

ANALYSIS OF UNEMPLOYMENT REGULATION TOOLS ORIENTED TOWARDS LABOUR SUPPLY IN LITHUANIA

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The need of unemployment regulation is very important issue nowadays. Unemployment regulation tools can be address towards labour supply either demand. Recently opened scientists discussion about growing need to regulate labour supply because of high volunteer caused unemployment and situation when open work places cannot be filled with existing labour supply because of the various reasons. This article objective is to review possible unemployment regulation tools oriented towards labour supply. The research was done using methods like analysis of the scientific publications, statistical data comparison and analysis. The main results are systematized and evaluated of unemployment regulation tools oriented towards labour supply in Lithuania.

Key words: unemployment regulation tools, labour supply, unemployment.

JEL codes: J080, J200, J210

Introduction

The growing unemployment in Lithuania and most o European Union countries provide the need to discuss the reasons of unemployment and regulation of it. The recent studies indicated problem of labour supply problems such as not matching the structure of labour demand and more often willing to stay unemployed because of low faith in possibilities to be employed either low interests of being employed. To change the labour supply structure possible by using unemployment regulation tools. Also its needed to indicate how those tools can empower the labour supply. ~~The main~~ The main objective of the article is to review unemployment regulation tools used in the world and Lithuania and oriented towards labour supply empowering it.

Seeking for the main objective of the article was analyzed various author's articles, compared different countries situations and regulation experiences.

As the research methods were used analysis of the scientific publications and also statistical data comparison and analysis. As the tasks for the research were raised:

- to collect and study the statistical data of Lithuanian Republic unemployment during period from 2007 up to 2010;
- to analyze the unemployment regulation tools addressed towards labour supply in Lithuania and to indicate changes of the used tools in period from 2007 up to 2010.

The results of research helped to systemize and evaluate unemployment regulation tools oriented towards labour supply in Lithuania. The research covers theoretical and situation analysis but does not involve empirical research of labour supply regulation effect.

The proper labour supply and its regulation is one of the factors of state's sustainable development.

Scientific Analysis of Labour Supply Regulation

It is very important to take attention to growing unemployment rates in nearly every country. The reasons for unemployment growth are various starting economics crisis which caused chain of bankruptcies, changes of state's economies structure and changing labour force needs, migration and others. Authors M. Fujimura (2009), O. Kaplinski (2008), P. Ziliukas and E. Katiliute (2008), L. Cekanavicius, G. Kasnauskiene (2009), T. Tamosiunas, S. Lukosius (2009), V. Snieska, I. Simkunaite (2009), D. Grundey, B. Toluba (2008) and other authors in their scientific publications widely discuss relations between unemployment and state's economy, enterprises, social and economic development.

There is growing need to take more attention to various unemployment regulation tools and especially non financial because just by unemployment benefits cannot be solved appearing problems. As the various authors G. Acs, E. Toder (2007), A. Alesina, E. Glaeser (2004), H. G. Bloemen, E. F. Stancanelli (2005), D. Gallie (2007) and others state unemployment benefits and grants can cause and negative effect that appears as the abuse of welfare programs.

As authors Ch. E. Weber (2000), L. Gallaway and R. Vedder (2002), unemployment regulation tools can make an effect towards various economic indexes such as GDP, collected taxes and increase of governmental expenses such as transfer payments, change level of emigration.

The Research of Active Labour Market Policy Tools Affectivity (2007) split unemployment regulation tools into the active and passive tools of Labour market policy. The unemployment expenditures involve unemployment insurance benefits, training allowance for unemployed, vocational training, consulting and etc. There are implemented active tools such as vocational training, work rotation and sharing work places helping to employ unemployed people in existing work places and replacing previous workers.

Unemployment regulation tools can make impact on labour supply and labour demand. Labour supply is group of labour force that is unemployed and is looking for work places either working people who are searching for new work places. Also there is possibility to support and encourage labour demand – companies that are opening new work places either keeping existing work places.

Also there can be implemented promotion of employment which supplies possibilities to employ target groups places that are in high risk to lose jobs either help them remain in existing work. As a possible active tool can be identified start-up promotion for unemployed people who would like to establish their own business and ensure work place for them. As the inactive tools of Labor Market policy are indentified the support of unemployed income and keeping the level of income they had before either early retirement allowance.

According Employment in Europe (2006) the payments made to regulate unemployment can be split in to the payments for individuals (direct payments for unemployed, cash payments and taxation duties reduction), payment for employers (di-

rect payments either tax reductions) and payments for service providers who supply services for individuals either employers.

B. Martinkus, S. Stoskus (2009), P. Ziliukas, E. Katiliute (2008), A. Savaneviciene, D. Stukaite (2008), D. Marsden (1999), C. Gomez and A. Ibarra-Yunez (2007), A. Clark (2009) in their science publications discuss about necessity to use segmentation of labour market to indicate needs of groups, existing and needed competences to be able to organize proper trainings and re-skilling courses and possibilities to use financial tools of labour supply regulation.

