MEASURES FACILITATING REDUCTION OF ACADEMIC YOUTH UNEMPLOYMENT AND TRANSFER FROM EDUCATIONAL INSTITUTIONS TO LABOUR MARKET (LITHUANIAN CASE)

Aušra Repečkienė1, Nida Kvedaraitė2, Renata Žvirelienė3, Rasa Glinskienė4

1 Kaunas University of Technology, Lithuania, ausra.repeckiene@ktu.lt
2 Kaunas University of Technology, Lithuania, nida.kvedaraite@ktu.lt
3 Kaunas University of Technology, Lithuania, renata.zvireliene@ktu.lt
4 Kaunas University of Technology, Lithuania, rasa.glinskiene@ktu.lt

Abstract

The issue of youth unemployment is one of the most often addressed topics in the political and scientific contexts. The situation in the labour market during recent years shows the increase in youth unemployment above the general level; however, it varies in different regions of the world. National and the EU levels of youth unemployment recently became unacceptably high, and the increase in the long-term youth unemployment causes major concern. In Lithuania, the issue of the integration of youth into the labour market has been analysed since the restoration of independence, while the deterioration of the labour market condition and the unemployment rate increases from year to year. However, youth unemployment remains a pressing concern, and its rate especially grew during the time of economic recession: in 2011 every tenth individual aged 15 to 24 was unemployed. On the basis of the analysis of the issue of Lithuanian academic youth unemployment, it was established that a certain part of young people fail to get a foothold in the labour market as a result of low qualifications and limited work experience. The article analyses the dynamics of youth unemployment and aims at finding active labour market measures that may facilitate the transfer of academic youth from educational institutions to the labour market, thus reducing their unemployment rate.

Research objective: to distinguish the measures facilitating reduction of academic youth unemployment and transfer from educational institutions to the labour market.

Research methods: scientific literature analysis; statistical data analysis; document analysis.

Keywords: youth, academic youth; unemployment; transfer from educational institutions to labour market; labour market policies’ measures.

JEL Classification: J13, J21, J64, I25.

Introduction

The issue of youth unemployment in Lithuania has been analysed since the restoration of independence; however, it received particular attention, especially in the political aspect, after the publication of the Communication from the European Commission (EC) “The Annual Growth Survey for 2012”, where through the European semester of economic governance, in addition to measures in the areas of fiscal consolidation and enhancing microeconomic stability, labour market reforms for higher employment in the European Union (EU), especially among young people, are surveyed.

Issues of economic growth and boosting youth employment were considered at the 42nd World Economic Forum held in Davos in January 2012. At the closing Forum Annual Meeting with business leaders, Vikram Pandit (Chief Executive Officer of Citigroup), the Vice Chairman of the Meeting, encouraged taking measures that promote young people’s development and employment and claimed that “jobs should be our number one priority”. His position was supported by Paul Polman (Chief Executive Officer of Unilever) who stated that “nothing creates jobs better than growth”.

Youth unemployment has a considerable negative economic and social impact on both the public and young people (their careers and quality of living), and eventually limits economic growth opportunities of the country and the region (EU). In order to remain competitive, Europe should increase the share of qualified labour; therefore, its welfare largely depends on its youth.

Young individuals (up to 25 years of age) belong to the group of those exposed to the crisis the most because their unemployment rate throughout the EU has increased up to more than 20%, and in some Member States this level even exceeds 40% (The Annual Growth Survey for 2011).

In order to maintain its economic growth potential and neutralise negative demographic and social changes, Lithuania should also solve issues related to the labour market including low general level of participation in the labour market (68% in the group of population aged 20-64), long-term unemployment growth during the recent three years (from 1% to 8%), unacceptably high unemployment level among low-qualification employees (39.5%) and youth unemployment level that is one of the highest in the EU (32%).
Moreover, other problems of the country’s labour market were touched upon: lack of balance between supply of and demand for abilities in certain sectors, lack of flexibility in labour legislation, and social support system that encourages people to be unemployed and hinders employment growth (Assessment of the Lithuanian National Reform Programme and Convergence Programme, 2012).

In Lithuania, public discussions on the issues of the transfer of youth from educational institutions to labour market, youth employment and unemployment usually start every year in June and July, when academic youth graduates from higher educational institutions (universities and colleges) and attempts to integrate in the labour market. At that time, discussions in the media first involve politicians, representatives of ministries, then labour market experts, researchers, executive representative of higher educational institutions, scientists, and businessmen. In Lithuania, the scope of studies on the integration of academic youth in the labour market is quite limited; most often, such studies are conducted by scientists of the Labour and Social Research Institute performing orders of the Ministry of Education and Science in cooperation with individual scientists and their groups as well as with public institutions (e.g. Vilnius Business Services Advisory Centre, the Public Policy and Management Institute, the Lithuanian Labour Exchange) implementing EU-funded projects.

