



Lietuvos
pramonininkų
konfederacija



Erasmus+



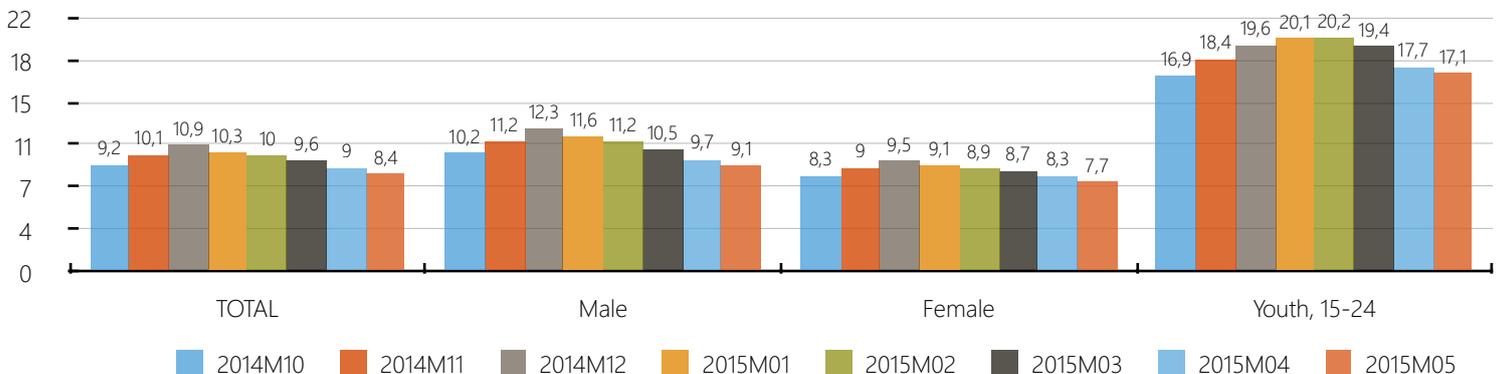
Industrial Purchasing Managers Index: Students/Graduates Employment Readiness Analysis

Issues

The right skills shortage of young professionals is the key challenge of a modern economy. The 2008 - 2009 crisis caused high unemployment in developing countries. Many analysts¹ argue that as a result of the crisis the lack of appropriate skills had reached a greater extent. These mismatches of skills, deform the labour market and makes it uncompetitive. Some professionals are employed overqualified, others under-qualified (this is usually observed among young/university graduates professionals). The first case, when the employee is overqualified, may have an effect in the long run as it wastes human resources within the company and devalues the person and his capabilities. With the second case under-qualified employees may jeopardise the growth and productivity within the company.

Getting Europe's Youth into Work² was based on a large scale survey's, carried in 8 EU old member countries (Spain, UK included), results showed that despite a large number of unemployed youth seeking for a job, employers in Europe cannot find the skills they need. The inability to understand of one another between education providers and employers was revealed as a critical reason for the skills gap (74 percent of education providers were confident that their graduates were prepared for work, yet only 38 percent of youth and 35 percent of employers agreed). Even though Eastern European countries history, economic development and E2E models are distinctive however the scope of the problem remain similar to the one faced by the surveyed EU-15 members. In Lithuania where the youth unemployment has been above 21 percent in 2013, employers, especially industrialists, increasingly complain about not finding suitable entry-level hires due to skills shortage (unfortunately no baseline study was available).

Unemployment rate by sex and age in Lithuania, %



According to Lithuanian Department of Statistics, the highest unemployment rate of Lithuania still consists of youth unemployment (15-24), 17.1 percent. Since 2010, youth unemployment in the first quarter fell by 16.6 percent. (Comparing quarterly data) as a result, more domestic product was produced, more taxes were collected and the emigration has diminished. The increasing activity of the population is noticeably expanding the number of the employed, however because of less favoured economic development, employment cannot increase any faster. According to Lithuanian Labour Exchange, in June, unemployment status was given to 21.5 thousand people.

One in three of those people or 7.1 thousands are younger than 30 years. In all through June registered unemployed, almost every third have a university education, almost 19 per cent. - Graduated colleges and completed non-university tertiary education. Slightly less than half – people with professional qualifications acquired in vocational schools. During June 1.2 thousand graduates were registered. Skilled, just graduated and with marketable professions and occupations youngsters who are ready to work as cooks, auto mechanics, decorator, managers, administrators, computer equipment operators, welders'.

