

Youth Employment and Measures that Facilitate Inclusion into the Labour Market

Nida Kvedaraite, Ausra Repeckiene, Rasa Glinskiene, Renata Zvireliene

Kaunas University of Technology, Panevezys Institute, Nemuno str. 33, Panevezys, Lithuania

E-mail: nida.kvedaraite@ktu.lt, ausra.repeckiene@ktu.lt, rasa.glinskiene@ktu.lt, renata.zvireliene@ktu.lt

Abstract

In recent years high youth unemployment in Lithuania as well as the European Union with students being one of the most vulnerable social groups impels the representatives of government and the labour market as well as scientists to search for causes of this complex problem. In Lithuania youth labour market inclusion has been analysed since independence restoration, whereas the situation in the labour market and unemployment has been annually worsening. Youth unemployment remains vital and has particularly deteriorated during recession: in 2011 every tenth individual aged 15-24 was unemployed, a number of young people were unable to establish themselves in the labour market due to low qualification and little work experience. The paper examines the experience of young people participation in the labour market and active labour market measures that might facilitate inclusion of young people/students in the labour market and reduce their unemployment.

Keywords: youth, students, labour market, employment

Introduction

Relevance and the main issues of the research.

Transformations, due to one of the key phenomena of the recent decades, globalisation, have penetrated into the economic-social life and unavoidably caused changes in the labour market; they pose new requirements and challenges for society, different social groups. Young people represent one of the most vulnerable groups and their labour market integration is perhaps the most relevant economic, social and political issue nowadays.

In Lithuania public discussions over the issues of youth inclusion in the labour market, employment and unemployment regularly start in June and July each year, when students¹ graduate from higher education institutions (universities and colleges) and attempt to integrate into the labour market. At that time, discussions in the media firstly involve politicians, representatives of ministries, labour market experts, researchers, executive representative

of higher education institutions, scientists and businessmen. When these calm down, youth unemployment problems remain in the disposition of researchers and public policy implementers.

Among the priority objectives of the Communication from the European Commission “Youth on the Move” are reduction of youth unemployment, increase of employment and assurance of better career opportunities seeking to implement a strategy for smart, sustainable and inclusive growth of Europe 2020, where quality education and training, successful integration into the labour market and better youth mobility are stipulated as the key factors in releasing the youth potential. Lithuanian youth policy pays special attention to youth employment and development of successful integration into the labour market by creating youth consulting and information, employment and unemployment mitigation programmes, thus encouraging young people to strive for personal improvement, search for opportunities to earn a living or even start a business themselves instead of being the beneficiaries of social benefits or aid.

However, as study findings on young people carried out by different Lithuanian scientists (Matiusaityte, 2001; Pocius, Okuneviciute-Neveauskiene, 2001; Gruzevskis, Okuneviciute-Neveauskiene, 2003; Paulavicius, Kocai, 2004; Pocius, Zabarauskaite, 2005; Okuneviciute-Neveauskiene, Gruzevskis, Pocius, Moskvina, 2007) show, huge challenges are encountered while implementing these programmes: the gap between theoretical knowledge provided by science and the needs of employers prevents young people from integrating into the labour market, young people are unable to distinguish their advantages, do not acquire the necessary hands-on knowledge and social preparedness for professional activities. Moreover, young people are very sceptical about working and treat it as an opportunity to reach their objectives in social life instead of a means of self-realisation.

In Lithuania the scope of studies on young people integration into the labour market is quite

¹ Students – higher school (university and college) students who study in programmes conferring a degree.

limited; most often such studies are conducted by scientists of the Labour and Social Research Institute under the order 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. This reveals that although Lithuania is making efforts to solve the issue of youth employment and search for more effective measures to facilitate inclusion in the labour market and thus deal with the unemployment problem, *this problem has so far remained significant and relevant* in the social development context of the country due to its complexity and dynamic nature. Issue solution relies on answering the following questions: *How to include young people in the labour market? What labour market measures could facilitate this inclusion?*

In response to the significance of the problem under consideration, the authors are presenting the findings of the first research stage of the project “Research on Employment Mobility of Students” financed by the Research Council of Lithuania under the National Research Programme Social Challenges to National Security: experience of young people related to participation in the labour market and labour market measures capable of facilitating their inclusion in the labour market.

Object of the research: measures that facilitate inclusion of young people in the labour market.

Objective of the research: to examine measures that facilitate inclusion of young people in the labour market.

Research methods: scientific literature and document analysis to reveal measures that facilitate inclusion of young people in the labour market; statistical data analysis to examine the trends of youth participation in the labour market.