In response to the relevance of the issue of youth unemployment and complicated transfer of this demographic group from education institution to labour market, in this article the authors present the results of the first research stage of the project “Research of the Mobility of Academic Youth for Labour Purposes” carried out under the national scientific programme “Social Challenges to National Security”: the dynamics of youth employment and unemployment in the EU and Lithuania as well as active labour market measures that may facilitate the transfer of academic youth from educational institutions to labour markets are analysed.

Research objective: to identify the measures facilitating reduction in academic youth unemployment rate and transfer of youth from educational institutions to labour market.

Research methods: scientific literature analysis; statistical data analysis; document analysis.

Youth employment and unemployment in the world, European Union, and Lithuania

The economic crisis, which burst out as a financial crisis (2007-2008) and then grew into the biggest economic recession since the times of the Great Depression (1930), affected economies of countries all over the world as well as productivity and employment rate of the labour market. This crisis had the most significant impact on the weakest segment of the labour market, the youth, whose employment rates had demonstrated reducing youth unemployment trends globally before the crisis (2002-2007). As it is noticed by M. Tanveer Choudhry, E. Marelli, and M. Signorelli (2012), financial crises have a bigger impact on the youth unemployment rate in countries with high incomes; the impact continues for another five years after crises; however, the greatest negative impact is observed during the second and third years since the beginning of the financial crisis.

In many countries of the world, youth unemployment rate was several times higher compared to unemployment of adults. According to global statistical data, youth unemployment rate has reached the level of 2007, i.e. in 2010 the unemployment rate amounted to 12.7%; in 2011 – to 12.6%, and the forecast for 2012 shows that the rate is expected to reach the level of the period five years ago, while the rate of unemployment among adults and the general unemployment level are remarkably lower (in 2010 – 4.6% and 6.1%, and in 2011– 4.5% and 6.0%, respectively) (International Labour Organisation, 2012). In the developed countries, including the EU, the youth unemployment rate has reached the critical limit (in regions, it reached and exceeded 18% in 2011). This rate was reached due to the economic crisis and labour market reforms that caused the increase in non-standard and/or temporary employment among young people. At the same time, in the Central and South-Eastern Europe (non-EU) and CIS, the economic crisis resulted in higher participation of young people in the labour market which is likely to be partly poverty-driven. It should be noted that in the aforementioned region the youth unemployment rate has decreased (by 17.6% in 2011) compared to the rate reached at the peak of the economic crisis. In the regions of the Middle East and the North America, the youth unemployment rate remained very high (26.5% and 27.9% in 2011, respectively). Together with South Asia, these regions are also characterised by large gender gaps in youth labour force participation. Young women are particularly disadvantaged with regard to labour market access which is reflected in their low participation rates (International Labour Organisation, 2012).

Europe’s economic growth and welfare as well as promotion of social coherence and sustainable development depend on the comprehensive contribution and participation of all young people. Despite
favourable conditions (freedom, security, welfare, and learning opportunities) for youth in Europe, an extremely high unemployment rate among young people (persons aged 15–24), which exceeds the rate of unemployment among working age population, causes increasing concern and in 2007 this issue was recognized as one of the most pressing issues in Europe by the Communication from the European Commission “Promoting young people’s full participation in education, employment and society”.

In the context of changing demographic and economic circumstances, youth unemployment is no longer considered to be a traditional temporary phenomenon when transferring from the education system to labour market. Researches show that causes of this situation are related to imbalance in the system, complicated transfer from learning to work mechanisms, segmentation of the labour market, and other factors preconditions by the external environment (Fyfe, 1978; Ingham, 1989; Fuller, Beck, Unwin, 2005; Tomé, 2008; Choudhry, Marelli, Signorelli, 2012).

Despite slow and fragmented recovery of the EU labour market, the number of newly created jobs is insufficient and the youth unemployment rate remains high (Quarterly employment and social situation review, 2012). In 2011, the youth unemployment rate in the EU reached 21.4%. According to the data provided by Eurostat, the highest rate of unemployment among young people was recorded in Spain at 46.4%, followed by Greece – 44.4%, Slovak Republic – 33.5%, and Lithuania – 32.9%. In the neighbouring countries of the Baltic Sea region, the youth unemployment rates were as follows: Latvia – 31.1%, Estonia – 22.3%, and Poland – 28.8%.

Research into the problem of unemployment in Lithuania commenced only after the country regained its independence as the number of unemployed individuals started growing each year and the national economy faced consequences of the transition from planned to market economy responding to challenges of both internal and external environment: collapse of the Soviet economic system, Russia’s financial crisis, requirements for integration into the common market of the EU, etc. (Pocius, Okunevičiūtė-Neverauskienė, 2005; Kuodis, 2008).

