

Characteristics of Lithuanian labour market policy development (situation analysis and development prospects, second part).

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The second part of the article (for the first section see the 26th issue of this journal) examines issues concerning the formation of Lithuanian labour policy in the period from 2001 to 2008. The study reveals that during that period Lithuanian labour market policy was modelled in view of preparing for the European Union (EU) accession stage, harmonising Lithuanian labour market policy with EU normative acts and implementing the common European Employment Strategy (EES). The national labour market policy was also drawn up in line with 'homework' assigned by the European Commission (EC) and the aim to create an active, flexible and stable labour market, also one that reflects national interests. The article presents practical and theoretical assessment of the separate stages of Lithuania's labour market policy development. This article is a continuation of the first attempt to draw up an analytic assessment of changes and management characteristics to labour market development in the re-established Republic of Lithuania.

Keywords: labour market, human resources, employment, unemployment, labour market policy.

Reikšminiai žodžiai: darbo rinka, žmogiškieji ištekliai, darbas, nedarbas, darbo rinkos politika.

Introduction

Lithuanian labour market policy issues are addressed in public administration institution files, with increasing attention to this topic by Lithuanian university scholars and those of public education institutions, namely Čėsnaite B., Damidavičius M., Davulis T., Dienys V., Gruževskis B., Jančiauskas E., Kabaila A., Kanopienė V., Lazutka R., Martinkus B., Motiekaitienė V., Pocius A., Savanevičienė A., Sipavičienė A., Šileika A., Vaitiekūnas S. and Vilkas E. among others. In their work the said scholars address and analyse changes to the labour market and their trends, employment assessment models, the significance of human resources to Lithuanian economic development and

problems concerning wages, labour regulations and other issues that impact employment and labour market policy. It should, however, be noted that regardless of increasing attention to the topic of labour market in Lithuanian scholarly writings, a systemic assessment of state labour market policy development focused on human resources, whereas the analysis of the stages of such development have so far been insufficient.

The first section of the article focuses on the changes to the labour market policy during 1990 to 2000. It identifies key factors impacting the country's labour market policy, namely the development of the structural reform, changes to workforce supply and demand, the level of unemployment, minimum wage policy, legal regulation of

employment relations, co-operation among social partners and social responsibility carried by companies or employers to name just a few [4, p. 46].

Over the past decade Lithuanian labour market policy has been increasingly influenced by economic and work migration and global economic changes, which prompted the demand for creating a stable, flexible and secure labour market in Lithuania.

As revealed by expert interviews, an adequate scientific assessment of the approach to Lithuanian labour market policy in the context of its stages of development is still lacking. This article continues to analyse the increasing focus on human resources in Lithuanian labour market according to specific development stages:

- Implementation of the aims outlined in Lithuanian Employment Growth Incentive Program for the period of 2001 to 2004, when unemployment was stunted and started decreasing. As experts note this national employment incentive was among Lithuania's most specific and most successfully implemented ones;
- The tendencies and changes to Lithuanian labour market policy in 2005 to 2007, after Lithuania became a full-fledged member of the European Union (EU).

The second part of the article features a comparative analysis and an assessment of analytic results – based on scientific, methodical literature and statistical information – of labour market management and inclusion of human resources in Lithuania's labour market during the period ranging from 2001 to 2007, including an overview of the results of the expert interview.

4. Lithuanian Labour Market Policy in 2001 to 2004 – shifting for the better.

The setting that formed Lithuanian labour market policy over the period from 2001 to 2004.

The situation in the labour market remained tense in 2001 as 299,000 Lithuanians – 60 percent of them men - were seeking employment. [19, p. 42]. Regardless of the fact that there were 64,200 less unemployed (4 percent) in 2001 compared to 2000, the level of unemployment according to the workforce survey reached its 10-year high at 17.4 percent. Territorial unemployment differences in vicinities with a one-sided emphasis on economic development continued to grow, as individual

company closures resulted in 20 percent unemployment,¹ the situation with the real wages continued to deteriorate and dropped by another 2 percent in 2001. [19, p. 7]. Moreover, the beginning of the said period was followed by controversially acclaimed efforts of state and private organisations as intermediaries to procure job placements for Lithuanian citizens in companies operating abroad.²

The continuously deteriorating situation in the labour market called for immediate measures, one of which came in 2001 in the form of a PHARE Twin Project 'Preparation for the European Employment Strategy', which helped improve Lithuanian employment policy and the skills of the implementing institutions. [19, p. 47].

Seeking to accommodate Lithuanian labour policy to the EES,³ the government together with the European Commission (EC) Directorate-General for Employment, Social Affairs and Equal Opportunities approved a collaborative resolution on Lithuanian employment policy priorities. The document presented an analysis and assessment of the country's progress in shaping and implementing employment policy. It also outlined the aims of employment and labour market policy – focusing on development of active policy, structural improvement of the labour market, supplementary support to most vulnerable societal groups, etc – which needed to be met in preparation to partake in the co-ordination process of a common EU employment policy. This document became a considerable step amid preparations for EU accession.⁴

Over the years 2003 and 2004 Lithuania had to take measures in its employment policy so as to reduce the gap separating its employment levels to those of the old EU member states – the EU 15 – and bring it closer to the goals set out in Lisbon and Stockholm. Employment and labour market

¹ Druskininkai, Lazdijai, Šalčininkai, Akmenė and Pasvalys were among the districts with highest unemployment rates.