1. Participation of young people in the labour market

Discussing youth employment and participation in the labour market, one of the key aspects, youth unemployment, is emphasised. Its level in Lithuania and the European Union (EU) is significantly higher than that of other social groups, although a certain number of students are not treated as the labour force and not as the unemployed because they spend the major part of the day studying and do not search for jobs.

Nonetheless, the situation in the labour market over the last decade has revealed an increasing trend of youth unemployment that is above the overall level. Statistical data analysis shows that in 2000-2008 the youth unemployment rate in the EU member states was persistently above the general rate in the euro zone and only in the beginning of 2008 it made up about 15%. From the second quarter of 2008 youth unemployment in the EU member states and in the euro zone started increasing again, whereas from the middle of 2010 the level of youth unemployment in the EU countries went up more than in the euro zone (see Fig. 1).

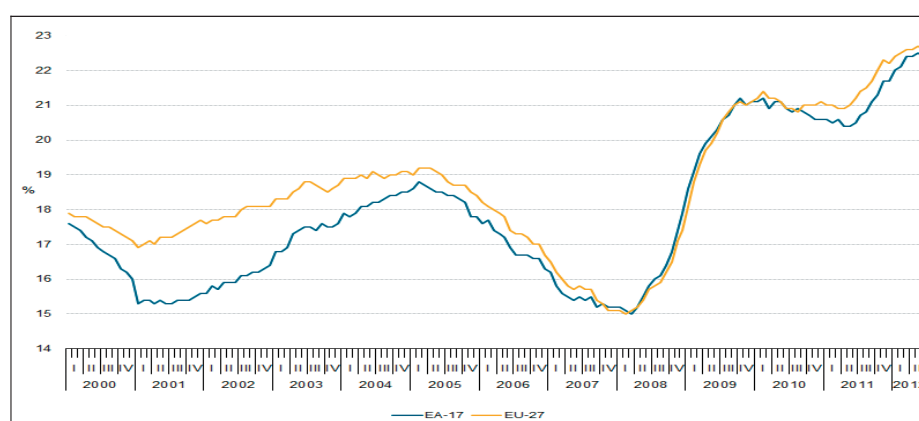


Fig.1. Youth unemployment rate in 2000-2012 in the EU member states (EU-27) and in the euro zone (EA-17), seasonally adjusted

Source: Eurostat (31-07-2012) http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics

Based on Eurostat information (31-07-2012), the youth unemployment rate in the EU in 2011 exceeded the overall unemployment rate by more than two times. Youth unemployment was the highest in Spain (46.4%), Greece (44.4%), Slovakia (33.2%), Lithuania (32.9%) and Portugal (30.1%),

whereas the Netherlands (7.6%), Austria (8.3%) and Germany (8.6%) were the only EU states where youth unemployment was below 10%.

It is worth noting that young people represent one of society groups that suffer most during economic decline (Youth Employment Measures, 2010). An

increased youth unemployment rate in the euro zone during economic crisis and even a more elevated rate in the EU member states is determined by the fact that young employees are the first to lose jobs when fixed-term employment contracts are not prolonged; higher school graduates' opportunities to get a job and compete with other job seekers who have more extensive experience decrease. Thus, increasingly facing unemployment, having limited employment prospects and temporary employment contracts, young people, who are seeking to become equal participants in the labour market, find themselves in an unfavourable situation.

Lithuania, where the youth unemployment issue has become more critical at the time of economic decline, is not an exception. Territorial labour exchanges pay much attention and provide assistance to young people in order to include them in the labour market as soon as possible and thus avoid a long-term unemployment trap.

When analysing the trends of Lithuanian youth participation in the labour market over the recent years (2010–2012), a positive change was noted in terms of youth unemployment and employment; however, youth unemployment rates of 2010 and 2011 - 35.1% and 32.9% respectively - show that these were among the highest comparing the EU member states.

Analysing statistical research findings on employment of population it can be stated that in 2011 there were 45.3 thousand young unemployed people in Lithuania, although comparing with data of the same period in 2010, youth (aged 15-24) unemployment rate went down by 4%, i.e. from 35.1% in 2010 to 32.9% in 2011. Nonetheless, compared with other residents of this age group, in 2011 every tenth individual aged 15-24 was unemployed and due to objective or subjective reasons could not integrate into the labour market.