In the countries of Central and Eastern Europe, which have undergone changes, the impact of the transition on labour market outcomes changed two main labour market outcomes: the level and structure of employment, and the level and distribution of wages (Barr, 2005). During the transition period, unemployment rates were high (usually exceeding 10% and in some cases reaching 20%) and persistent in transition countries, particularly in Poland, Bulgaria, the Slovak Republic, and Lithuania. According to statistical data, the average yearly registered unemployment rate was 3.8% in 1994, and in 2001 it increased to 12.5% (Statistics Lithuania, 2004).

The deteriorating condition of the labour market revealed a burning issue: growing unemployment among youth, i.e. employable people aged 15-24. In 2003, the youth unemployment rate amounted to 24.8% and was almost twice as high as the general unemployment rate in the country (see Table 1) (Statistics Lithuania, 2004). In the analysis of the development of the Lithuanian labour market, A. Pocius and L. Okunevičiūtė-Neverauskienė (2005) identified the main causes of unemployment: lack of qualification and work experience, rapid change in the economic infrastructure, low labour compensation, increased requirements for product quality, company bankruptcies, imperfect legal framework, etc. This prompted many young people to move to the Western European countries seeking illegal employment (before Lithuania’s accession to the EU in 2004). In 1997–2003, after more than 100 thou young people of employable age left the country’s labour market, the activity of youth in the labour market dropped from 49% (1997) to 30% (2003) (Statistics Lithuania, 2000; 2004). Such reduction in labour force was (and remains until now) detrimental for the Lithuanian labour market.

Lithuania’s economy was consolidating after the country became a full-fledged Member State of the EU and started to receive financial support from the Community: in 2004-2007 the national GDP grew on an average by 8% annually, while inflation was relatively low at 3.3% (Kuodis, 2008). At the stage of economic upturn, rapidly growing Lithuanian economy formed favourable conditions for boosting employment and reducing unemployment rate of young people (see Table 1). The youth employment rate was 21.1% in 2005 and increased to 26.7% in 2008 (Statistics Lithuania, 2007). Furthermore, it has been noticed that during 2001-2007 EU youth’s employment rate was increasing for about 1.1% every year as well as in the Baltic States for about 2% in the analysed period (Martinkus et al, 2009).

In 2003–2007, with the country’s economy rapidly recovering and continuing emigration for employment and education purposes, the number of vacant jobs was increasingly growing, while the number of unemployed individuals and the rate of unemployment were decreasing. The unemployment rate decreased from 12.5% in 2003 to 4.4% in 2007 (Statistics Lithuania, 2008), although the youth
unemployment rate exceeded the general level (see Table 1). Since many young people emigrated from Lithuania during the period under consideration, their unemployment rate dropped to 8.2% in 2007, while in 2009 it reached 9.8% in 2009 and 24.8% in 2003 (Statistics Lithuania, 2008).

Table 1. Employment indicators of Lithuanian youth and people of employable age (%)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aged 15–24</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity rate</td>
<td>36.3</td>
<td>32.6</td>
<td>30.7</td>
<td>30.0</td>
<td>26.2</td>
<td>25.0</td>
<td>26.3</td>
<td>27.4</td>
<td>30.8</td>
<td>30.3</td>
<td>29.6</td>
<td>29.4</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>30.0</td>
<td>31.1</td>
<td>23.0</td>
<td>24.8</td>
<td>22.5</td>
<td>15.7</td>
<td>9.8</td>
<td>8.2</td>
<td>13.4</td>
<td>29.2</td>
<td>35.1</td>
<td>32.9</td>
</tr>
<tr>
<td>Employment rate</td>
<td>25.4</td>
<td>22.5</td>
<td>23.6</td>
<td>22.6</td>
<td>20.3</td>
<td>21.1</td>
<td>23.7</td>
<td>25.2</td>
<td>26.7</td>
<td>21.5</td>
<td>19.2</td>
<td>19.7</td>
</tr>
<tr>
<td><strong>Aged 15–64</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity rate</td>
<td>70.5</td>
<td>69.4</td>
<td>69.3</td>
<td>69.7</td>
<td>69.0</td>
<td>68.3</td>
<td>67.4</td>
<td>67.9</td>
<td>68.4</td>
<td>69.8</td>
<td>70.5</td>
<td>72.0</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>16.7</td>
<td>17.6</td>
<td>14.0</td>
<td>12.5</td>
<td>11.5</td>
<td>8.4</td>
<td>5.7</td>
<td>4.4</td>
<td>5.9</td>
<td>13.9</td>
<td>18.1</td>
<td>15.6</td>
</tr>
<tr>
<td>Employment rate</td>
<td>58.7</td>
<td>57.2</td>
<td>59.6</td>
<td>60.9</td>
<td>61.1</td>
<td>62.6</td>
<td>63.6</td>
<td>64.9</td>
<td>64.3</td>
<td>60.1</td>
<td>57.8</td>
<td>60.7</td>
</tr>
</tbody>
</table>

