

**RESEARCH ON  
„IMPROVING EFFICIENCY OF THE  
LIFELONG LEARNING EDUCATIONAL ESTABLISHMENTS  
AND THEIR CO-OPERATION WITH BUSINESSES  
IN THE BORDERING AREAS OF LATVIA AND LITHUANIA”**

**EXECUTIVE SUMMARY IN ENGLISH**

**PROJECT  
LLIII-175 „COOP EDU-SHIP”**



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**deapbaltika**

The research on „Improving efficiency of the lifelong learning educational establishments and their co-operation with businesses in the bordering areas of Latvia and Lithuania” was carried out by a company DEA Baltika, Ltd. as per agreement with the Zemgale Planning Region signed on 10 May, 2012. It was financed by a project LLIII-175 „*Competitive Entrepreneurship by Lifelong Learning and Business Cooperation*” (hereinafter referred as Project) of the Latvian-Lithuanian cross-border co-operation programme.

Main aim of the research was to improve the work of the lifelong learning institutions in two regions of Latvia – Zemgale and Kurzeme and three regions of Lithuania – Panevezys, Siauliai and Kaunas as well as their practical co-operation with the local businesses. The research investigated both the present supply of services provided by the lifelong learning institutions as well as the existing demand for these services by the local entrepreneurs. Thus the report consists of two parts – (1) analysis of the lifelong learning supply and recommendations for its advancement and (2) business environment and its demand for skilful labour force.

For the reasons of this research the lifelong learning is a conceptual notion, not a form of education. Though lifelong learning comprises all the forms of education beginning with the primary schooling up to the adult education, within this research the major focus is adult education as an important part of the lifelong learning.

Human resource development and competitiveness of labour force is becoming an increasingly important both globally as well as locally. The rapidly changing labour market requires the labour force to be able to adapt accordingly. Nowadays an adult has to change his/her work as well as profession up to several times during the life span and this is where an adult education becomes crucial.

Both Latvia and Lithuania have undertaken to reach a level of 15% of the adults aged between 25-64 to be involved in a continuous learning process, i.e. to have acquired knowledge and skills within a formal or informal educational programme during the preceding four years. At the moment the indicator is 9% (2010), whereas in the EU it is 12.5%. It indicates the fact that in the coming years most likely considerable financial resources will be concentrated in the area.

Analysis of the legislative base of the lifelong learning in both countries allows grouping its various components accordingly: (1) formal or informal education; (2) comprehensive, higher or professional education and (3) basic, to be acquired after basic, secondary, to be acquired after secondary, higher and to be acquired after higher education. Supply on the education market is a combination of the above components. The main focus of the research is defined by the Project institutions providing formal professional upgrading and professional continuous education and informal adult education.

Only those parts of the educational supply were considered that provide professional qualification to the enterprises, i.e. their employees. Demand from the businesses is being analysed from two aspects: (1) as according to the ten basic groups of the occupation and (2) as according to the three types of skills – direct professional skills, transversal skill such as foreign language and PC and personal skills such as motivation, leadership, etc.

The chapter on demand for lifelong learning by the businesses also forecast the potential growth sectors in the regions which most likely will boost the demand for respective professional education, but the chapter on supply analyses the existing offer in these sectors.

As to the higher education it can be seen that:

- in terms of quantity the programme offer in Lithuania is three times bigger than in Latvia;
- in the Project area of Lithuania the supply of higher education in the potential growth sectors is more diverse and specialized;
- supply of professional education programmes cover most of the potential growth sectors offering ~75% of the programmes for direct professional skills in Latvia, but 92.5% in Lithuania. The rest are programmes offering transversal skills.
- in 2011 there are 2 728 students from Kurzeme and 2 833 students from Zemgale studying in the higher education establishments of Latvia, whereas in Lithuania most students are in Kaunas – 9 415 in 2011, in Siauliai – 2 507, but in Panevezys – only 321.