Based on the information of the Statistics Lithuania, in the first quarter of 2012 youth (aged 15-24) unemployment rate went down by 3.3% compared to the fourth quarter of 2011 and reached 28.7%. In the same period, 88.9 thousand of individuals aged 15-24 were employed in the country's economy. Compared to the last quarter of 2011, this number went down by 0.9 thousand. In the first quarter of 2012, 19.8% of young people were employed, and during the quarter the indicator went up by 0.4%. In the first quarter of 2012, every fifth individual aged 15-24 had a job, although 324.9 thousand, i.e. 72.2% of residents aged 15-24 were economically inactive. Out of them, 92.4% were studying in higher, vocational or comprehensive schools (Statistics Lithuania, 2012).

Analysing the study findings on youth employment opportunities and participation in the

labour market carried out in Lithuania in 2009-2011, a rather similar situation revealed for to this social group and a diverse behaviour of young people when integrating into the labour market, that depends on the social, economic and demographic factors of the country as well as on individual features such as education and work experience obtained, relationship with the environment, in other words, on the accumulated 'social capital'.

According to the findings of the research "Integration of Lithuanian University Graduates into the Labour Market" carried out in November 2009 – February 2010 under the order of the Public Policy and Management Institute, a vast majority of Lithuanian university graduates combined studies with work. During Bachelor studies, 69% of those surveyed worked; 30% of them worked full-time. During Master studies, a number of those employed during their studies doubled to 59% (see Fig. 2).

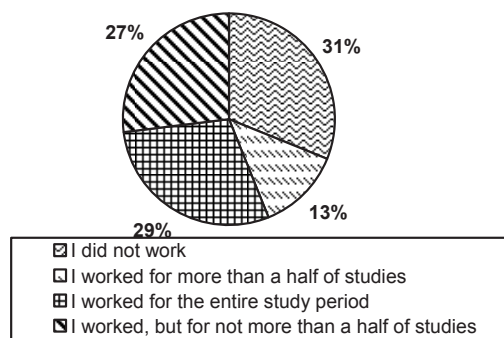


Fig. 2. Working graduates of Lithuanian universities at the time of studies

Source: Public Policy and Management Institute, 2010

The research findings show that the majority of Lithuanian university graduates joined the labour market while studying; this is particularly popular among students of social sciences and arts; almost 40% of them worked during Bachelor studies and as many as 60-70% - during Master studies. The smallest number of students who joined the labour market during studies was students of physical sciences – only 14.3% of those held jobs during Bachelor studies and 44% - during Master studies.

Evaluation of the obtained findings allows the authors to state that working while studying substantially facilitates establishment of university graduates in the labour market after completing Bachelor studies, seeing that 50% of graduates continued working in the same jobs they had found at the time of studies, whereas 20% of those surveyed managed to get jobs faster than within 3 months following the graduation. On the other hand, as many as 18% searched for jobs longer than 3 months, and 12% did not get jobs following the graduation

altogether. This shows that in 2009-2010 only a relatively small number of Lithuanian university graduates experienced problems with integration into the labour market (Public Policy and Management Institute, 2010).

Moreover, it is noteworthy that although the research was conducted at the time of economic decline, 90.4% of university graduates had jobs; 85.3% of them were hired employees, 2.8% had their own businesses, 2.4% were self-employed and only up to 5% did not have a regular job due to family related circumstances, continued studies or other unenforced considerations. Thus, it can be assumed that studies at the university and/or university education in 2009-2010 were an important prerequisite for keeping one's job even at the time of economic recession.

However, although the research findings of the Public Policy and Management Institute (2010) revealed that just a small number of university graduates encountered employment problems, education was treated as a guarantee of gaining access to the labour market and/or preserving a job, the research findings on graduates' motivation to work and employment opportunities of the Lithuanian Labour Exchange in the same year were not so positive.

The research involved 4 830 graduates registered in territorial labour exchanges in June – September 2010. The majority of them had education, i.e. 43% - vocational education, 32% - university education and 25% - higher non-university education. The research findings showed that in 2010 transfer from the education system to the labour market was still complicated for young people due to a lack of professional experience and practical training (as was stated by 83% of the surveyed graduates), general skills (33%) or theoretical knowledge (17%). Furthermore, the surveyed mentioned other reasons such as: lack of work experience (43%), mismatch of the profession with the demand in the labour market (shortage of jobs for specific professions) (20%), lack of the employer's understanding and trust in young people (27%), what determined employers' unwillingness to hire young people without any experience because they cannot immediately create added value for the employer and require additional investment and training. Some pointed out that employers were not willing to employ young people without recommendations from acquaintances or persons of authority (17%) or, for instance, were unwilling to invest in young specialists because they might later leave for competitors (Research on Graduates' Motivation to Work and Employment Opportunities, 2010). Based on the research findings it can be assumed that complicated integration of youth and participation in the labour market is rather

more inherent to young people with vocational education in Lithuania. This conclusion has been confirmed by the findings of the research "Rating of State Universities" carried out in 2010 by the Institute of Democratic Politics: the Lithuanian labour market is specific in the sense that employers seek to fill positions of all levels by university graduates in particular, and, seeing such tendencies, pupils without any consideration give preference to university instead of vocational education. In the meantime, labour market indicators of recent years show that although individuals with higher education compete better on the labour market, nonetheless the labour force demand and supply compatibility issue exists. Employers cannot always find employees with needed professional qualifications and a particular number of university graduates register with the labour exchange.