*Source: Statistics Lithuania (http://db1.stat.gov.lt/statbank/default.asp?w=1280)*

The national economy was exposed to new threats including the real estate price bubble that burst in 2008, aggravation of the situation in the energy sector, budget crisis, and the global economic crisis (Kuodis, 2008). The last months of 2008 were characterised by sharp and rapid unemployment growth, causing a decrease in the employment rate of all age groups, with employment rate among young people dropping below the employment rate of older population (Lithuanian Labour Exchange, 2008). The employment rate of people aged 15-24 decreased from 26.7% (in 2008) to 21.5% (in 2009), while the employment rate of people aged 15-64 dropped by 4.2 percentage points in 2009 (Statistics Lithuania, 2009).

In 2009, every twelfth person at the age of 15-74 was unemployed. The unemployment rate increased to 13.7% in 2009 and was 2.4 times higher than that in 2008. Finding a job became an increasingly difficult task for young people without working experience; which in turn contributed to the increase in the unemployment rate which reached 29.2%. In 2009, every eleventh young person was unemployed, while in 2008 the same applied to every twenty-fourth person (Statistics Lithuania, 2010).

In 2010 the employment rate of the population was dropping, the numbers of employed people decreased. In 2010 the youth employment rate was 19.2% (57.8% and 48.6% among the groups of people aged 15-64 and 55-64, respectively), and decreased by 2.3 percentage points over a year (Statistics Lithuania, 2011).

In 2011 statistics showed a high youth unemployment rate, which amounted to 32.9% (compared to the general unemployment rate of 15.4% for the country’s population at the age of 15 and above). The unemployment rate among young men of this age group reached 34.6%, and that among young women was 30.4%. In rural areas, the unemployment rate of people at the age of 15-24 was higher than in urban areas and amounted to 40.9% (compared to 27.6% in urban areas).

Pursuant to the data of the Lithuanian Department of Statistics, the number of people at the age of 15-24 employed in the national economy in the first quarter of 2012 was 88.9 thou which indicates that the numbers dropped by 900 compared to the fourth quarter of 2011. In the first quarter of 2012, the youth employment rate amounted to 19.8%, i.e. over a quarter it increased by 0.4%. In the first quarter of 2012, every fifth person aged 15-24 was employed. Youth unemployment rate in the country decreased by 3.3%, compared to the fourth quarter of 2011, and amounted to 28.7% (see Fig. 1).

![Figure 1. Unemployment rate in 2011-2012 by quarters (%)](http://www.stat.gov.lt/lit/news/view?id=10105)
In the first quarter of 2012 there were 359 thou unemployed persons aged 15-24. Compared to the fourth quarter of 2011, their number decreased by 6.3 thou (14.9%). Therefore, each thirteenth person was unemployed. Over that quarter 324.9 thou (72.2%) of young people were economically inactive. Out of them, 92.4% were studying in a higher, professional, or general education institution (Statistics Lithuania, 2012).

Survey of the situation of Lithuanian academic youth in the labour market

Growth in the number of graduates of higher education institutions registered at the Lithuanian Labour Exchange in July of every year has become a regular trend. Young people who completed their studies register at the Labour Exchange for two reasons: the first is related to the search for the first job; the second is related to health insurance (each year, the insurance remains in effect after graduation until September 1). In July 2012 the number of young people who obtained a degree in higher education and registered at the Lithuanian Labour Exchange amounted to 37%, with every fourth of them having graduated from a non-university education institution (college). Those who completed business management, accounting, and law programmes account for the biggest part of graduates and colleges registered as unemployed (Lithuanian Labour Exchange, 2011).

Nearly 58% of all graduates registered at the Labour Exchange in July 2011 had graduated from higher education (university) institutions and colleges. The aforementioned specialities as well as economics and public administration prevailed among unemployed who obtained a degree in higher education. It should be noted that graduates who completed law programmes that year found it difficult to find a job because the supply of lawyers exceeded the demand by 8 times, while the number of registered certified managers exceed the number of job offers by 3 times (Lithuanian Labour Exchange, 2011). Most of graduates registered at the labour exchange graduated from the higher education institutions, which usually attract the highest number of future students.

In July 2011, of all graduates registered at the Labour Exchange, university graduates accounted for 28.6%, college graduates – for 30.1%. The number of graduates registered at the Labour Exchange since the beginning of 2009 was 11.8 thou. i.e. 5.2% of all unemployed, with 66% of them having graduated from higher education institutions. Most of the graduates registered after completing study programmes of management and business administration as well as law (2009-2010), accounting and economics (2010), social work (2009), and philology (2009).