1. Dr. Patricia Buckley & Dr. Rumki Majumdar. **A growing skills mismatch? Not necessarily** (2015, balandžio 15) <http://dupress.com/articles/us-skills-mismatch/>
International Labour Organization. **Global employment trends** p. 16-22 (2013)

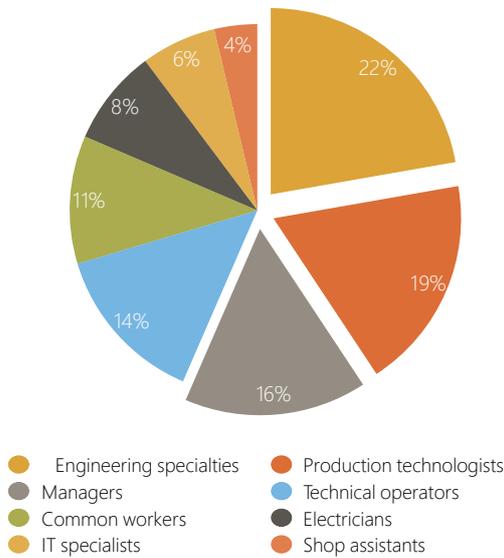
http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_202326.pdf

2. Mona Mourshed, Jigar Patel, Katrin Suder. **Education to employment: Getting Europe's youth into work.** http://www.mckinsey.com/insights/social_sector/converting_education_to_employment_in_europe

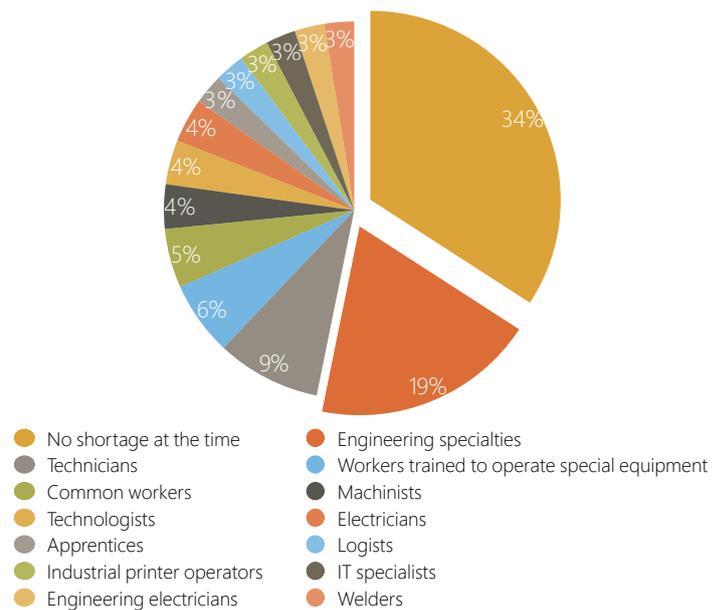
Unemployment rate by sex and age in Lithuania, 2008 Q1 - 2015 Q1, %



1. Most common areas recent graduates are being hired to



2. Most common specialty shortage within companies



PMI and education component methodology

Lithuanian Confederation of Industrialists (LPK) is the only organisation in Lithuania that forecasts the quarterly performance of the Industry sector by conducting the Industry expectations index (IEI) survey. The IEI is based on the opinions of the TOP150 CEOs. As a participant in the Erasmus+ program - Strategic Partnerships "GRADual: Increasing Students / Graduates Employment Readiness" the LPK has conducted a survey on the opinion of employers evaluating the knowledge, skills and employment opportunities of a recent graduate entering the labour market.

In general the main IEI goal is to create a stable and easily interpretable Lithuanian companies expectations indicator. The survey collected responses from CEOs of the largest 150 companies (25 businesses in six industrial sectors). They are asked to evaluate the sectors in which they work, the current situation and the prospects. The data is collected with direct contact by phone or a live meeting. This ensures the correct and accurate data collection. Answers to the questions were adapted using Markit Group¹ PMI statistical methods and calculations are converted into interactive numerical expression - the index of expectations, according to the following formula:

$$\text{Index} = (P1 * 1) + (P2 * 0.5) + (P3 * 0)$$

P1 - The percentage of companies that stated that the rate will improve / increase;

P2 - The percentage of companies that stated that the rate will remain unchanged;

P3 - The percentage of companies that stated that the rate will deteriorate / decline.