When assessing the situation of youth participation in the labour market in 2012, it can be stated that youth unemployment that went up due to the economic crisis has remained a serious problem in Lithuania as in other Baltic states, and its resolution remains one of top priorities for the state. Attention should be paid to numbers of people emigrating, living and working abroad, although they are still registered in Lithuania.

2. Measures that facilitate young people inclusion in the labour market

The economic crisis, experienced by the EU states, uncovered the problem of youth integration into the labour market and impelled the member states to search for suitable ways and methods to ensure smooth transition of young people to the national and/or EU labour market by enabling them to obtain knowledge, skills and competences necessary in a modern labour market and helping them to find their first jobs. This is why the Council of the EU invites the member states "to adopt measures at the 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, p. 12).

Since 1990, active labour market policies (ALMP) have become the main tool in the fight against high unemployment (Klove, 2006), while increase of youth employment in the European countries depends on implemented education and professional training policies, employment and labour market, especially active labour market policies, social security benefits policies and measures provided for

therein. Special ALMP measures for youth involve provision of information, advice and consultations (e.g., France, Malta, Island) and a variety of contract types (e.g., Luxembourg), incentives for employers to hire youth (e.g., Luxembourg, 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., the Slovak Republic, Sweden), or “work guarantee scheme” (e.g., Sweden) (European Employment Observatory Review, 2011). In some European countries, active labour market measures are specially designed for young people (e.g., UK, Malta, Island, Belgium, the Netherlands, Austria). While in the Czech Republic, Lithuania, Estonia, Slovenia and Macedonia, young people are identified as a target (priority) group, there are no special active labour market policies provided for them, while maintaining an opinion that this group may use the measures intended for groups of other ages and needs (Repeckiene, Kvedaraite, Zvireliene, Glinskiene, 2012).

When solving in the last decade newly arising social and economic problems in Lithuania much attention has been paid to active labour market policy measures as a policy instrument. 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 participants as well as for employers that implement the measures (Institute of Labour and Social Research, 2007). As noticed by Okuneviciute-Neveauskiene, Moskvina (2010), the approach 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 the person’s employment.

Seeking to reduce the youth unemployment rate that has increased due to the economic crisis,

for almost two years the Government of the Republic of Lithuania has been pursuing various measures that facilitate inclusion in the labour market (employers are offered exemptions for hiring young people; young people are offered credits on easy terms for start-up businesses from the Entrepreneurship Promotion Fund, etc); however, it is noteworthy that these are oriented towards young people as one of the most problematic social groups in the labour market: students, graduates, socially vulnerable young people, dropouts from the education system, etc. Hence, among the measures that provide more opportunities to young people for inclusion in the labour market, the following ones are worth mentioning:

Professional training for young unemployed persons to enable young unemployed people to acquire a profession, improve their qualification or re-train while taking part in the initiative for professional training of young unemployed persons. 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 2 100 young people, and as of 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 the period of at least 12 months, with training expenses of the unemployed being covered by the Labour Exchange (Measures Implemented by the Government, 2012).

Non-qualified young people in Lithuania are offered a temporary employment measure, **welfare activities**, which in 2011 was used by 5 400 young people under 29. In Lithuania, there are temporary employment enterprises which hire employees according to the customer’s requirements.

On 1 August 2012 the Lithuanian Labour Exchange started implementing 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 the period of 4 months will be able to receive a subsidy amounting to up to 50% of the accrued labour compensation (Ministry of Social Security and Labour, 2012).

The Entrepreneurship Promotion Fund (EPF), founded under the initiative of the Ministry of Social Security and Labour and the Ministry of Finance, extends **micro-credits**, i.e. loans up to EUR 25 000 with especially low interest to young people

(under 29). During the first 5 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 up 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).