131 programmes of professional education are offered in the Latvian regions with 40% of them covering the potential growth sectors. There are more programmes and consequently also more students in Kurzeme – 4 789 than in Zemgale – 3 283. In the Lithuanian regions there are 1 936 programmes of professional education with 57% of them covering the potential growth sectors. Thus the supply is by far greater in Lithuania in terms of quantity. It is also more diverse in terms of their content as well – the programmes are more specific. The biggest supply of programmes is in food, wood and metal processing as well as textile industry. There are also programmes preparing labour force for agriculture and forestry. The regional coverage of programmes is comparatively equal.

Adult education in Latvia and Lithuania is being provided by legally registered educational establishments providing two types of programmes: (1) formal programmes of professional development and professional continuous education and (2) informal programmes of direct and transversal skills. There are more than 100 adult education providers both in Zemgale and Kurzeme of which there are five public adult education centres in Kurzeme and eight in Zemgale. Altogether these education providers offer 905 registered adult education programmes.

The professional development programmes in Latvia are best characterised by their offer to the State Employment Agency within the projects „Training of unemployed and job-seekers in Latvia” and „Lifelong learning measures for employed persons”. There are 267 professional development programmes and 452 professional continuous education programmes in Kurzeme, but in Zemgale 266 and 473 respectively. 85% of the programmes offer direct professional skills. Out of the potential growth sectors only agriculture is not covered by the programmes. There is a huge offer of informal educational programmes mostly for transversal skills – 2 499 in Kurzeme and 3 056 in Zemgale.

In Lithuanian regions there are 18 public adult education providers. There are 146 professional development programmes in the regions of which 120 are offering direct occupational skills. Only small part of the programmes is in the potential growth sectors.

As to the lifelong learning institutions that have been specifically analysed by the research or so called Project institutions it has been concluded that they can be grouped as follow: (1) adult education centres (AEC) of local authorities; (2) affiliates of the higher education establishments and (3) lifelong learning managers at the local authorities. Taken the group that each of the Project institution can be included, they can be characterised as to their capacities in providing education services to the inhabitants and businesses of the region. As to the resources both facilities and human resource, the biggest opportunities lie within the higher education establishments and their

affiliates, whereas AEC are closer to local inhabitants and businesses and thus they are more flexible where it comes to responding their demands. The lifelong learning managers are mostly recently established posts within the local authority with almost no resource base of their own, but readiness and capacities to deliver various programmes existing in the regions to their inhabitants.

Most of the resources of the Project institutions are suitable for programmes in social and communication sciences, with very limited resource base for studies in technical sciences such as metal processing, engineering etc. Only Ventspils and Kaunas higher educational establishments have access to respective facilities. The programmes both in Latvia and Lithuania are mostly offering transversal skills such as foreign language, management, PC, etc.

There is a tendency that strengths of AEC are largely dependent on the political and financial support of local authorities. Their activity in the business area is based on enthusiasm and private connections of their managers and employers.

Within the lifelong learning process the adult education complements and compensates shortages identified in the higher and professional education supply. It is an important tool for developing a competent and competitive labour force in the region. On the market the public adult education providers have to compete with the private training centres. The private centres usually apply more aggressive marketing, whereas the public institutions are working very much locally and do not compete among themselves. All the public adult education institutions are heavily dependent on external funding which sets the rules that are not always respecting the needs of local businesses.

From the business perspective an education market is comprised of the above mentioned supply by educational institutions and the demand by business for certain educational services, where the actual price for the services should create at the point where the supply curve meets the demand curve. In real life though, these curves rarely cross since the businesses themselves are hardly purchasing any of the mentioned services. In most cases there is a third party paying for the training – state, local authority, project, etc. This leads to a situation where no real market between education providers and businesses exists. It is a process of public procurement from private and public service providers in which business interests sometimes are taken into account, but in most cases with a significant time delay.

