



# Employment and labour market policies for an ageing workforce and initiatives at the workplace

## National overview report: Lithuania

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## Situation of older workers in Lithuania

The number of older people in Lithuania is increasing. During the period 2001-2005 the share of the population aged over 55 increased by 11.6%, and in 2006 25.7% of the population were more than 55 years old. As in the vast majority of other countries, feminization is a common feature of the older population. Thus in Lithuania in 2006 62.3% of those aged over 55 were women.

The overall employment indicators of older workers in Lithuania are rather good in an EU context. Employment in Lithuania has generally been increasing in recent years – by 6% over 2000-2005 and older workers have contributed quite significantly to this. Thus over 2000-2005 the overall employment rate of those aged 55-64 increased by nearly 9 percentage points, reaching 49.2% in 2005 (according to Eurostat data). The corresponding EU rate was 42.5% so Lithuania is ahead by this measure as compared with an average EU member state. In fact the Baltic states are all well above average performers in this indicator with only the Scandinavian countries and the UK posting noticeably higher figures. The best performer from the Baltics is Estonia with an employment rate of 56.1% for older workers.

The employment rate of both men and women has increased over 2000-2005 but a big gap remains – thus in 2005 the employment rate of older men was 59.1% (up from just over 50% in 2000) for women it was only 41.7% (up from just under 33% in 2000).

Similarly the percentage of economically active men (aged >55) is higher than of women and while the rate has increased for both men and women the gap remains at about 17-18 percentage points. Table 1 shows activity rates among older people where we observe that activity rates for men aged 55-59 have decreased by 6% in the last years. The activity rate for women in the same age group also fell back in 2005 after growing strongly in the previous five years.

Table 1: *Activity rates of older workers by gender and age groups (average annual number; %)*

Age groups	1998	1999	2000	2001	2002	2003	2004	2005
<b>Total (55-64)</b>	<b>41.9</b>	<b>42.8</b>	<b>45.1</b>	<b>44.3</b>	<b>46.9</b>	<b>51.0</b>	<b>52.9</b>	<b>52.6</b>
55-59	59.4	60.0	63.6	64.3	66.6	71.4	72.6	69.4
60-64	24.4	25.5	26.5	24.9	27.1	30.6	33.2	35.8
65+	6.1	5.5	7.5	5.7	4.5	5.0	3.9	3.9
<b>Men (55-64)</b>	<b>57.1</b>	<b>57.9</b>	<b>57.0</b>	<b>58.8</b>	<b>59.4</b>	<b>61.9</b>	<b>63.6</b>	<b>63.5</b>
55-59	78.4	79.2	75.7	77.9	78.4	79.2	76.0	73.0
60-64	35.8	36.6	38.3	39.6	40.3	44.5	51.1	54.0
65+	9.8	8.8	10.3	8.3	7.3	8.3	6.4	6.3
<b>Women (55-64)</b>	<b>30.4</b>	<b>31.3</b>	<b>36.1</b>	<b>34.0</b>	<b>37.4</b>	<b>42.9</b>	<b>45.1</b>	<b>44.6</b>
55-59	44.5	45.0	54.1	53.7	57.3	65.3	69.9	66.5
60-64	16.2	17.6	18.0	14.2	17.5	20.5	20.3	22.7
65+	4.2	3.8	6.1	4.4	3.0	3.3	2.6	2.6

Source: *Statistics Lithuania*

In 2005 the average exit age was 60.0 years, whereas the same rate in 2001 was 58.9. So the exit age is increasing slightly in Lithuania.<sup>1</sup> This is slightly below the EU15 figure but above that for the new member states.

Table 2: *Average exit age in Lithuania*

	2000	2001	2002	2003	2004	2005
<b>Total</b>	-	58.9	-	-	60.8	60.0

Source: Eurostat

### Role of public actors in fostering active ageing in Lithuania

In Lithuania the aging workforce is not regarded as an especially high profile problem. Actors actively involved in this issue include: the Government (the Ministry of Employment and Social Affairs in particular together with its agencies such as the Lithuanian Labour Exchange); NGOs that represent older people, research organisations and the Lithuanian media. Social partners – employers representatives and trade unions – have to date been only marginally interested at the national level.

The Government position on older workers originates in two sets of concerns: one is the concern about the possible social exclusion of older people and employment is seen as a possible way of tackling the problem. This concern has become notably more prominent with EU accession. The other concern is the emergence of growing labour market shortages arising from the booming economy and the much publicised migration of Lithuanian workers to the UK and Ireland. Integration of older people into labour force more effectively is seen as one mechanism for addressing this problem.