Moreover, young people actively use first business year baskets, which correspond to a LTL 6 000 voucher allowing an individual to establish a company within 6 months while using various services intended for a start-up business. In 2011 enterprises founded by young people at the age of 18-29 years accounted for as many as 70% (around 240 enterprises) of all companies that enjoyed the vouchers. In the meantime if young people opt for individual activities under a business licence, subsidies for partial cover of expenses for the acquisition of a business licence and social insurance contributions are provided. Subsidies are granted only if a business licence is issued for the period of not less than 1 month or extended for the period of 12 months and amounts to not more than LTL 20 000 per month.

In order to facilitate the process of 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 Foundation for partial compensation of salaries and wages.

Analysis of the initiatives for the inclusion of the young people in the labour market being implemented in Lithuania highlighted the measures, which, in the opinion of the authors of the article, might be better oriented to students while seeking to provide timely information on changes in the labour market as well as helping them to find/create jobs corresponding to their qualification and to become players on the labour market well able to compete.

One of such measures refers to ***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 *Talentu Bankas* (The Talent Bank). Furthermore, there is a database on 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 in territorial labour exchanges. In 2011, information and consultancy services were used by 196 000 young people seeking employment (in 2010 the corresponding number was by 24 000 lower); 52 000 individuals participated in events and training courses intended for target groups (i.e. by 6 000 young people more than in 2010).

Measures for the formation of work skills and career-significant competences in the education system. Skills and competences of youth are being constantly developed by updating 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.

Financial measure for the enhancement of entrepreneurship and self-employment. In order to increase the entrepreneurial spirit of young people, they are provided with the opportunity to start up and develop a business under preferential loan conditions (applying a lower interest rate). In 2011, this opportunity was seized by 57 000 young people, i.e. 39% of all individuals who received preferential loans.

The system of social benefits for employers hiring young people without work experience. The benefit for social insurance contributions for an individual being employed for the first time was enjoyed by 27 800 individuals during the first 3 months of 2012 and by 62 000 young people in 2011, which allowed employers to save more than EUR 14 million. The benefit for social insurance compensation is planned to be extended as a highly effective initiative with the use of the funds of the European Social Fund (Ministry of Social Security and Labour, 2012).

On the basis of a new measure ***Support to the First Job*** (effective from 1 August 2012 to 1 August 2013), which would provide an incentive for an employer to hire a young individual with no experience, support will be provided to an individual aged 16–29, who is employed under an employment contract for the first time provided that he/she had no previous employment. The support is allocated for a partial compensation of salaries/wages within the period of 12 months, and EUR 9 million has been planned to be allocated for the initiative. According to the Minister of Social Security and Labour, this very type of business incentive, aimed at helping

young people to enter and integrate into the labour market, is highly effective (Ministry of Social Security and Labour, 2012). However, despite the fact that a subsidy for compensating salaries/wages is allocated for employers who hire young specialists under 29 or employ 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 payment of the subsidy terminates.

Conclusions

In the recent years, the employment issue has been described as one of the most relevant economic problems in Lithuania that cannot be separated from one of the most sensitive social groups, young people. Their integration into the labour market is determined by the interaction of external (not depending on an individual) and internal (depending on an individual) factors. Nonetheless, according to many scientists who examine inclusion of young people into the labour market, the situation of young people, therefore students too, as well as that of individuals in other social groups mostly depends on the overall economic situation in the country.

A significant decrease of youth employment in the labour market creates the need to search for ways to solve the transition of higher school students from the education system to the labour market. One of them is implementation of passive and active labour market policies aimed at solving newly arising economic and social problems: opportunities for young people who are unemployed or experience difficulties in the labour market to find jobs, acquire practical experience and skills and increase them, self-employment is promoted with a view to earning a salary corresponding to their needs or at least contributing to the income for young people who become unemployed and are searching for a job when it drags on. Other ways of solution refer to the implementation in real activities of innovative measures developed while implementing European projects that have proved themselves in practice (best practice examples).

Despite various active labour market measures for young people (including students) implemented in the country, training for the improvement of entrepreneurship, subsidies to employers, loans for start-up businesses 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 to ensure smooth transfer of young people from the education system to the labour market.

Thus, discussions are constantly arising in the public sphere of Lithuania about youth unemployment problems, opportunities for the increase of their employment rate and initiatives and measures that facilitate their inclusion into the labour market; however, assessments of the success rate or the impact on the dynamics of the youth inclusion into the labour market of the measures and initiatives pursued are lacking that would be based on the findings of scientific studies or empirical data. It can be assumed that currently implemented measures, that facilitate youth inclusion into the labour market, promote and adjust the supply, but they do not affect the demand, while the shortage of their assessments determines only subjective opinions on the success and effectiveness of the mentioned measures and initiatives. Furthermore, the measures associated with youth inclusion into the labour market should be also evaluated as other social initiatives, even if their impact is short-lived.