Some of the Project institutions besides the adult education also have business support functions. This way they can better monitor business needs and as a result they can provide training as a response to the identified demand. Only a few cases are mentioned though, when businesses are actual buyers and payers for the training services provided. Thus mostly the demand is comprised by a public sectors, but the EU funds, in particular. 80% of the services are paid by various EU projects.

Most of the surveyed businesses, however, expressed readiness to partly finance the training courses of their employees. They also informed that they would be interested to pay mostly for training that would lead to improved direct professional skills of their employees as well as communication, time management and overall lifetime skills.

Marketing of the Project institutions was analysed by a 4 P principle – price, place, product and promotion. As already said above the price of the educational services is not formed by a classic demand-supply curve dynamics and neither of the Project institutions have any guidelines for pricing their services. The price is mostly influenced by available public funding. In those rare cases

when the enterprise pays itself, the deal is reached via negotiation, but most likely it does not reveal any genuine market price.

As to the place all the facilities of Project institutions are well accessible to the inhabitants of the respective local authorities. Only the lifelong learning managers do not have facilities of their own and try to arrange trainings as close as possible to the potential trainees by renting the necessary facilities. They position themselves as mobile units, some of them already even having the necessary mobile training equipment.

Speaking about the product most of the Project institutions recognized that they would very much like to improve their products – they would like to develop new programmes, attract new trainees and elaborate new methods. The existing products, which are the main focus of the research, have already been analysed above.

As to promotion it can be said that most of the activities are similar in all the Project institutions. Mostly the information is available on the webpages of respective institutions, local newspapers and public spaces such as libraries, local authority premises etc. Though each of the institutions have their own website, their contents vary greatly. The most user friendly websites are those of the Ventspils and Kaunas Higher educational establishments. They both stick to simple, but effective communication principles.

Since 2005 all seven Project institutions from Latvia have been involved in numerous projects raising up to 30 million lats in total. The most active with this respect are Ventspils and Liepaja Higher educational establishments and Jelgava county council. Of Lithuanian institutions five have been involved in projects raising almost 20 million lats. The most active is the Kaunas Higher educational establishment.

Two examples of good practice in the area of lifelong learning and regional employment policy have been provided from international projects. Project LEMON (*Learning Communities of Modern Liberal Adult Education*) financed by the Central Baltic Interreg4A programme is being implemented by Turku University in co-operation with 12 AEC in Finland and Estonia. It focuses on networking and flexible online communication in provision of various training programmes. It has elaborated a communication platform <http://lemonproject.ning.com>.

Project IES (*Implementing Employment Service*) is funded by Interreg4C programme. It is aimed at developing a regional employment policy by encompassing also social and educational issues, i.e. it provides a broader view on the relation between the education market and businesses. The project partnership is comprised of 10 different institutions from Austria, Germany, Italy, Spain, Romania and Slovenia. It is being led by the Sardinia autonomous region from Italy. More detailed information on the project can be found [www.ies-employment.eu](http://www.ies-employment.eu).

With regards to potential improvements to the lifelong learning development it has been recommended that:

- local authorities take a more active role in human resource development including also provision of lifelong learning options in their territories;
- to ensure efficient information exchange between lifelong learning institutions;
- lifelong learning institutions co-operate between themselves when developing new programmes or exchanging with the existing ones, also improving them;

- together with the planning regions a common approach for co-operation with businesses has to be developed;
- lifelong learning institutions have to position themselves clearly on the market as education providers to businesses and adjust their programmes and marketing accordingly;
- by co-operation and co-ordination the lifelong learning institutions in Latvia could consider introduction of study programmes more aimed at direct professional skills, especially in such sectors as agriculture, wood-processing, metal-processing and textile industries. Experience of the Lithuanian colleagues could be sought on providing specific professional programmes such as shoe-making, for example.
- lifelong learning institutions could undertake a role of broker between employer and a potential employee providing that before employment s/he receives the necessary training;
- lay out the main directions of further work so that the lifelong learning institutions do not compete among themselves, but rather provide a certain diversification towards introduction of studies on professional skills;
- it is important to inform on the success stories of the lifelong learning institutions, especially, on their websites;
- in co-operation the lifelong learning institutions could carry out broader marketing activities and introduce various new and initially „crazy” ideas;
- extend the horizon so that it covers most of the lifelong learning concept, i.e. consider programmes for kids while parents are at the training or teach families together, for example, about PCs children can sometimes be better trainers to adults than vice versa.