² The Lithuanian Labour Exchange in 2001 alone mediated job placements abroad for almost 900 Lithuanians, another 39 private companies became licensed and employed abroad another 3,000 people [19, p. 44].

³ The EES was passed in 1997 and became one of the key documents for co-ordinating EU policy priorities in this domain, i.e. common employment policy, national reform programs and recommendations for individual states. Projects are co-ordinated under the principle of goal-focused management. The EU employment level went up over the 10 years since EES was adopted from 60.7 to 64.3 percent [2, p. 3].

⁴ The EC aimed for candidate states to accommodate its institutions and policy provisions to the EES, so that the countries could fully implement strategic aims upon EU accession [2, p. 5-7].

policy goals are from this point based on the following strategic provisions:

- high level of employment as one of key conditions for the country's social economic development and a warrant for social security and welfare of its inhabitants;
- unemployment should be tackled by economic means, i.e. by setting favourable conditions for creating new jobs;
- employment incentives are best reached by improving effectiveness of investments, fiscal, monetary, foreign trade, regional development and similar measures;
- there is a need to enhance and better utilise the professional and creative potential of the workforce.

A systemic breakthrough from the ever-increasing unemployment to its awaited downward spiral was typical of this particular period. In 2004 Lithuania was approaching the employment level goals set in Lisbon and Stockholm for 2010, albeit only in terms of some societal groups, namely women and the elderly.

In view of maintaining high employment levels, government policy aimed to warrant continued employment of aforementioned inhabitant groups, also developing the economic activity of other societal groups and up-keeping policy focused on employment incentives. The government conducted integrated assessments of the country's political, social and economic goals so as to begin taking specific steps towards bringing employment levels closer to 70 percent and maintain unemployment at below 6 to 7 percent [20, p.25].

Upon its EU accession, Lithuania presented to the EC its first National Action Plan for Employment in 2004, which, outlined the government's political commitments and key measures for implementing the national employment policy and presented responsive measures to EU recommendations, in consideration of EES employment benchmarks and recommendations made specifically to Lithuania,. The National Action Plan for Employment for the first time accommodated the provisions of the pre-accession period to those of the common European Employment Strategy, the EES.

Lithuanian labour market in 2001 to 2004. In an attempt to warrant the right of employees from bankrupt businesses or those going bankrupt to the revenues they have worked off, in 2001 the government established the Guarantee Fund, which in that same year satisfied claims filed by 20,600 inhabitants. However, this period was of significance

for Lithuania not just because of the government's efforts to emerge from the complicated situation in the labour market, but also because it started direct preparations for EU accession. It was necessary during this period to accommodate Lithuania's economy in terms of employment levels to EU-set key strategic directions, the most important of which are as follows:

- developing a system for creating new jobs, promoting local employment incentives;
- promoting employment (activating the labour market policy, enhancing employment skills, improving career education, enhancing employment and social cohesion);
- improving the skills necessary to adapt to change (developing flexible forms of work organisation and forms of payment, in-service training, buffering consequences brought about by structural changes);
- extending equal opportunities in the labour market (shaping a labour market accessible to all, warranting equal opportunities for men and women in the labour market, providing support to the disabled);
- consolidating the integral nature of employment policy (improving the management of the employment and labour market system, strengthening and restructuring the institutional labour market system, forming an open labour market, developing private employment agencies) [19, p.45].

In May of 2001 the Lithuanian government approved the Employment Growth Incentive Program for 2001 to 2004. For the first time the program outlined the country's employment and labour market policy strategy, medium-term priority goals and measures for the structural economic reform and for overcoming the consequences of negative outside influence on employment and the labour market. Territorial labour exchange offices were granted the right to autonomously redistribute allocations from the Guarantee Fund for financing individual programs under the active labour market policy. The labour exchange offices were also given more responsibility for the labour market situation in their territory. The Guarantee Fund in 2001 amounted to 178 million litas (EUR 51.6 mln) – 11.2 percent more than in 2000 – some 34 percent of which went towards financing active measures and 41 percent toward passive measures, i.e. unemployment relief [19, p.51]. The fund's bankroll by the end of 2004 reached 193 million litas (EUR 60 mln).

Amendments to the Law on Support for the Unemployed passed in 2001 legitimised certain new provisions, such as that warranting equal opportunities for both parents raising a child under the age of 8 years to reconcile employment and family commitments. The amendments also provided for supplementary endorsements to a parent actually raising a child and thus losing work skills. The range of persons under the auspices of the government was expanded to include newly employed youths aged 16 to 25 and individuals with less than 2 years of work experience. Depending on the category of persons endorsed by the government, employers started receiving regulation size subsidies for promoting employment, the so-called 'basket for promoting employment of the unemployed', which followed employment of an unemployed inhabitant.