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Kvedaraitė, N., Repečkienė, A., Glinskienė, R., Žvirelienė, R.

Jaunimo užimtumas ir jų įsitraukimą į darbo rinką lengvinančios priemonės

Santrauka

Pastarųjų dešimtmečių vieno svarbiausių fenomeno – globalizacijos – transformacinės galimybės stipriai skverbiasi į ekonominio-socialinio gyvenimo sritis ir neišvengiamai lemia darbo rinkos pokyčius, kelia naujus reikalavimus ir iššūkius visuomenei, susidedančiai iš skirtingų socialinių grupių. Viena jautriausių socialinių grupių yra jaunimas, kurio integracija į darbo rinką tampa bene aktualiausia šių dienų ekonomine, socialine ir politine problema.

Europos Komisijos komunikato „Judus jaunimas“ vienas prioritetinių tikslų yra jaunimo nedarbo mažinimas, jo užimtumo didinimas ir geresnių karjeros perspektyvų užtikrinimas, siekiant įgyvendinti pažangaus, tvaraus ir integracinio augimo strategiją *Europa 2020*. Lietuvos jaunimo politika ypatingą dėmesį taip pat skiria jaunimo užimtumui ir sėkmingos integracijos į darbo rinką plėtojimui, kuriant jaunimo konsultavimo ir informavimo, užimtumo, nedarbo mažinimo programas. Nors kaip rodo jaunimo atliktų tyrimų rezultatai, vykdam ir įgyvendinant minėtas programas, susiduriama su didžiuliais iššūkiais: jaunimui integruotis į darbo rinką trukdo atotrūkis tarp mokslo teikiamų teorinių žinių ir darbdavių poreikių, jie neišryškina savo dalykinių privalumų, siekiant integruotis į darbo rinką, mokymosi periodu neįgyja reikalingų praktinių žinių ir socialinio pasiruošimo darbinei veiklai. Be to, jaunimas skeptiškai žiūri į darbą, akcentuoja jį ne kaip savęs realizacijos priemonę, o kaip galimybę patenkinti savo socialinio gyvenimo tikslus.

Minėtas kontekstas atskleidžia, kad nors Lietuvoje bandoma spręsti jaunimo užimtumo klausimus ir ieškoti efektyvesnių įsitraukimo į darbo rinką lengvinančių

priemonių, taip sprendžiant jų nedarbo problemas, tačiau ši problema vis dar išlieka **reikšminga ir aktuali** šalies visuomenės raidos kontekste dėl jos kompleksiško ir dinamiško pobūdžio, kurios sprendimas reikalauja ieškoti atsakymų į šiuos **probleminius klausimus**: kaip įtraukti jaunimą į darbą rinką? Kokios darbo rinkos priemonės gali palengvinti jaunimo įsitraukimą į darbą rinką?

Reaguodamos į nagrinėjamos problemos reikšmingumą, autorės šiame straipsnyje pristato Lietuvos mokslo tarybos finansuojamo pagal Nacionalinę mokslo programą „Socialiniai iššūkiai nacionaliniam saugumui“ vykdomo projekto „Akademinio jaunimo judumo darbo tikslais tyrimas“ pirmojo tyrimo etapo rezultatus: jaunimo dalyvavimo darbo rinkoje patirtį ir darbo rinkos priemones, įgalinančias palengvinti jų įsitraukimą į darbo rinką.

Tyrimo objektas – jaunimo užimtumas ir jų įsitraukimo į darbo rinką lengvinančios priemonės.

Tyrimo tikslas – išnagrinėti jaunimo dalyvavimo darbo rinkoje patirtį ir jų įsitraukimo į darbo rinką lengvinančias priemones.

Tyrimo metodai: mokslinės literatūros ir dokumentų analizė, atskleisti jaunimo įsitraukimo į darbo rinką lengvinančias priemones; statistinių duomenų analizė, kuria remiantis išnagrinėtos jaunimo dalyvavimo darbo rinkoje tendencijos.

Žymus jaunimo užimtumo sumažėjimas darbo rinkoje kelia būtinybę ieškoti aukštųjų mokyklų studentų perėjimo iš švietimo sistemos į darbo rinką problemos sprendimo būdų. Vienas jų – pasyvių ir aktyvių darbo rinkos politikos priemonių įgyvendinimas, kuriomis siekiama spręsti vis naujai kylančias ekonomines ir socialines

problemas: didinamos nedirbančio ar patiriančio sunkumų darbo rinkoje jaunimo galimybės įsidarbinti, įgyti praktinės patirties ir gebėjimų, skatinamas savarankiškas užimtumas, gaunant jų poreikius atliepiantį darbo užmokestį arba bent palaikant bedarbiais tapusių jaunuolių pajamų lygį, užsitęsęs darbo paieškai. Kiti sprendimo būdai: inovatyvių priemonių, sukurtų vykdant europinius projektus, ir pasiteisusių praktikoje (gerosios praktikos pavyzdžių) įgyvendinimas realiose veiklose.