Persons who have obtained higher education have the best competitive capacity in the labour market; however, as the indicators of the labour market for the recent years show, there is a problem of balance regarding the supply and the demand of labour force who obtained higher education. Employers are not always able to find employees of necessary professional qualification, while a part of graduates of universities/colleges register at the Labour Exchange. In order to improve the integration of youth in the labour market as well as reach the balance between the supply and the demand, it is important to analyse the situation his type of labour force is faced with in the labour market.

In 1999–2004 the Institute of Labour and Social Research in cooperation with the Education and Studies Department of the Ministry of Education and Science and the Open Lithuania Fund conducted research on the situation of the Lithuanian academic youth (students and graduates of higher education institutions) in the labour market. During the research, a forecast of the demand for specialists with higher education was prepared, a separate analysis on the quality of training of graduates of separate study fields (engineering, agriculture, teacher training and pedagogy) and their situation in the labour market (2000–2001) as well as of the competitiveness of specialists in the labour market (2002) was performed, and guidelines for the improvement of competitiveness of university graduates in the labour market were developed (2003–2004).

The results of the sociological survey carried out among graduates of higher education institutions in 1999 showed that most of those who enrolled in the programmes of various study fields in 1998 became employed (76%) and worked in their acquired speciality area (71.2%) (Institute of Labour and Social Research, 1999). The highest employment rate was observed among graduates who completed programmes of the study fields of architecture (96.2%), law (95.6%), medicine (85.6%), teacher training (74.3%), and business and administration (69.4%).

The situation of academic youth who graduated in 2001 (under study programmes in the areas of humanities, social, physical, and technology sciences) was also satisfactory, i.e., 75% of the graduates who participated in the survey were employed at the time of the research (Institute of Labour and Social
Research, 2002). As the research showed, graduates of physical and technology studies were most successful in job search: their employment rate reached 85%. Employment opportunities for specialists of social sciences were insignificantly lower (employment rate of 75%). The highest employment rate was observed among graduates who completed the studies of economics (79%) and business management and administration (75%). However, during the research period the situation of graduates of humanities was considered the most unfavourable because their employment rate was lowest at only 65%.

The research of the competitive capacity of Lithuanian university graduates (2003–2004) revealed that an overwhelming majority (over 70%) of graduates were employed during the research period. The employment rate of graduates who participated in the latest research is 14% higher than in 2002. Therefore, employment opportunities for graduates and the demand for them in the labour market were high. On the one hand, such a high employment rate of graduates of higher education institutions was a result of an improved situation in the labour market: growth in the number of jobs and increased emigration of youth to foreign countries. On the other hand, such results were obtained due to a different structure of respondents’ study fields. Nevertheless, the employment rate of graduates who completed master studies was considerably compared to those who obtained a bachelor’s degree (Institute of Labour and Social Research, 2002; 2004).

Upon the completion of the systematic assessment of balance between the supply of and the demand for specialists of the highest qualification (masters) (2006–2008), it transpired that the number of highly-qualified specialists prepared in the country’s higher education institutions is relatively high; however, the economic sector is still characterised by the “bottleneck” phenomenon. The lack of qualified specialists is one of the factors that hinder the development of companies of advanced technologies sector (Vilnius Business Consulting Centre, 2008).

The analysis of the results of different Lithuanian universities and study fields graduates’ integration in the labour market (2009–2010) showed that “only a relatively small part of Lithuanian university graduates encounter employment difficulties. 87.9% of the surveyed graduates upon the completion of bachelor’s/integrated studies were employed (at least once) for longer than 3 months” (the Public Policy and Management Institute, 2010, Page 27). The research also revealed that 12.1% of the respondents never worked after graduation due to the continuation of studies or their family circumstances. While only 3.9% of all respondents were never employed because of failing to find a job. This problem was most often encountered by recent graduates.

Another important trend should be noted: most Lithuanian university graduates combined studies with work. As practice and the results of the latter research show, persons who were employed during their studies are more successful at integrating into the labour market. As many as 69% of respondents worked for some time during bachelor studies, and the highest rate of those who worked during the whole period of studies was among graduates that pursued a master’s degree (59%). In addition, 50% of graduates who completed their studies continue the same work they did during the studies. However, during study cycles I and II students of social sciences and art studies had more opportunities to integrate into the labour market compared to the students of biomedicine, humanities, and physical sciences. Furthermore, university education enabled graduates to maintain their jobs even during the economic recession (the Public Policy and Management Institute, 2010).