As a high level of unemployment remained in many districts throughout the country, the government in 2002 and 2003 focused on raising employment in these specific territories, first of all by implementing Local Employment Incentive projects, one in three of which were to be implemented in rural areas [1, p.3]. The main objective of the said projects was to involve a maximum of interested parties in problem solving – including municipalities, companies, individuals with good business ideas, etc – and effectively utilise existing material resources – various types of equipment, buildings, etc. Local Employment Incentive projects increased activity among social partners by prompting implementation of ideas which proved useful to local economic and social development.

Provisions of the Law on Support for the Unemployed were accommodated to suit the new Labour Code as it came into force in 2003, i.e. by setting a more rational management of the Employment Fund, new aims and sources (countries, municipality budgets and funds of the Employment Fund) for implementing Local Employment Incentive projects. The geographical range and number of Local Employment Incentive projects was constantly expanding from the initial 9 territories and 16 projects in 2001, encompassing 22 territories and 73 projects in 2004. A total of 211 projects were implemented over the four years of implementing Local Employment Incentive projects, thus creating over 1,900 new jobs. Some 18.5 million litas (EUR 5.4 mln) were spent towards creating the new jobs, 12.3 million litas (EUR 3.6 mln) of which came from the state budget and 6.2 million litas (EUR 1.8) from the Employment Fund. Over 50 percent of all projects implemented al-

ready in 2004 were of industrial nature and the price for creating one job amounted to almost 12,000 litas (EUR 3,500) [20, p.26]. Employer and sponsor funds on average amounted to 51 percent of project prices. By 2004 the gap between the highest level of employment, namely in Vilnius at 63.2 percent and the lowest at 55 percent in Alytus district had dropped by 8.2 percentage points [20, p. 15].

The government also put together during this period a concept for restructuring unemployment social insurance, which was of considerable significance to raising employment. On the grounds of the said concept in 2004 the Seimas of the Republic of Lithuania passed a Law on Unemployment Insurance [11]. The main goal behind revamping unemployment insurance was to form a financially stable and reliable system for unemployment, one warranting sufficient cost-of-living allowances to those covered by this insurance in the case that they lose previously held jobs or are looking for re-employment in their field or for their field of study.

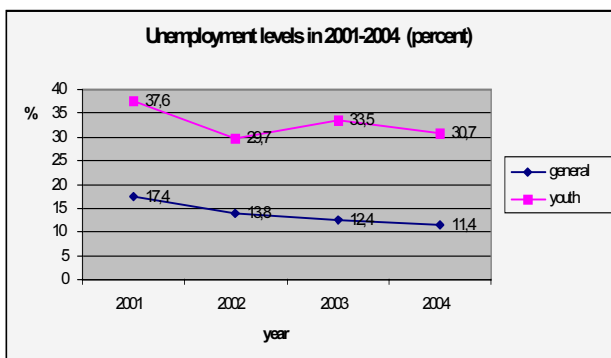
The said law provided for compulsory social insurance for persons working under an employment contract, individuals employed on the grounds of membership in elected positions in elected organisations, civil servants, state officials, officers, etc. All of the insured and registered as unemployed with the territorial labour exchange and not offered a job corresponding to their professional field and state of health also received the right to unemployment insurance benefits. Those applying for unemployment benefits needed to satisfy some other requirements: before applying for a benefit, to register with the territorial labour exchange; to have been paying unemployment insurance for at least 18 months out of the last 36 months. Under this law unemployment insurance benefits were tied to the previously earned wage and the requirement for the length of employment so as to receive insurance benefits was reduced from 24 months to 18 months out of the last 3 years.

Special attention was paid to the disabled and the unemployed with less than two years before their pensionary age, that is, a group of persons, whose integration to the labour market posed the most difficulties. Seeking to promote the entrance or return to the labour market of persons, who for various reasons lost their professional or general work efficiency and thus had difficulties entering and integrating into the labour market, in 2004 the Lithuanian Seimas passed the Law on Social Companies [16]. Public or private legal entities engaged

in developing stable economic business activity and that connected with cultivating work and social skills and social integration of the said persons, have the right to the status of a social company. Additional requirements include having the said groups of people make up at least 40 percent of all employees, and in the case of a social company for the disabled, at least 50 percent of the employees have to pertain to the disabled target group. Social companies that employ people from the target group started receiving regulation size partial compensations for wages and social insurance payments [20, p. 36-37].

It may be said that this stage was characterised by successful development of the activity organised by labour market training centres under the National Labour Market Training Authority. The number of individuals trained in these centres grew from 17,100 in 2001 to 28,100 in 2004, and 57.7 percent of those in training were unemployed and sent by the labour exchange or had been warned of impending discharge from work.

Implementation of measures under the employment growth incentive program for 2001 to 2004 capacitated meeting the main strategic goals outlined in the program. An essential breakthrough took place in the labour market, unemployment growth was stunted and the main goal of reducing registered unemployment was met. The workforce survey revealed a drop in unemployment from 17.4 percent in 2001 to 11.4 percent in 2004 (see picture 4). While one of the most topical issues for Lithuania in 2001 was that of long-term unemployed persons – 75,000 registered at the end of 2001 – by the end of 2004, their number dropped to 36,900, composing 29 percent of all unemployed inhabitants registered with the Lithuanian Labour Exchange.