It is important to review possible to use labour supply regulation tools that are implemented in various countries during various economic cycle periods.

P. Ziliukas and E. Katiliute (2008), B. Martinkus, S. Stoskus (2009), D. Gallie (2007), D. Howell (2005), A. Savaneviciene and E. Katiliute (2008) and other authors discuss the changing needs of specialists in the market and that not appearing suitable for the labour market unemployed are sentenced to stay unemployed if they won't get new skills and competencies. Labour supply must be capable to meet labour demand and employers needs. To ensure that government should organize the vocational training which will allow for people to get higher chances to get employed and keep workplaces in the future. There are used unemployed re-skilling, subsidizing employment of special unemployed groups to increase labour supply for existing labour demand.

The training programs for unemployed according to G. Acs and E. Toder (2007) and D. Howell (2005) may enable individuals to develop new skills and provide possibility increase their income in the future comparing to their current market wages and also facilitate labour market flexibility as the economies are being transferred to services and high technology.

J. Cherng-Tay Hsueh and Yeun-Wen Ku (2009), Yuegen Xiong (2009) analyzing employment of youth indicate as a problem people aged 25–29 possibility to stay in big cities not having enough of experience and household registrations. Possibilities to remove this obstacle are organizing more efficient practical training during studies in universities and colleges and for universities to keep their dossiers and household registration in the cities where they studied for a maximum 2 years.

Swedish labour market regulation policy was represented by Olsson (2008) and its stated that one of the tools to increase labour supply is to subsidize mobility. Mobility can be described as possibility to change living and working place either just going to work place longer distance. It allows increase geographical mobility and as a consequence of not applying for the rules would be a reduction of benefits.

G. Acs and E. Toder (2007), D. Klepinger, T. Johnson, J. Hoesch (2002), H. Bloemen and E. Stanca (2005) analyze positive points of unemployment benefits. The benefits idea is to help to provide temporary income support to involuntarily unemployed individuals while they search for work and smoothen their consumption. Although unemployment benefits are done with good intentions, there are noticed and negative outcomes such as labour supply abuse. Unemployed refuse work offers trying to use utility to stay in benefit programs and substitute private income with publicly provided income. Examples of this negative outcomes are analyzed for a long time by P. Gottschalk (1988), A. Clark and Lee (2008) and others.

As the analysis shows labour supply regulation policy and tools depends on labour force qualitative and quantitative structure.

Labour Supply Regulation Analysis in Lithuania

The research was made to study the unemployment and labour supply regulation tools and the changing figures of unemployment in Lithuanian Republic.

The main goal of the research is to study labour supply regulation tools in Lithuania identifying possible gaps between planned positive results and actual outcomes.

The data for the research was collected in Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania) and Lithuanian Labour Exchange office at the Ministry of Social Security and Labour in Lithuania. There were used methods like data grouping, analysis of statistics and situation. The research results can be used for studies and enterprises because here is presented systemized information about labors supply regulation and employment situation in Lithuania during period from 2007 up to 2010.

Lithuanian unemployment rate was after entering European Union was shrinking and average yearly unemployment rate for 2007 was 4,6 percent in Lithuania. In the middle of 2008 situation in Lithuanian economics started changing and average unemployment rate during 2008 was 4.8 percent. The end of the year results were already not so optimistic and unemployment rate grew up to 5.7 percent of all work force in Lithuania. It seemed that 2009 was the year of economic crisis in Lithuania and one of the indicators of it was the greatest growth of unemployment rate when average yearly unemployment rate rise up to 9.4 percent but at the end of the year unemployment rate reached 12,5 percent. Situation at the end of 2009 can be called quite stabile comparing to changes during 2009. The state faced the problem called cyclical unemployment. Following year was even worse comparing average figures and quantity of unemployed people registered in Lithuanian Labour Exchange office. The total quantity of unemployed registered reached 3113 thousands at the end of 2010 and average yearly unemployment rate was 14.5 percent which is nearly three times more then 2007. Unemployment rate started to drop only since middle of 2010 but the results are not so optimistic as it could be expected.

The economic crisis in Lithuania caused fiscal problems such as growing budget deficit and also high unemployed people figures forced government to review unemployment regulation policy and was made adjustments in passive unemployment regulation tools such as unemployment's benefits and grants. The changes included reduction of unemployment grants that are paid for 6 months after registering in Lithuanian Labour Exchange office. Also was changed that if both sides (employer and employee) agree about braking work contract and employer pay compensation for certain period, unemployment grant will be paid only after this period but not since unemployed person registers as it was before.