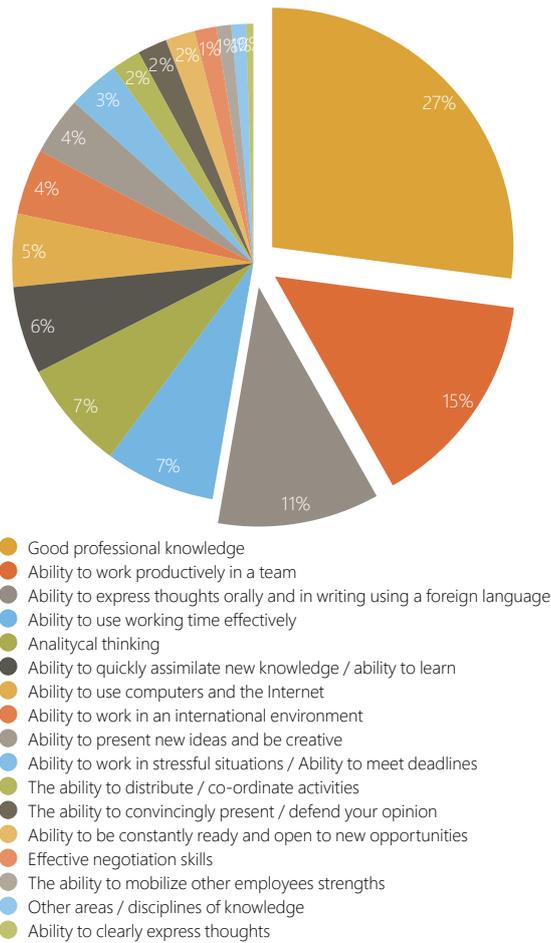
Index numerical value is ranging from 0 to 100. The expectations index value above 50 points indicates that the country's industry is going to grow, the value fluctuating between 40 and 50 points indicates that in the industry dominates uncertain-stagnation mood, while the index value of less than 40 points clearly shows that the industry is in the recession period.

The second part of the research questions were coordinated between "GRADual: Increasing Students / Graduates Employment Readiness" project partners and adapted to existing topical realities in Lithuania. All the second part of the questions were asked in parallel to the IEI, ensuring the opinions were of the same person in the company.

1. **About PMI™ data**, Markit Group. Retrieved: 2015-07-27
<http://www.markiteconomics.com/Public/Page.mvc/AboutPMIData>

Education part of the survey has consisted of five major questions designed to identify the gaps of skills and competences between what the recent higher education graduates offer for labour market and what the employers are missing while requiring them. The questions were formulated by taking joint efforts by the project partners, and in particularly by baring in mind long-term experience in this field of FUE— Fundacion Universidad-Empresa (Spain) - which has accumulated long-term organisational expertise of building bridges between academic and business worlds through undergraduate and graduate programmes There has also been taken into account the experience of the University of Southern California (USA), especially their project called "Third Space" (<http://uscthirdspace.com>) which analyse sectoral trends by aiming to identify the so called critical competences of future leaders and developing effective strategies to meet them.

3. Instrumental , personal and systemic skills, abilities or competences that are critically important for successful operation of the company



4. The kind of instrumental, personal and systemic skills, abilities or competences recent graduates are lacking



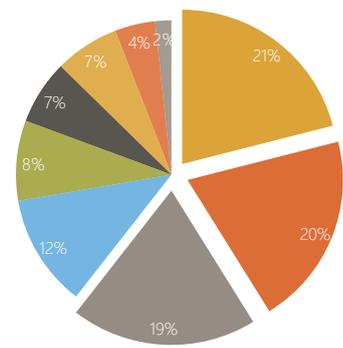
Results

According to the employer, the employee's skill requirements for successful operation of the company directly correlated with the personal and systemic skills that graduates lack. 23.7 % of respondents said that the most important employee skills - good professional knowledge, while even 28.6 % respondents said that young professionals do not have precisely this knowledge. Correlations of other answers: the ability to work productively in a team (15% and 13 %, respectively), the ability to verbally and in writing express thoughts in a foreign language (11 % and 6 % respectively), the ability to effectively use time (7 % and 7 %, respectively), only the ability to effectively work in stressful situations is understood as a minor (only 3%) ability for a successful operation of the company, on the other hand new graduates tend to lack this ability as 7% of employers mentioned this ability as one that graduates tend to lack.

According to the respondents, they mostly lack employees of engineering specialties (16 %), technicians (6 %) and workers trained to use special equipment (6 %).

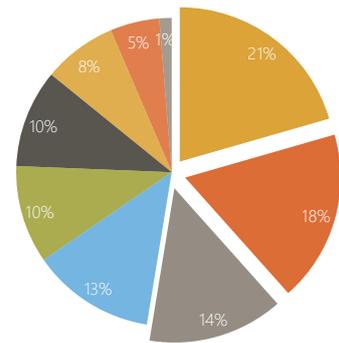
Most employers complain that, young people after graduating from university have the lack of the practical skills (34%). Theoretical knowledge generally do not meet the specifics of the tasks within the company. Even if graduates were taught to work with some devices, information is often outdated or companies have already started using newer devices / technologies. Employers often are more inclined to hire workers from colleges or universities, but as expected still tend to choose employees with more practical knowledge.