Picture 4. Level of unemployment in Lithuania in 2001 to 2004 (percent)

Data from Lithuania’s Department of Statistics, <http://www.stat.gov.lt/lt>⁵

Even with the first signs of decreasing unemployment among the youth group, their unemployment levels remained high and were 2 to 2.5 times above the average unemployment rate in the country. There was a considerable number of reasons behind this, one of the key issues being a neglect to increase minimum wage. For the first time since 1998 a minimum wage was raised to 430 litas (EUR 125) in 2003 and again in 2004 to 500 litas (EUR 145) per month.

The question remained whether increasing minimum wage was sufficient to stop the growing emigration, which was already in full swing. For example, on the eve of EU accession an average wage in Lithuania was 1149 litas (EUR 333) before taxes, i.e. 9 times less than in Luxembourg, in Great Britain, 6 times less than in Ireland and 3 times less than in Spain [8]. As some scholars [3, p.37] have noted, “petty wages are prompting the economically active portion of the workforce to leave the country, causing direct losses to its economy (speaking first of all about state investments in higher education) as well as indirect ones (when imperative emigration causes them to lose qualifications by getting hired in non-prestigious sectors of the labour market).

Some 90 percent of Lithuanian inhabitants named low wages as the main cause for high emigration. Emigration from Lithuania in the said period again went up from 7,300 in 2001 to 15,200 in 2004, after Lithuania’s EU accession and removal of administrative obstacles to migration, as an increasing number of countries opened their borders [15]. Lithuanian inhabitants once again became among those with highest emigration trends in the EU. Although Lithuania’s official net migration in 2001 to 2004 was 20,500 people, i.e. far less than in the previous periods [18], the actual net migration was difficult to calculate because of unrestricted mobility within the EU, avoidance to officially declare one’s intentions to emigrate and flawed statistical calculations.⁶ According to surveys conducted by the Social Research Institute, some 20 to 60 percent of working age Lithuanian inhabitants during that period wanted to live abroad or seek employment there[14]. Also in 2004 the Lithuanian Labour Exchange issued 877 work permits for foreign citizens living in Lithua-

⁵ Lithuania’s Statistical Department data revealed a drop in youth unemployment from 31.1 to 22.5 percent [20, p. 16].

⁶ Some 50,000 Lithuanian inhabitants were thought to have emigrated in 2004 alone [8].

nia [21, p. 18]. The influence of migration on the country's depopulation from 1994 to 2004 was at about 90 percent, thus making seem as founded United Nations (UN) population forecasts for Lithuania, predicting that it will have the highest level of depopulation in the EU in 2050 [18].

Lithuania's labour market was distinguished by the waning workforce supply and the dropping number of unemployed inhabitants registered with the labour exchange as well as growing workforce demand [21, p.17]. There were about 130,000 vacant jobs registered annually in 2003 and 2004, of which permanent job offers made up 78 percent, with over 53 percent vacant jobs registered in the services sector, 29 percent in industrial positions, 14 percent in constructions and 3.5 in agriculture [21, p.15]. However, the level of employment was undergoing different changes among various inhabitant groups, for example, the level of employment among youth aged 15-24 dropped from 22.6 percent in 2003 to 20.3 percent in 2004 [21, p.13], with youth unemployment in rural vicinities on a continuous upward hike [21, p.16].

As the economy regained momentum and workforce demand went up, more and more inhabitants were securing hired positions, started working autonomously or established their own businesses. The period under discussion was among the most successful in terms of forming Lithuania's labour market policy, experts have noted. The country's move to begin applying strategic planning of human resources and implementation of the Employment Growth Incentive 2001 – 2004, continued research focus on this domain has helped halt and reduce unemployment, which had reached a dangerous level, also laying the foundations for overcoming the consequences of the Russian crisis. Social partners have become more active, they carried more influence in tackling important social and work-related issues, as revealed by the Tripartite Council and other results of tripartite commissions as well as seminars and various training programs called by social partners. It became easier to start a business, to obtain the initial authorised capital, special attention was focused on cultivating entrepreneurial and administrative skills of the inhabitants. Experts acknowledge that state-implemented policy capacitated the labour market to become more flexible and better prepared to overcome the challenges it faced when integrating to the common EU market. They also agreed that the mechanism created in this period warranted effective labour market policy for the future as well.

Experts also noted that Lithuanian labour market policy did not sufficiently warrant implementation of the goals it had set for itself, as the country did not make it out of the 10 percent unemployment threshold and the drop in unemployment was in large part caused by high emigration. Moreover, Lithuanian policy on wages, which did not quite correspond to the previous economic situation in the country, had a negative impact on labour market policy, making it one of the causes of an increased emigration during the period in question. On the other hand, the drop in unemployment resulted in the first signs of shortage of qualified workforce.

5. Lithuanian labour market policy characteristics after EU accession (2005-2007)

Lithuania's EU accession prompted the country to give priority to integrating to the common EU labour market, which required accommodating national legal acts to be in sync with those of the EU. Decreasing unemployment⁷ had a positive impact on all domains of state activity as well as formation of the labour market policy. During the period in question, in its foreign policy Lithuania aimed towards the goals of the Lisbon Strategy, which emphasised investments to human resources.