Labour Exchange office pays more attention towards active unemployment regulation tools. The unemployment regulation tools like special consulting for unemployed who are willing to become self-employed, discounts for business licenses

for not longer than 6 months period became more popular and effective during recent period.

The other unemployment regulation tools such as unemployed people re-skilling, subsidizing employment of special unemployed groups are still valid and constantly used. After economic slowdown started Lithuanian enterprises could not keep the same amount of work places because of the high costs and less income.

There is a program that subsidize employment of certain groups of unemployed covering part of employers costs for salaries. Program subsidize employment of handicaps, long term unemployed people, older than 50 years unemployed people, persons who take care of younger than 8 years old child, people who came back from prisons, youth up to 29 years old and etc. This allows for those groups of unemployed to get better chance to receive workplaces. Also it effects labour supply allowing them to be more optimistic in searching.

The amount of money spent by government for active unemployment regulation tools like ex-prisoners' teaching programs, local initiatives, administrating of social companies, professional reinstatement, vocational training, employment programs subsidizing work places and others are quite impressive and growing yearly. Active unemployment regulation tools costs that are covered by funds assigned from Lithuanian Republic budget and using EU funds.

Recent changes of Lithuanian Republic Labour Code included one more official new type of work contract – telework work (this term is also known as distance work, e-work). Telework work contract can state that agreed work functions either part of work functions worker will perform not in the employers office but in other locations that are reasonable for employee. This work contract type allows to employ more people from disadvantaged groups and also save costs for both sides – employer and employee, such as expenses for work places and traveling to work, parking costs and etc. This change of law allows to increase labour supply because the savings of costs make existing jobs more attractive for existing salary and also allows disadvantages groups of society to work and be part of active citizens.

As it can be seen from analysis labour supply is effected by unemployment regulation tools in Lithuania and the investments to regulation are important for labour force because of the possibilities after using different trainings either subsidizing programs to increase chances to gain new work places and keep them in the future.

Conclusion

1. As the scientists articles review showed there are various unemployment regulation tools that make an effect towards labour supply and are used differently in various states. The financial regulation tools such as unemployment grants and benefits are not so effective and solves just income loss for certain period problem not helping for the future. The scientific discussion is more related to non financial labour supply regulation such as various trainings.

2. Lithuanian unemployment regulation tools study allows to conclude that here are used mainly traditional unemployment regulation tools that are orientated

towards labour supply. Such regulation tools as unemployment grants, subsidizing employment of special unemployed groups are financial and popular but can cause negative side effects. One of the most developed regulation tools is re-skilling. Recently more popular became special consulting for those who want to become self-employed, discounts for business licenses up to 6 months. Lithuanian government made some changes in law to be able to extend labour supply possibilities by using telework and changing Lithuanian Republic Labour Code.

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Į DARBO PASIŪLĄ NUKREIPTŲ NEDARBO REGULIAVIMO PRIEMONIŲ ANALIZĖ LIETUVOJE

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Santrauka

Pastaruoju metu mokslinėse diskusijose kalbama apie kintančią darbo rinką bei nedarbo rūšis ir reguliavimo priemones. Aukštam nedarbo lygiui Lietuvoje bei kitose pasaulio šalyse įtakos turi ekonomikos nuosmukis bei krizė. Atsiradęs ciklinis nedarbas papildomas struktūriniu nedarbu bei savanorišku nedarbu. Struktūrinio nedarbo reguliavimo priemonės plačiai naudojamos visose šalyse įskaitant ir Lietuvą. Šios priemonės vadinamos aktyviomis rinkos reguliavimo priemonėmis bei apima visą eilę priemonių. Savanoriškas nedarbas atsiranda tuomet, kai žmonės, sudarantys darbo pasiūlą, nėra patenkinti darbo sąlygomis, užmokesčiu bei nesitiki gauti norimo darbo. Būtina įgalinti savanorišką nedarbą pasirinkusius darbo pasiūlą sudarančius asmenis ir straipsnyje pateikiami užsienyje bei Lietuvoje naudojami būdai bei priemonės šiai naujai nedarbo rūšiai reguliuoti. Šio straipsnio tikslas – įvardinti darbo rinkos reguliavimo priemones, nukreiptas į darbo pasiūlos reguliavimą. Tyrimui naudota statistinių duomenų analizė bei palyginimas, įvairių šalių autorių mokslinių straipsnių analizė. Pagrindinis tyrimo rezultatas – susistemintos darbo pasiūlos reguliavimo priemonės Lietuvoje. Pateikta Lietuvos darbo rinkos statistikos analizė už 2007–2010 metų laikotarpį. Straipsnyje pateikiamas galimas darbo pasiūlos reguliavimo priemonių teigiamas ir neigiamas poveikiai, todėl straipsnis galėtų būti naudojamas studijoms bei versle.

Raktiniai žodžiai: nedarbo reguliavimo priemonės, darbo pasiūla, nedarbas.

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