrants is considerably lower. This leads to the net migration being strongly negative. The high rate of youth unemployment and the lack of decent employment conditions are the main reasons for the high levels of emigration of young people from the country. Limited and constantly declining number of workplaces in Lithuania is also one of the main factors of relatively high rate of emigration among young people. In addition, shortages of working places influence the increasing internal migration from rural to urban areas.

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