Since the new Unemployment Social Insurance Law entered into force in 2005, spending on unemployment benefits grew almost twofold (1.8 times) in 2006 of what they were in 2004. Over 74.74 million litas (EUR 21.7 mln) were spent on the allowances for 17,800 unemployed inhabitants [22, p.24]. Regardless of increasing workforce demand in the country, the state maintained attention to professional training of the unemployed. The number of inhabitants enrolled in the professional training system for obtaining a new profession or improving profession-related skills grew by 14 percent every year [21, p. 20; 22, p.23]. Some 33,200 inhabitants were enrolled in labour market training centres in 2007, which is 5,200 or 18 percent more than in 2004 [23, p.34]. These measures helped everyone willing and able to reintegrate to the labour market to become its active participants, helped maintain experienced workers in the labour market, encouraged youth and social risk groups' employment, increased attractiveness of employ-

⁷ Only 7,900 vacant jobs were registered in Lithuania in 2005 in result of the dropping unemployment levels [21, p.17].

ment and continued to promote social partnership in view of warranting employment security.

The reorganised unemployment social security system capacitated better control of the legitimacy of allocated allowances and increased motivation among the unemployed to be active job seekers. The new system was co-ordinated with those of social security and social support in place in Lithuania as well as with active labour market policy measures.

The Law on Equal Opportunities – approved by the parliament on November 18 of 2003 - came into force in Lithuania on January 1 of 2005. The Law capacitated implementation of the constitutional norm on equal rights, prohibited direct or indirect discrimination on the grounds of age, sexual orientation, disability, race or ethnic origin and religion or beliefs. The Law also obliged state and municipality institutions and all employers to provide equal opportunities to individuals pertaining to the said groups in terms of active participation in state and community life.⁸

In 2006 and 2007 the Seimas worked to improve the Law on Social Companies in view of consolidating positive tendencies in employment levels. The parliament opted to remove from this law any limit-imposing norms such as the obligation to satisfy all the conditions for business subjects as set out in the Law on Small and Medium Enterprises. The passed amendments allowed social companies to ascribe the disabled with outstanding disability or special needs ranging from low to medium levels to the target groups of hired individuals. Employers were also given the right to make shorter employment contracts - for 6 months instead of 12 – with employees pertaining to the target groups, also waiving the requirement to coordinate this with other agents in the labour market. The adopted amendments prompted easier establishment of social companies, with the number of such companies registered in 2007 amounting to 64, some 40 of which were social companies for the disabled. These companies employed some 2,476 workers, 1529 of whom (61.7 percent) were inhabitants pertaining to the target groups. Most social companies were set up in Vilnius (22) and Kaunas (14) [23, p. 24].

A new Law on Support of Employment, passed on June 15 of 2006, framed legal preconditions for revamping the employment promotion policy being effectuated in the country, with its declared goal being to aim for employment of the entire

⁸ It wasn't possible to get information on whether this law was in fact being implemented.

population, reduce the social differentiation and strengthen social cohesion. Promotion of autonomous employment, introduction of a work rotation scheme, professional training and or refurbishing of existing skills were among measures taken in view of developing the support for employment policy as laid out in the said law.

On May 10 of 2007 the Seimas passed amendments to the Law on Support of Employment, which expanded the range of persons entitled to state support in the labour market to include the following:

- the disabled with outstanding disability;
- youths, who were assigned family or ward care until they turn 25;
- employees, who have been warned about impending discharge from work;
- school-children and students during vacation, providing the possibility for them to earn enough to cover living costs.

Under the public work organisation scheme employers started receiving equitable compensations from territorial labour exchange offices and municipality budgets, also compensating commuting expenses of workers using long-distance or suburban transport services to get to work and back, under the existing train or bus fares.

Table 2 presents a comparison of employment indexes over 2004 to 2007.

Economic growth and state employment policy helped reduce the number of unemployed inhabitants during the period in question by almost 2.7 times. There were 98,000 more employed inhabitants in 2007 than in 2004, the annual level of unemployment dropped from 11.4 to 4.3 percent, making it lower than the EU average of 8 percent⁹ and lowest among the Baltic States. Estonia's unemployment in 2007 was 4.7 percent, with 6 percent unemployment in Latvia.

Another positive change was the fact that already in 2006 the level of employment among 55-64 year olds in Lithuania was above the Lisbon Strategy average, (47.5 percent), and was one of the best indexes in the EU. The level of unemployment among women and men became equal in 2007 at 4.3 percent each, while in 2006 women's unemployment was 5.4 with men's unemployment at 5.8 percent.

⁹ Department of Statistics. changes to level of unemployment (survey data) <http://www.stat.gov.lt/lt/news/view/?id=1737&PHPSESSID=1c39fc332f5fa81f72fd6dac3782860a&print=1&PHPSESSID=1c39fc332f5fa81f72fd6dac3782860a> viewed on Nov 24 of 2008

Despite essential changes which took place in employment levels of the youth (unemployment in this group dropped 2.65 times in 2007 and was 8.2 percent), unemployment in this group of inhabi-

tants remained almost twice higher than the total level of unemployment [23, p.19].