Two important public actors are the Lithuanian Labour Exchange (LLE) and the Lithuanian Labour Market Training Authority (LLMTA). The LLE, which is the Lithuanian public employment service, focuses on active labour market policies and the implementation of various programmes aimed at improving employability while the LLMTA focuses on counseling and on the content of labour market training. In practice there is some overlap in the activities of these agencies. Older workers come within the ambit of the LLE and LLMTA in the context of policies aimed at vulnerable groups and the long term unemployed. In the context of the 2007-2013 period more explicit attention appears to be given to older workers as a distinct category. As well as directly providing services the labour market institutions are also involved in awareness raising activities.

NGOs representing older people have become increasingly active in promoting better integration of older workers in Lithuania. One example is the Council of Pensioners that is active in promoting the employment of retirees. Women oriented NGOs, such as the Older Woman Activity Centre in Kaunas, have been particularly active in applying to various national programmes for subsidies, trainings, experience, and help in re-qualification for unemployed older people.

One very important advisory actor is the Employment and Social Research Institute. The institute analyses the labour market, provide suggestions for the Ministry of Employment and Social Affairs about the new programmes and helps evaluating as well as examining the old ones.

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<sup>1</sup> Average exit ages as calculated by Statistics Lithuania have been adjusted by Eurostat according to their methods. That is why in some sources different numbers can be found. Table 2 is from Eurostat data.

Although not especially prominent in promoting the interests of older workers the Confederation of Labour Unions has recently defined older workers as one of the important and vulnerable groups in the labour market (along with women and young people), when promoting interests of the organization. But women and young people receive more attention since they have their own centres that operate as promoters of their rights.

Similarly the employers represented by the Lithuanian Business Employers' Confederation and the Confederation of Lithuanian Industrialists are just starting to address the issue of older workers.

The Lithuanian media does discuss the issue and publicizes examples of good practice. Especially active are local newspapers, where publications about the employment problems facing older people are quite frequent. For example, in 2006 a regional newspaper in Kaunas carried out the experiment of checking whether 48 years old female would be accepted to a given position if she possessed all the needed skills and demonstrated that she could do the job. Unsurprisingly she was not offered the job.

## Public initiatives for fostering active ageing

### Legislation

Two important laws were adopted during the period.

*The Law on Equal Rights* (came into force January 1st, 2005)

Prior to this the law assured only equal rights with respect to gender. The purpose of the new law was to forbid direct or indirect discrimination of people according to age, sexual orientation, disability, race, ethnicity, religion or beliefs. As a result, from the beginning of 2005 it is illegal to treat potential or present employees differently according to their age, to have age limitations in job advertisements or discriminate between individuals because of their age in some other way. The implementation and supervision of the law has been assigned to Controller of Equal Rights.

*The Law on Employment Promotion* (came into force August 1st, 2006)

This law identifies employable people over 50 to be a supportable group in the labour force. This means that the group has priority in training programmes, in getting jobs in public works, etc. Moreover, employers that permanently hire people from this group receive subsidies for up to 12 months and initiatives/projects aimed at improving the labour market situation of older workers are eligible for government funding.

### Programmes and active labour market policy

Five major programmes/strategies that affected employment of older people were implemented in Lithuania during the period.

- In 2000 the *Programme for Increasing Labour Participation Rates* was commenced. This programme was aimed at reducing the high unemployment prevailing in Lithuania at that time and to prepare for Lithuania for common EU labour force coordination.
- In 2004 the *National Strategy for Combating the Consequences of the Population Ageing* was developed as part of the action implementing the International United Nations Madrid Action Plan.
- In 2004 the *Single Programming Document for 2004-2006* defined Lithuanian priorities and measures for the use of the structural funds. Higher participation rates of older people was one of its priorities; another was human resource development.

- The *National Lisbon Strategy Implementation Programme*, approved on October 22nd, 2005. This programme took over the tasks of the national employment plans that Lithuania had prepared before accession and set a task of reaching a 50% employment rate of older workers (aged 55-64) by 2010. Additionally the programme contains detailed measures for the implementation of the guidelines of the European Employment Strategy which includes measures aimed at older workers.
- The new *Human Resource Development Programme for 2007-2013* is the strategic document that defines the priorities and measures that Lithuania plans to implement with European Social Fund assistance during the 2007-2013 programming period.

Active labour market policies that directly or indirectly have affected older workers include the following:

- The ‘Employment support programme for senior unemployed persons of 55+’ was launched in 2003. Between 2003 to 2005, 75% of registered unemployed in the 55+ age group participated in activities under this programme and 40% found jobs.
- Subsidies for businesses in the highest unemployment regions to create new job places. In 2005, 78 projects were accepted, 452 new jobs were created and the government devoted 1.98 mill euro in total.
- A project for long-term unemployed people for four regions of Lithuania (Klaipeda, Taurage, Panevezys and Alytus) called *Support for the Long-Term Unemployed in Lithuania in Creating Local Networks in Lithuania*. It was implemented in 2001-2003 in cooperation with partners from the Netherlands “Nehem International” and “Huesken & De Pree Consultancy”. After completion 50% of the participants (in total 280 groups of 20-50 persons) were successfully employed.