As to the recommendations for the planning documents of the Zemgale and Kurzeme regions a proposal has been made on the model of introducing the lifelong learning policy on a regional level. It has been suggested that the present, so called, Planning Regions (PR) take over responsibility of planning and co-ordinating the lifelong learning policy of the respective territory. The institutions of higher, professional and adult education would remain responsible for the content and quality of the lifelong learning process, while the human resources development experts, the present lifelong learning managers or AEC would be the ones monitoring and co-ordinating the local situation. Method-wise their work would be managed by PR.

This way it would be possible to set out appropriate lifelong learning policy and co-ordinate it with the social policy, work proactively with businesses, develop a single site providing an overview on the adult education available in the region, introduce the professional orientation “compass”- an internet test of ~20 minutes after which the respondent can receive information on suitable lifelong learning options, arrange annual regional labour fair putting together employers and job seekers, support development of NGOs in the adult education and represent regional interests in the next programming period.

Separate recommendations have been developed also for each of the Project institutions.

The business environment was analysed and compared between the involved five regions. First of all, it must be said that all the regions except for Kaunas are of approximately similar population size ranging between 270 and 330 thousand inhabitants in 2011. The Kaunas region is twice as big having 650 thousand inhabitants. It explains why Kaunas ranks first also in most of the following economic parameters.

All the four similar regions are creating an approximately same added value ranging between 0.9 to 1.2 billion lats in 2009, while the Kaunas region exceeds almost three times with an added value of 3.2 billion lats. In all the five regions the value added increased up to 2008 and experienced a downfall in 2009.

As to the GDP per capita the Kaunas region is a leader again with 5 360 lats in 2009, with the other regions keeping relatively close – Kurzeme 4 615 lats, Panevezys 4 030 lats, Siauliai 3 928 lats and Zemgale 3 686 lats.

During the last decade the number of businesses has increased in the Latvian regions, while in the Lithuanian ones it has remained the same. The business activity, i.e. number of business per inhabitant in Latvia has doubled over the last five years, while in Lithuanian it has increased insignificantly.

All the regional enterprises have experienced steady growth up until 2008 and a comparatively severe downfall in 2009. This has resulted in cuts of labour force. Also wages have decreased ever since, though in 2011 in the Latvian regions their increase resumed.

To obtain opinion of the business representatives more than 1 000 entrepreneurs were invited to fill in the web-based survey questionnaire both in Latvia and Lithuania. 184 responses were received in Latvia and 60 in Lithuania. In addition 17 telephone interviews were made with entrepreneurs of various sectors in Latvia and 21 in Lithuania. Entrepreneurs were asked to assess the business environment and the available labour force.

The business environment assessment allowed preparing the following “doing business” index where 50% of the weight is based on the statistics and another 50% on the survey results. The region with the highest rank in the specific area gets 5 points, while the one with ranking last only 1 point.

Nr.	Region Parameter	Kurzeme region	Zemgale region	Siauliai region	Kaunas region	Panevezys region
<b>A</b>						
1	Value added in the region per capita LVL 2009	4 615	3 686	3 928	5 360	4 030
	Assessment	4	1	2	5	3
2	Average turnover per capita in A to C sectors as to NACE 2 LVL 2009	27,4	41,8	24,7	35,0	31,5
	Assessment	2	5	1	4	3
3	Average value added by 1 employee LVL in 2009	24,1	25,6	17,1	17,2	17,0
	Assessment	4	5	2	3	1
	<b>AVERAGE ASSESSMENT:</b>	<b>3,33</b>	<b>3,67</b>	<b>1,67</b>	<b>4,00</b>	<b>2,33</b>
<b>B</b>						
1	Condition of roads	2,41	2,45	2,83	3,23	2,90
	Assessment	1	2	3	5	4
2	Availability of credit funds	2,83	2,89	3,41	3,31	3,00
	Assessment	1	2	5	4	3
3	Quality of internet	3,69	3,45	3,52	3,81	3,89