Table 2. **Inhabitant employment indexes for 2004 to 2007 (thousands)**

Indexes	2004	2005	2006	2007	Margin level + increase - decrease
Employed inhabitants	1436	1474	1499	1534	+ 98
Employed inhabitants aged 15-64, i percent	61,1	62,6	63,6	64,9	+ 3,8
Employed inhabitants aged 55-64, percent	46,9	49,2	49,6	53,4	+6,5
Unemployed	184,4	132,9	89,3	69	- 2,67 times
Level of unemployment, percent	11,4	8,3	5,6	4,3	-2,65 times
Unemployed youths, percent	30,7	21,9	9,8	8,2	- 2,7 times

Data from Lithuania's Department of Statistics, <http://www.stat.gov.lt/>¹⁰

Positive changes in this period are also evident when analysing the situation of long-term unemployed inhabitants. There were some 73,000 long-term unemployed inhabitants in 2005, with only 22,000 in 2007, i.e. almost 3.32 times less. While long-term unemployed inhabitants in 2005 composed over half of all unemployed Lithuanians, the number of those unemployed for a long term was only 32 percent of the general number of unemployed inhabitants in 2007. Unemployment reduced most evidently in districts of Alytus, Utena and Klaipėda, dropping, accordingly, by 7.8, 6.3 and 5.7 percentage points [21, p.19].

A total of 177 million litas of the Employment Fund money, state budget and EU Structural Funds were absorbed in 2007 by active labour market policy measures taken in view of promoting employment security. This figure amounted to almost half – 49.8 percent – of all funds allocated to labour market policy measures and development of relevant institutions [23, p.22]. Some 72,100 persons seeking employment partook in the said measures in 2007, some 22,000 of them got employed in public work positions and 12 percent stayed on for permanent employment. Another 11,700 inhabitants received subsidies as unemployed inhabitants under the auspices of the government seeking work (79 percent secured work positions). Some 16,000 unemployed inhabitants

that year went on to start their own businesses receiving discounted business licenses and 24,400 unemployed inhabitants were directed towards professions more in demand in the labour market. Moreover, Local Employment Incentive projects continued to be implemented. By 2007, some 75 such projects were on the list of financed projects and created 373 new jobs in 31 municipality territories, 38 projects were implemented in rural areas creating 177 jobs, or 48 percent of all newly established work places. The average price for creating one job was 29,600 litas (EUR 8,600) or 6,200 litas (EUR 1,800) more than in 2006. These projects required 11 million litas (EUR 3.2 mln) from the Employment Fund and state budget money for implementation. Some 43 projects were implemented in the domain of industry, 26 in services and 6 in construction [23, p.23-24].

There were 11,600 more vacant permanent job positions in 2007 compared with 2006. Also, the number of vacant positions increased more than the number of registered unemployed inhabitants, however, the problem of workforce supply and demand compatibility stayed in place during this period. There was more demand for qualified workers (casual labourers and craftsmen, specialists, service and retail workers) than persons ready to join the labour market and able to assume these positions. However, the issue of supply/demand compatibility is well illustrated by the fact that the number of unemployed inhabitants with higher education grew from 7.2 to 9.6 percent in the end of the period in question when compared to 2005

¹⁰ Lithuania's Department of Statistics indicated in the 2005-2006 social report youth unemployment level to be 22.5 percent in 2004 and 15.7 percent in 2005 [21, p. 18].

[22, p. 22; 23, p.20]. There were most vacancies during this period in public management, defence and compulsory social insurance companies (26.1 percent), 19.9 percent in industrial enterprises, 14.1 percent in retail and 8.6 percent in construction [21, p.18].

Employers in 2007 were more actively hiring workforce from countries outside of the EU so as to compensate for workforce shortage. These figures in Lithuania have not been excessive to this point, however the number of employees from third countries in 2007 was almost twofold of that in 2006, namely 2,944 in 2006 and 5,686 in 2007 [22 p.24]. Foreign citizens from 33 countries sought employment in Lithuania, with most coming from Belarus (38 percent), Ukraine (36 percent) and Turkey (7 percent) [23, p. 25].¹¹

Regardless of the shifted situation in the labour market, recruiting companies with licenses issued by the Ministry of Social Security and Labour became more active in getting job placements for Lithuanians abroad. These intermediaries in 2005 alone employed 2,300 Lithuanian inhabitants, 70 percent of whom were previously unemployed. Most of the country's inhabitants – 85 percent - got employed in Great Britain [21, p. 20].

Notable improvements to economic growth possibilities empowered the government to increase the minimum monthly wage. Minimum wage went up three times from 500 litas (EUR 145) in July 1 of 2005 to 700 litas (EUR 203) on July 1 of 2007.