Nors šalyje įgyvendinamos įvairios jaunimui (tarp jų ir akademiniam jaunimui) skirtos aktyvios darbo rinkos politikos priemonės, rengiami verslumo įgūdžių ugdymo mokymai, teikiamos subsidijos darbdaviams, lengvatinėmis sąlygomis jaunimui teikiamos paskolos verslo pradžiai, remiamos stažuočių programos, savanoriška veikla ir kitos priemonės bei iniciatyvos. Tačiau esama jaunimo situacija darbo rinkoje reikalauja papildomų pastangų, užtikrinančių sklandų jų perėjimą iš švietimo sistemos į darbo rinką.

Taigi Lietuvos viešojoje erdvėje nuolat diskutuojama apie jaunimo nedarbo problemas, jų užimtumo didinimo galimybes ir išitraukimą į darbo rinką lengvinančias iniciatyvas ir priemones, tačiau stokojama mokslinių tyrimų ir empiriniais duomenimis grįstų vertinimų apie įgyvendinamų priemonių ir iniciatyvų sėkmingumą, jų poveikio jaunimo įtraukties į darbo rinką kaitai.

Galima daryti prielaidas, kad šiuo metu įgyvendinamos jaunimo išitraukimą į darbo rinką lengvinančios priemonės skatina ir koreguoja pasiūlą, tačiau nepaveikia paklausos, o jų vertinimų trūkumas lemia tik subjektyvias nuomones apie minėtų priemonių ir iniciatyvų sėkmingumą bei efektyvumą. Be to, su jaunimu susijusios įtraukties į darbo rinką priemonės stokoja socialinės iniciatyvos vertinimo, net jei jų kuriamas poveikis yra trumpalaikis.

Pagrindiniai žodžiai: jaunimas, akademinis jaunimas, darbo rinką, užimtumas.

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Management Accounting Practices in China: Current Key Problems and Solutions

Xiaosong Zheng

Tallinn University of Technology, Ehitajate tee 5, 19086 Tallinn, Estonia

Shanghai University, No.20 Cheng Zhong Road, 201800 Shanghai, China

E-mail: xiaosong.zheng@shu.edu.cn, xiaosong.zheng@ttu.ee

Abstract

A management accounting system has been developing in China in the last three decades. In recent years China is quickly stepping into a market-oriented economy which requires many facets of its economy and society to be changed. Management accounting is one of the fields currently undergoing a rapid change. This paper introduces current management accounting practices in China. The focus is laid on management accounting practices in small and medium-sized enterprises (SMEs). It further discusses a few key factors and problems affecting the adoption and application of a management accounting system in China. For each of key problem suggested solutions are presented and discussed. It is foreseen that the quality of management accounting practices will be significantly improved in the near future in line with China's privatization and the open market process.

Keywords: management accounting, practice, China, problem, solution.

Introduction

In the last three decades China has undergone significant restructuring towards a market-oriented economy system. This restructuring process does affect business operations of all firms especially those state-owned enterprises (SOEs) and joint ventures (JVs). It is widely argued that China's market-oriented economy system calls for modification and adaptation at all levels of many business, social and law systems (e.g., Bromwich and Wang, 1991; Perkins, 1994; Firth, 1996; Qiao, 1997). The ongoing privatization and market reform changes are also a reflection of China's access to WTO after 10 years. Among other changes management accounting is one field left behind in China without significant advances. Management accounting as a research field is well-developed in western economies. However, for many developing economics such as China, we know very little about current management accounting practices, the developing trend and the underlying problems (Skousen and Yang, 1988; Scapens and Yan, 1993; Lin *et al.*, 1998; O'Connor *et al.*, 2004). However, management accounting in China has played an

important role in assisting economic planning and implementation of state economic policies (Xiang, 1998). Therefore, there is an urgent need to look into current management accounting practices and problems in China. The purpose of this study is to identify key problems in the adoption and application of management accounting practices in China and to find possible solutions to these key problems. The proposed solutions are not only useful for China's management accounting system development but may also have significant implications for other transitional economies as well.