### Pension reform

Up to the 2004 reform the Lithuanian pension system was a pay-as-you-go system. The reform introduced a mandatory funded pillar and the system will be fully developed as of 2007 when the percentage allocated to pension funds will have risen to 5.5% from an initial 2.5% in 2004 and will remain so in the future. The overall rate of social contributions remains at 34%. There is also the option to participate in occupational pension schemes as well as in additional pension savings in life-insurance companies and pension funds. However, these schemes are currently not popular in Lithuania.

The retirement age has been increased gradually from 1995 when it was 55 for women and 60 for men. In 2000 it was already 57 for women and 61 for men. And now it is 60 for women and 62.5 for men. No further increases are planned at the moment.

### EU-policies/programmes

Membership in EU has played an important role in the development of policies and projects to improve the situation of older workers. The impact of the EU comes partly from the funding it has provided and will continue to provide through the ESF. Just as important has been the role of the EU in defining the policy agenda and its role in developing and disseminating good practices.

The Lithuanian structural funds are managed overall by the Ministry of Finance. The Ministry of Social Security and Labour as well as Ministry of Education and Science are the intermediary bodies for the ESF, while the Support Foundation European Social Fund Agency is the implementing agency. The monitoring is done by the Monitoring Committee that includes representatives from European Commission, NGOs, and Government institutions.

ESF activities in Lithuania have been defined by the measures described in the *Single Programming Document of Lithuania Priority 2 "Human Resource Development"* (2004-2006) for which EUR 163.8m euros was allocated – this represented more than  $\frac{3}{4}$  of the total sum available. One of the measures under this priority was "Promotion of social integration" which includes activities aimed at helping older workers join the labour force. 14 projects were approved for such activities with funding of EUR 2.28 m. Many projects are still in the process of implementation so results are not yet available but according to initial expectations about 1000 of the participants will be employed.

ESF funding for the next programming period is defined by the *Human Resource Development Programme for 2007-2013* and social inclusion comes under the priority "High quality employment and social involvement" which receives 5.5% of total EU funding for Lithuania or EUR 372.6 m. This sum is about double what was available over the period of 2004-2006.

### **Actions of Social Partners/Collective agreements**

In 2005 a new Agreement of Tripartite Cooperation between Lithuanian Government, Labour Unions and The Organizations of Employers was signed. One of the priorities of the new agreement was the aim of securing equal rights in the labour market – including also the rights of older people.

From 2006 the Ministry of Employment and Social Affairs has allocated funds for NGOs representing older people. Actively involved is the Lithuanian Labour Exchange which has established an agreement with the Council of Pensioners. One result of this agreement is a 2006 initiative called the Bank of Seniors and which aims to provide information about potential older workers for employers who are willing to hire pensioners. The programme is quite new but Labour Exchange expects the number of working pensioners to increase in the future.

### **National programmes or initiatives**

The main national programmes have already been described. An important aim of the most recent programmes such as the employment part of the *National Lisbon Strategy Implementation Programme* is to create a society of equal opportunities for people of all generations; following the principles of active ageing, enabling elderly people to lead a full personal, social, professional and cultural life now and in the future so that their experience would be appreciated and applied and they would be respected and assured of their future. This goal is supposed to be reached during 2005-2008. One of the more tangible goals is to reach a 50% employment rate for older workers by 2010. This goal will be easy to reach because Lithuania is already very close – Statistics Lithuania suggests that employment was already more than 50% in 2005, while Eurostat has 49.2% which is very close to the goal.

## Conclusions

Lithuania is clearly above the EU average when it comes to standard indicators such as the employment rates of older workers and the age of exit from the labour force. But these figures do not mean that older people do not have problems in the labour market. The good result is a consequence of the economic boom and substantial shortages of young labour force because of both demographics and the migration of younger people to the West.

The majority of older people work in low-paid, unqualified jobs. Employers that can not offer career possibilities or high wages are targeting older people as employees.

There are many issues that could be improved. The main challenge is to change public opinion (most importantly the opinion of employers) that older workers are of second-class. Government, Labour unions and other social partners have to promote employment of older workers and changes in attitudes about them.

One specific problem concerns the availability of part-time work. In Lithuania this has decreased by around 4% over 2000-2005 which is the worst result in EU. Improving this indicator would bring more possibilities for women (also older ones who are the biggest part of all unemployed older people in Lithuania) to join labour force. Education and publicity will have an important role in this issue. If the society is informed and aware of the problem, attitudes will change more quickly.

However, despite Lithuania's good record with respect to the employment of older workers, it would be fair to say that the idea of active age management has not yet fully taken root either at the policy level or within enterprises.

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