Even though annual emigration volumes from Lithuania went down in 2005 and by 2006 amounted to mere 12,600 emigrants [15], the minimum monthly wage in the country still did not match to the expectations of the people and did not warrant a solution to the problems posed by emigration. Brain drain – loss of highly qualified workforce, causing the country to lose economic or innovative and competitive potential – became among the issues of most concern to effective labour market policy. A study conducted in 2005 by the Civil Society Institute concluded that hopes of return migra-

tion to the country after an economic boom may be ungrounded, as Lithuania would catch up to other EU member states – in terms of economy and under the current growth rates – by 2030. By then emigrants would already be entrenched in the receiving states and would be less likely to return to Lithuania [6]. Emigration from Lithuania was deemed as the biggest non-military threat at a state-level conference organised on March 17 of 2006 on tackling issues caused by emigration from Lithuania. The state called on the need for consistent, long-term state policy strategy for managing this process, preparing a system for assessing the impact of emigration on the country's economic and social development and binding it with the long-term state development strategy and other programs in the domain of employment policy.

Improving prospects for business expansion, promoting regional development and drawing up a strategy for increasing income received by inhabitants were among other measures proposed to the government [5, p.88]. Lithuanian President Valdas Adamkus affirmed this point at the European Council held in Brussels in the end of 2006, by saying that an integral approach is needed to tackle migration problems, as European Neighbourhood Policy, Lithuania's economic development and employment policy has a direct impact on migration issues [16].

The new development stage of Lithuania's human resources-focused labour market policy focused especially on the biggest gaps separating Lithuania and the European Union in the domain of employment (see Table 3).

As illustrated in Table 3 above, the biggest differences were in the portion of disabled inhabitants who are also employed, also those working in agriculture and the service industry as well as long-term unemployed inhabitants. Among positive tendencies noted in the efforts to decrease the discrepancies between Lithuania and the EU was a notable drop in the number of persons employed during the period in question in agriculture, hunting or forestry, namely from 12.3 percent in 2006 to 10.2 percent in 2007. Also, the largest portion of inhabitants – 613,000 - was employed in service and 299,000, or 19.5 percent, worked in industry [23, p.18].

Interviewed experts said Lithuania's full-fledged EU accession brought positive changes to the labour market policy during the years 2005 to 2007, which were also marked with formation of continuous and effective policy. Lithuania's labour market policy veered towards EU-adopted provi-

¹¹ According to the findings of a study commissioned by the Ethnic Research Centre under the Institute for Social Research, most (56 percent) Lithuanians see incoming immigrants as having a good impact on the country's economy, however almost half (47 percent) also feel there are already enough immigrants in the country, and others should be prevented from entry. The study in question also revealed that 60 percent of Lithuanians feel that foreigners should be allowed to get vacant job positions in face of workforce shortage, however 62 percent also fear that work migrants may cause social unrest [14].

sions on employment even as the country was preparing for EU membership, the country also joined in on the Lisbon Process, making employment one of the key priorities in national policy.

Table 3. **The biggest differences in employment levels between Lithuania and EU**

Index	Year	Lithuania's average	EU-25 average	Margin level
Percentage of disabled inhabitants in employment	2003	20	40	- 2 times
Percentage of inhabitants employed in agriculture	2005	14,1	5,1	+2.76 times
Percentage of inhabitants employed in the service industry	2005	56,0	69,5	- 13.5 percentage points
Percentage of long-term unemployed inhabitants	2005	55	44,2	+ 10.8 percentage points

Data from Operational Programme for the Development of Human Resources for 2007–2013. Link: http://www.esparama.lt/ES_Paramama/strukturines_paramos_2007_1013m._medis/titulinis/files/IVP_ZIP_2007-07-30.pdf

Experts also agreed that even though emigration was decreasing, minimum wage and earnings were still insufficient for countering this problem. According to the experts, the drop in unemployment levels was in large part caused by emigration. The aforementioned brain drain problem remained one of utmost concern, and one that requires more active co-operation between education and practice, more investments from the EU structural Funds, a speedy implementation of the education and studies reform and maximum focus on quality of higher education. Experts also noted poor possibilities for starting up an individual business and insufficient leniency of the social welfare system among other problem issues. Moreover, the shortage of workforce has shown that the natural shift among individual economic sectors is no longer taking place at the expense of quality of services and manufactured goods.

Conclusions

1. Lithuania's labour market policy during 2001 to 2004 has been defined as a process shifting for the better for the following reasons. First, it marked the first attempts to implement the goals and objectives of the Employment Growth Incentive Program and, in turn, helped halt the high level of unemployment and caused it to start decreasing. Secondly, this policy spurred activity among social partners and increased their influence in tackling important labour and social issues. Last, but not least, it facilitated establishment of new businesses, increased state attention to cultivating entrepreneurial and administrative skills of its inhabitants. State-issued decisions on labour market policy issues capacitated a more flexible labour market and one more open to the challenges of integrating to the common EU market. This stage is considered by experts to have been one of the most successful in terms of Lithuania's labour market policy formation.

However, not all goals were attained, as unemployment stayed at above 10 percent threshold. Unemployment was in large part reduced due to emigration volumes. Moreover, dropping unemployment levels for the first time prompted signs of shortage of qualified workforce.