The remainder of the paper is organized in the following way. Part 1 is a literature review summarizing different factors that affect management accounting practices and changes in China. In part 2 a few key problems are identified in China's current management accounting practices and changes. Part 3 presents survey results and data analysis of management accounting practices in SMEs in China. In part 4 possible solutions to key management accounting problems are suggested and discussed. The last part is the conclusion that summarizes the findings in this paper with the outline for future research directions.

1. Factors that affect management accounting practices in China

In literature there are some research on factors that affect management accounting practices in China. These factors can be classified into cultural factors which emphasize a traditional management culture and norms (Liu and Zhang, 1996; Hoon-Halbauer, 1999; O'Connor *et al.*, 2004; Islam and Kantor, 2005; Chanegrih, 2008); economic factors which include a macroeconomic situation and market competition (Child, 1994; Lin *et al.*, 1998; Granlund and Lukka, 1998); host country factors which include the legislation system, political system, labour education level, competition level, etc. (O'Connor *et al.*, 2004; Jarvinen, 2006); firm factors such as size,

industry and age of JVs (Firth, 1996; Yang, 1999; O'Connor *et al.*, 2004; Buckley *et al.*, 2007); partner factors such as influences and experiences of host and foreign partners (Child, 1993; Yan and Gray, 1994; Firth, 1996).

In recent years a number of researchers examined factors that affect Chinese management accounting practices and changes in China's market-oriented economy. Wu *et al.* (2007) found that ownership structure (JV or SOE) is the most important determinant for the level of adoption of management accounting practices in a specific firm and the influence of management accounting techniques is less important in comparison with the ownership type. They also found that management accounting practices such as budgeting for controlling costs, profit and sales budgeting and target costing are perceived to be more beneficial for SOEs compared to JVs while responsibility accounting, which is traditionally associated with SOEs, and accounting for decision making is perceived to be less beneficial for SOEs compared with JVs. In a very recent article Wu and Boateng (2010) examined factors that make influencing changes in Chinese management accounting practices and found that the size and level of knowledge of senior managers influence changes in management accounting practices. However, the Chinese government was found to have very little influence on changes in management accounting practices of JVs and SOEs. These recent findings reflect significant economic and social changes that have happened in the last few years in Mainland China. For example, the influence of the Chinese government on management accounting practices may not be as big as in previous years due to further development of China's open market-oriented economy. As a result there is an urgent need to investigate recent management accounting practices, changes and advances in China. What are the main factors that have influence on these practices and changes? What are the key problems in management accounting practices and what are possible solutions to these problems?

2. Key problems of management accounting practices and changes in China

The emergence of western management accounting concepts and practices in China can be dated back to the end of the 1970s and the beginning of the 1980s when China opened its door to the world and adopted the so called "reform and open" policy. Since then management accounting practices have been steadily developing in China. However, as Yang (1999) pointed out, that even prior to economic reforms in 1980 management accounting practices and cost

accounting were important methods for measuring SOEs' performances under the centrally planned economy. During the first 15 years of the founding of the People's Republic of China (1950–1965), two notable developments that occurred in management accounting practices were build-up cost accounting systems for different industries and implementation of cost management techniques. Yang indicated that management accounting techniques, such as responsibility accounting, were widely employed in SOEs and documented in the Chinese accounting literature. Management accounting practices on cost accounting and budgeting were applied in SOEs in China between the 1950s and the 1970s and they played an important role in the centrally planned economy. Nevertheless, it is until 1980 that western management accounting concepts and practices started to be adopted slowly in China. Significant advances of western management accounting concepts and practices in China happened in the last decade because during the last decade China entered the WTO and had a tremendous economic growth. Furthermore, China is evolving towards a market-oriented economy system. These macroeconomic processes and changes will require corresponding changes from management accounting practices particularly in SOEs and JVs.

During the past three decades China has been developing its management accounting system in most SOEs and JVs. In recent years the focus of management accounting has shifted from traditional cost accounting and budgeting to value-based management and strategic management accounting. Despite of the development of a steady management accounting system there are a number of problems in practices. A few key problems are identified and discussed below.

2.1. Limitations of management accounting theory and practices

It is generally agreed that there is no comprehensive and consistent management accounting theory in the world so far. Indeed, management accounting embraces knowledge and theories from many disciplines such as behaviour science, economics and information science. Many discrete branches of management accounting pose challenges in adoption and application, for example: Which management accounting theory or technique should be used? Which one is more superior to the other? It is also difficult to quantify values and information in management accounting for decision making and strategic management purposes. In contrast, financial accounting as the field of a consistent theory and framework for quantitative analysis. A discrete and