The analysis of the results of research on the integration of academic youth into the labour market conducted over the past years showed a negative tendency: more than a half of young people gave a highly unfavourable assessment to the compliance of the acquired speciality to the demand of the country’s economy. The reasons behind the incompliance to the demand of the economy were various: an excessively high number of trained specialists, unpopularity of the speciality, slow personnel turnover, and lack of jobs (Institute of Labour and Social Research, 1999; 2002–2004). Beside the acquired preparedness for professional activity, in the labour market academic youth mostly lack practical preparedness, general abilities and general personal abilities and skills and, speaking of theoretical knowledge, they lack foreign language skills, professional technical knowledge, knowledge and skills in law, and in business and management (Čėsnaitė, 2002; Pocius, Okunevičiūtė-Neverauskienė, 2005). According to the Lithuanian Confederation of Industrialists, the major organisation of employers, one of the main reasons behind unemployment among the Lithuanian youth include the disbalance between education and the needs of the labour market as well as the lack of work experience. According to employers, graduates do not lack theoretical knowledge; however, as far as the assessment of their general competences is concerned, for the most part they all lack initiative, responsibility, willingness to work seriously as well as diligent and timely performance of work, creativity, and independence (Institute of Labour and Social Research, 2003; 2004).
During the research on the competitiveness of graduates of higher education institutions, both, graduates and employers mentioned lack of practical preparedness as one of the most important obstacles for integration into the labour market, irrespective of gender, age, study cycle, higher education institution, and study programme. B. Čėsnaitė (2002) characterized the content of education of higher education institutions as lacking cognitive direction and attention to the practical training of specialists. Taking this into account, it is important to create conditions for performing internships at work places, as well as to employ students in companies during internships or to practice other forms of cooperation with higher education institutions. In this case, the attitude of employers to the training of highly-qualified specialists for the labour market is especially significant as they also find the issues of employment and labour force quality relevant, despite the fact that most employers apply a well-intentioned but passive approach to the training of specialists in higher education institutions: they would admit academic youth for practical studies if, for example, they receive financial incentives (Institute of Labour and Social Research, 2001; 2004).

Higher education institution graduates who became employed in both private and state-owned and private companies are often dissatisfied with their wage as it depends on whether or not the graduates work in their professional qualification area. As practice shows, individuals working in the area of their professional qualification are more satisfied with their wage. Relatively low wage in Lithuania acts as one of the driving factors for academic youth to seek jobs in foreign labour markets. The results of the research on the competitiveness of graduates of higher education institutions in the labour market revealed that a sufficiently high number of graduates tried to find a job in any Member State of the EU or another foreign country. The majority (more than 60%) were successful; however, only a small number (15%) worked within their speciality area, despite the fact that the graduates assessed their qualification as sufficient for seeking employment within their speciality area in the EU Member States (Institute of Labour and Social Research, 2002; 2003; 2004). Moreover, more than a half of graduates (over 63%) expressed a wish to emigrate for employment abroad for a period of 1–2 years. The issue of youth emigration, academic youth in particular, has been widely discussed since 2004, when statistical data showed emigration flows that were the highest at the EU level and empirical research demonstrated that young people had intentions to emigrate for employment purposes. Recent research by R. Ciarniene and V. Kumpikaite (2011) indicated that the key push and pull factor for emigration among surveyed Lithuanian students’ was economic factor.

In the light of this, over the recent years (2004–2010) works of the country’s scientists (Virzintaite, Juceviciene, 2004; Daugelienė, 2007; Cekanavicius, Kasnauskienė, 2009) and the authors of this article were dedicated to the analysis of the reasons behind emigration of academic youth from Lithuania, the so-called “brain drain” (Repečkienė et al., 2009; Kvedaraitė et al., 2010). As the research showed, increased emigration flows of academic youth showed there is a potential threat of losing potential qualified labour force, however, given the lack of sufficient data on the employment opportunities of graduates of higher education institutions abroad, the comprehensive assessment of the phenomena requires additional research.

**Labour market policy measures encouraging youth employment in the EU**

When transferring from the education and study system to the labour market, the youth faces various challenges. According to statistical data, due to a considerably higher unemployment rate among youth compared to people of older age, the situation of the former in the labour market becomes more vulnerable due to low wages, high level of temporary and part-time employment, and risk of losing the job to others, especially during the economic recession. The situation of youth in across European countries is rather diverse. The reasons behind difficulties experienced by youth when integrating into the labour market are varied and numerous. For example, such reasons include demographic trends, failure of skills acquired in the education systems to comply with employers’ requirements, reduction of the number of low-qualified jobs in sectors as a result of the economic recession (which were offered to young people before the recession), etc. (European Employment Observatory Review, 2011).

In order to implement the goals of Europe 2020 Strategy, it is necessary to engage highly-qualified, innovative and knowledgeable youth. The following flagship EU initiatives were presented for the implementation of these objectives: “Youth on the move” and “Agenda for new skills and jobs”.