5. Specific areas of knowledge and skills that are critically important for the employee



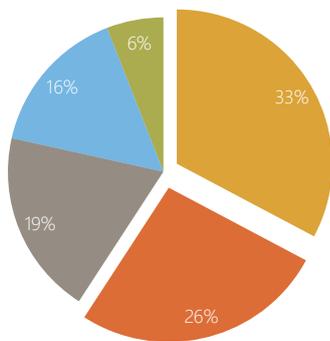
- Project Management
- Computer skills (spreadsheets, databases)
- Innovation Management
- Knowledge / Information Management
- Change Management
- Business / process control system (eg . ERP, Lean)
- Quality management systems
- Workplace Innovation / "Soft" company management aspects
- Social Technology Management

6. Specific areas of knowledge and skills that recent graduates are lacking



- Project Management
- Innovation Management
- Knowledge / information Management
- Computer skills (spreadsheets, databases)
- Business / process control system (eg . ERP, Lean)
- Change Management
- Workplace Innovation / "Soft" company management aspects
- Quality management systems
- Corporate social responsibility

7. Best ways to acquire work related skills, abilities and competences



- Through mentoring in the workplace
- Through local internship during studies
- Gaining skills in University
- International internship in foreign companies / organizations
- Volunteering

Recommendations based on the results of the study

Employers identified the specific knowledge which young workers lack of: project management (13.7 %), Innovation Management (12.1 %), Working with computer skills (10.5 %).

32.9 percent. respondents recognised that the best way to acquire skills and competencies is mentoring in the workplace (32.9 %.), local internships during studies (26 %) and gaining knowledge at the university (19 %).

Respondents commented that the solution to the problem should be sought both in universities and schools. A number of answers dictated that universities should have special programs which would be developed in conjunction with the business, which would bring the theory to practice. Also leaders said that all competencies and skills begins not at the university, but in the family and the primary school. The family must first begin to shape perceptions about work and motivation.

Skills shortages and youth unemployment statistics show that need to take appropriate action in the field of education, the development of new strategies not only national, but also at a European Union level (in most countries youth unemployment rates are higher than 25 %) and take wilful political decision to implement reforms.

The political strategy of the education issue should be developed to ensure that people have the best opportunities to acquire and use instrumental, personal and systemic skills in their workplace. Appropriate tools should be developed in the company directors or managers, to help correctly identify effective work and qualification parallels.

Many effective programs supports on 2 Employment Education model examples show that both educational institutions and employers should strongly contribute to the preparation of the first job of the graduate. Educational institutions should work more closely with employers to ensure the quality of learning, graduates the knowledge / skills and willingness to work. New science and education program should be drawn up by mutual cooperation. Educational institutions should pay more attention to graduates, to find out whether teaching quality improvement has contributed to an increase in employment opportunities. Also countries might to seek new or improved practices of direct jobs creation using mutual cooperation. Practice areas should comply with the latest standards and expectations.

Strategic Partnership "GRADual: Increasing Students/Graduates Employment Readiness", No. 2014-1-LT01-KA203-000645 (1 September, 2014 – 31 August, 2016)

The objective of the Project is to maximise organisations' impact in terms of speed, quality and innovative services provided to universities and business for improving employment readiness (students and graduates internships schemes and other measures). The Strategic Partnership that brings together partners from EU-15 having solid experience in promoting university and business cooperation/entrepreneurial education and EU-25 that were "breaking ice" in the same areas only for a couple of years and ensures well calibrated geographic balance (Spain, UK (Scotland) and Lithuania) will employ in-house knowledge and skills to achieve the articulated objective.

Main activities entail:

- 1) Preparation of peer learning methods;
- 2) Delivery of 2 Joint Staff Training Events/Study Visits and the Intensive training Programme for participating Lithuanian universities' teaching staff;
- 3) Development of Guidelines on Establishing and Effectively Running Students/Graduates Internship Programmes;
- 4) Multiplier event/fora for presenting the guidelines developed to prompt expansion of effective practices while bringing together potential promoters of similar initiatives, representatives from lead business associations, EU policy makers;
- 5) Identification of Lithuanian Business needs for graduates skills;
- 6) Preparation of Curriculum as an integral part of graduate internship programme to be commenced in Lithuania.

The guidelines on Establishing and Effectively Running Students/Graduates Internship Programmes will be launched during the Thematic University-Business Forum organised in Lithuania on 24-25 September, 2015.

For more information about the event please refer at:

<http://www.ubforum-lithuania.eu/>