2. The 2005 – 2007 stage is marked with positive changes to Lithuania's labour market policy. The legal framework, which made Lithuania's labour market more open and flexible and one that warranted the rights of the employed and reconciled employer/employee interests, started operating in full swing during the years in question. The level of unemployment was on a consistent downward spiral as the Employment Promotion Incentives were being successfully implemented. Labour market policy accommodated provisions of the joint European Employment Strategy and joined in on the Lisbon Process, which maintains employment as one of key national policy priorities. The average wage, however, remained insufficient and thus had a negative impact on migration. Outgoing migration, albeit slowing down notably, remained a problem of concern, especially in terms of brain drain, i.e. loss of highly qualified workforce. A shortage of workforce, especially highly qualified workers, became especially evident in this period, as well as poor natural shift among different economic sectors. Regional differences in unemployment also remained in place, as well as structural unemployment, leaving labour market policy still relevant in the country for the times ahead.

Changes to the labour market undergone during 2005 to 2007 revealed that a legal framework alone does not vouchsafe effective implementation of policy.

The other section of this article – an analysis of the 2008 – 2009 tendencies – will cover in more detail essential changes to the labour market and present the prospects for Lithuanian labour market policy development.

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Lietuvos darbo rinkos politikos raidos ypatumai (padėties analizė ir raidos perspektyvos, antra dalis)

Santrauka

Straipsnio antroje dalyje gvildenami Lietuvos darbo rinkos politikos formavimo klausimai nuo 2001 iki 2008 metų. Atliktas tyrimas rodo, kad minėtu laikotarpiu formuojant Lietuvos darbo rinkos politiką ypač daug dėmesio buvo skirta pasirengimui stoti į Europos Sąjungą ir Lietuvos darbo rinkos politikos derinimui su ES norminiais aktais, bendros su ES užimtumo strategijos įgyvendinimui, vykdant Europos Komisijos skirtus „namų darbus“ ir siekiant sukurti aktyvią, lanksčią bei stabilią ir nacionalinius interesus atitinkančią darbo rinką. Straipsnyje toliau bandoma analitiškai vertinti Nepriklausomos Lietuvos darbo rinkos raidos pokyčius bei jos valdymo ypatumus.

Lietuvos darbo rinkos politikos klausimai bei užimtumo pokyčiai vis aktyviau aptariami ir analizuojami viešojo valdymo institucijų specialistų bei mokslininkų. Tačiau reikia pažymėti, kad nepaisant augančio dėmesio darbo rinkos problematikai Lietuvos mokslo erdvėje, žmogiškųjų išteklių įtraukimo į ša-

lies darbo rinką valstybinės politikos raidos sisteminio įvertinimo, grindžiamo jos raidos etapais, kol kas nepakanka.

Pirmoje straipsnio dalyje, analizuojant 1990–2000 metų laikotarpio darbo rinkos pokyčius, buvo pažymėti svarbiausi veiksniai, darantys poveikį šalies darbo rinkos politikai, tarp jų darbo jėgos pasiūlos ir paklausos kaita, nedarbo lygis, minimalaus darbo užmokesčio politika, teisinis darbo santykių reguliavimas bei socialinių partnerių bendradarbiavimas. Nuo 2001 metų Lietuvos darbo rinkos politiką vis stipriau veikia ekonominė/darbo migracija bei globalūs pokyčiai ekonominėje erdvėje.

Remiantis atlikta analize galima teigti, kad 2001–2004 metų Lietuvos darbo rinkos politiką galima apibūdinti kaip procesą teigiamų poslinkių link, nes tuo laikotarpiu pradėta įgyvendinti LR užimtumo didinimo programa, ėmė mažėti aukštas nedarbo lygis, suaktyvėjo socialinių partnerių veikla, tapo lengviau pradėti verslą. Valstybės priimti sprendimai Lietuvos darbo rinkos politikos klausimais sudarė sąlygas jai tapti lankstesnei ir labiau atitinkančiai ES šalių darbo rinkos valdymo principus.

2005–2007 metų etapas pasižymi palankiais Lietuvos darbo rinkos politikai ekonomikos pokyčiais. Per šį laikotarpį gerokai sumažėjo nedarbas ir išaugo gyventojų užimtumas, tačiau daugelyje šalies regionų rimtai pradėjo jaustis darbo jėgos, ypač kvalifikuotos, trūkumas. Statybos, transporto bei pramonės sektoriuje pasirodė darbuotojų iš trečiųjų šalių (Baltarusijos, Ukrainos, Kinijos ir kt.). Šiuo laikotarpiu vidutinio darbo užmokesčio prieaugis gerokai viršijo darbo našumo augimą.

Apibendrinant galima pažymėti, kad 2001–2007 metų laikotarpis Lietuvos darbo rinkai buvo labai sėkmingas. Darbo rinkos politikos priemonėmis buvo siekiama didinti gyventojų ekonominį aktyvumą, efektyviau aprūpinti darbo jėga sparčiai augančią ekonomiką. Nepaisant teigiamų pokyčių mūsų šalyje liko vienas iš didžiausių ES ekonominio neaktyvumo (*economic unactivity rate*) lygio rodiklių (apie 32 proc.), mažas užimtumas pažangias technologijas naudojančiuose sektoriuose (2007 m. Lietuvoje apie 4,5 proc. nuo bendro užimtųjų skaičiaus, ES vidurkis apie 9 proc.) bei didelė pajamų diferenciacija.

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