The initiative “Opportunities for youth” is one of the parts of the EU education and the employment initiative “Youth on the move”, which is aimed at supporting young unemployed persons, in particular, at helping graduates to acquire their first work experience. The project “Your first EURES job” is an action of the flagship initiatives “Youth on the move” and “Agenda for new skills and jobs” helping European youth to find a job in other EU Member States. The information campaign “Youth@Work” helps to establish
contacts between youth and small-sized enterprises (SSE), i.e., encourages SSEs to employ young people thus providing them with possibilities to accumulate experience and acquire skills.

Launched in 2008, the initiative “New abilities for new jobs” encourages better planning of future demand for skills, in compliance with the labour market demand, and eliminating the gap between education and work. The measure “The Forum of Universities and Enterprises” encourages the dialogue between enterprises and representatives of education and training area and, as practice shows, the examples of good practice were observed: for example, “CareerMarket Services” established by Charles University of the Czech Republic aimed at helping young graduates to find work suitable for them and to enterprises (employers) to identify promising and qualified employees.

Despite the fact that the EU priorities involve the assurance of closer relations between the education and training system and the labour market as well as encouragement of admission of youth to the labour market, the experience of the recent years showed the need for an active labour market policy, which would open prospects for young people to access the labour market (the Opinion of the European Economic and Social Committee, 2012). This is why the Council of the EU invites the Member States “to adopt measures at national level which are aimed at increasing the employability of graduates leaving the education and training system, with a view to achieving the European benchmark as outlined in the Annex hereto, whilst also promoting the match between educational attainment and occupation” (Council Conclusions, 2012, Page 12). The combination of active labour policies with other flexible measures promoting employment is also envisaged in Guideline 7 of the Strategy Europe 2020 (Europe 2020 Integrated Guidelines, 2010).

Active labour market policy is the relatively recent name for public interventions with long history, namely job brokerage and specific training and wage subsidy schemes for the unemployed (Koning, 2001). Being an essential part of the European Employment Strategy, the Active labour market policy (ALMP) defines employment as a key common goal for all EU Member States, and ALMP measures have become the main tool in combating high unemployment from 1990 (Klove, 2006). ALMP, as a complex mechanism or complex of mechanisms, should help persons to enter the labour market by making an impact on the matching process and the competition for jobs, as well as on productivity and the allocation of labour; direct crowding-out; on the wage pressure in the economy; on the competition for jobs, the accommodation effects, etc. (Calmfors, Forslund, Hemström, 2002; Klove, 2006; Adams, Thomas, 2007).

With a view to reducing constantly growing unemployment, European countries have been increasing expenses intended for ALMP measures; however, the efficiency of their utilisation raises concerns related to the assessment of costs/benefits, efficiency of the programmes, political relevance, and implementation of social goals of a broader scope. When assessing the efficiency of the ALMP of European countries, it is difficult to detect consistent patterns. J. de Koning (2001) noted that if at all ALMP has an impact on labour market outcomes, thus effect is to be very small. In the analysis of ALMP programmes applied by European countries, J. Klueve (2006) claims that they have different effect on the resolution of problems of the labour market imperfection: services may be a promising measure, direct job creation in the public sector often seems to produce negative employment effects, training measures show mixed and modestly positive effects (Klove, 2006). Another observed aspect is that ALMP measures are more efficient in solving unemployment problems with application of short-term, measured initiatives, and much less about solving the long-term problem of unemployment persistence (Adams, Thomas, 2007). Thus, solving of the unemployment problems require a flexible labour market with a generous social security system. It means to choose such set of labour market measures “which would be flexible in the employers’ aspect as well as would be socially secure for the individuals who want to get employed” (Benzinskiene, Juozaitiene, 2011, 192 p.).

The increase in youth employment in European countries depends on the implemented education and professional training policies, employment and labour market, especially active labour market policies, social security benefits policies, and measures provided for therein. In some European countries, active labour market measures are specially designed for young people (e.g. UK, Malta, Island, Belgium, the Netherlands, and Austria). While in the Czech Republic, Lithuania, Estonia, Slovenia, and Macedonia, youth is identified as a target (priority) group which may use measures intended for other age and need groups. Special ALMP measures for youth involve provision of information, advice, and consultations (e.g. France, Malta, and Island) and a variety of contract types (e.g. Luxembourg), incentives for employers to hire youth (e.g. Luxembourg and Serbia), assessment of compliance of young job-seeking people with job opportunities (e.g. the Netherlands), conclusion of regional agreements or pacts on youth employment and provision of opportunities for young people to acquire work experience (e.g. Slovak Republic and Sweden), or the “work guarantee scheme” (e.g. Sweden) (European Employment Observatory Review, 2011).
Policy directions and applied ALMP measures in various countries promote life-long learning, additional learning and qualification improvement, acquiring of skills and competences necessary to enter the labour market as well as prevent youth unemployment and support young people financially by applying social payments. However, ALMP measures are less effective for reducing youth unemployment, especially the use of large-scale youth programmes seem to have large displacement effects (Calmfors, Forslund, Hemström, 2002; Klove, 2006; Adams, Thomas, 2007). It has been noticed that ALMPs appear to be large crowding-out effects, at the same time as it is uncertain whether there are positive employment effects on the participating individuals (Calmfors, Forslund, Hemström, 2002). Because of ALMPs are not at all the appropriate policy for this group, thus, public policy should therefore focus on measures that prevent the very young from becoming disadvantaged on the labour market in the first place (Klove, 2006). Therefore, programmes intended for youth should be abolished or be re-designed and given particular attention.

**Measures and initiatives for the increasing of youth employment implemented in Lithuania**

Over the last decade, active labour market policy measures, as the employment policy instrument, have been given particular attention in solving social and economic problems encountered by Lithuania, which especially aggravate at the time of the economic crisis. Active labour market policy (ALMP) measures are measures aimed at helping persons seeking employment to improve their employment opportunities and at harmonising the supply of and the demand for work (the Law of the Republic of Lithuania on Support for Employment, 2009). In Lithuania, active labour market measures cover quite a broad variety of measures such as brokerage between job-seekers and entities offering jobs (consultancy, registration of vacant jobs, assistance in seeking jobs, etc.); improvement of professional abilities (professional training and re-qualification); creation of jobs (public works, encouragement of self-employment, etc.); change of the employment supply pattern (e.g. additional support for the employment of target groups of population). The measures offered by the Lithuanian Labour Exchange are considered to be very useful for all the participants as well as for employers that implement the measures (the Institute of Labour and Social Research, 2007).

As noticed by L. Okunevičiūtė-Neverauskienė and J. Moskvina (2010), the rapprochement of the labour market policy and social security policies encourages synergy: measures that increasingly encourage employment are oriented to the person’s socialisation, personal development, social skills, while social security measures are aimed at guaranteeing person’s employment. In order to reduce youth unemployment that escalated due to the economic crisis, the Lithuanian Government has been implementing the following measures for almost two years: incentives for employers encouraging them to employ young people, loans for start-up business extended to youth from the Entrepreneurship Promotion Fund on preferential conditions as well as application of other measures.

**Professional training for young unemployed persons.** Young unemployed persons as well as persons 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 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 measure was enjoyed by 2.1 thou 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 *Talentų 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 thou young people seeking employment (in 2010, the corresponding number was by 24 thou lower); 52 thou individuals participated in events and training courses intended for target groups (i.e. 6 thou young people more than in 2010).

**Other employment support initiatives.** Non-qualified Lithuanian youth is offered a temporary employment measure – welfare activities – which in 2011 was used by 5.4 thou young people under 29. In
Lithuania, there are temporary employment enterprises which hire employees according to the customer’s requirements.

**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-up and develop business under preferential loan conditions (with application of a lower interest rate). In 2011, this opportunity was seized by 57 thou 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 thou 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 6 thou voucher allowing an individual to establish a company within 6 months while using various services intended for 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 not more than LTL 20 thou 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 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 27.8 thou individuals during the first three months of 2012 and by 62 thou 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 to the First Job” (effective from 1 August 2012 to 1 August 2013), which would provide an incentive for an employee 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 in 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.

Conclusions

Youth unemployment remains to be a pressing issue in Lithuania as well as in the neighbouring Baltic countries and other EU Member States; therefore, the reduction of unemployment is one of the most important priorities of the Government of the Republic of Lithuania.

Despite various active labour market measures for youth (including academic youth) implemented in the country, training for the improvement of entrepreneurship, subsidies to employers, loans for start-up business for young people on preferential conditions, internship programmes, self-employment and other measures and initiatives, the existing situation of young people in the labour market requires additional efforts ensuring a smooth transfer of young people from the education system to labour market. Therefore, it would be reasonable to conduct a research on the efficiency of the applied ALMPs and to perform their monitoring.

Difficulties experienced by academic youth in integrating into the labour market showed that there are unresolved issues of the labour market, such as disbalance between the supply of and the demand for the abilities of youth and lack of work experience. This is why it is necessary to focus the education system on the aspect of targeted training of youth for the labour market. The establishment and consolidation of long-term partnership of higher education institutions with employers (employer organisations), non-governmental organisations, and other stakeholders would enable harmonisation of programmes of corresponding study fields/study contents with the demands of the labour market, improve the organisation of practical studies in higher education institutions and the integration of entrepreneurship and non-traditional forms of employment (e.g. volunteer work) in the system of formal education, and strengthen the mobility of academic youth for learning and employment purposes.

Acknowledgements

The research was financed by the Research Council of Lithuania (Contract No. SIN-12/2012).

References

15. European Economic and Social Committee Opinion: Youth employment, technical skills and mobility CESE 149/2012 - SOC/421. 19 January 2012.