Nr.	Region Parameter	Kurzeme region	Zemgale region	Siauliai region	Kaunas region	Panevezys region
	connection					
	Assessment	3	1	2	4	5
4	Opportunities to increase electricity capacity	2,97	2,91	3,17	3,19	3,06
	Assessment	1	2	4	5	3
	<b>AVERAGE ASSESSMENT:</b>	<b>2,98</b>	<b>2,92</b>	<b>3,23</b>	<b>3,39</b>	<b>3,21</b>

As a result the following “doing business” index was established ranking Kaunas region as Number 1 followed by Kurzeme, Zemgale, Siauliai and Panevezys.

Nr.	Region Parameter	Kurzeme region	Zemgale region	Siauliai region	Kaunas region	Panevezys region
A	Results of statistical criteria	3,33	3,67	1,67	4,00	2,33
B	Results of the survey criteria	2,98	2,92	3,23	3,39	3,21
<b>AVERAGE ASSESSMENT:</b>		<b>3,16</b>	<b>3,30</b>	<b>2,45</b>	<b>3,70</b>	<b>2,77</b>
<b>PLACE:</b>		<b>III</b>	<b>II</b>	<b>V</b>	<b>I</b>	<b>IV</b>

Speaking of labour force being the main focus of the research, due to negative demographic tendencies, it is decreasing gradually in all of the given regions. Many of the surveyed entrepreneurs acknowledged hardships in employing low and medium skilled workers. At the same time there is a significant amount of job seekers in the regions ranging from 45,5 thousand in Kaunas to 19,2 thousand in Kurzeme region. This indicates at a pool of people, who could be suitable for employment with a certain prior knowledge and skills provided by adult education.

Presently the following branches of economy are dominating in the regions, i.e. producing the highest value added. In Kurzeme region it is “Processing industry” (NACE C) with metal processing dominating mostly due to the Joint stock company “Liepajas metalurgs”, being one of the biggest in the whole areas, and with some significant activity also in wood processing. The next big branch of economy is “Transport and warehousing” (NACE H) due to the ports of Liepaja and Ventspils. The surveyed entrepreneurs of Kurzeme consider “Agriculture, forestry and fishery” (NACE A) and “HoReCa” (NACE I) along with the “Processing industry” as the potential growth sectors of the region. As to the “Processing industry” food, wood and metal processing is deemed to have great potential.

In Zemgale presently “Processing industry” (NACE C) is important with a lot of business in food processing thanks to significant activity “Agriculture, forestry and fishery” (NACE A). “Wholesale and retail” (NACE G) is also producing notable value added in the region. In Zemgale the businesses think that potential lies in “Agriculture, forestry and fishery”, “Processing industry” and also “Health and social care” (NACE Q). Out of “Processing industry” food, wood and metal processing are deemed to have great potential.

In all Lithuanian regions “Wholesale and retail” (NACE G) dominates followed by “Processing industry” (NACE C), “Real estate” (NACE K) and “Construction” (NACE F). “Processing industry” and “Construction” are considered to have potential in all of the regions while “HoReCa” has potential in Kaunas, “Health and social care” in Siauliai and “Agriculture, forestry and fishery” in Panevezys.



The potential growth sectors indicate at increased needs for relevant knowledge and skills in the upcoming years. This will create demand for certain professional programmes where the lifelong learning institutions could play a great role in building their training supply.

The forecast of potential demand from the businesses, i.e. need for the workers to be trained, is based on the Convergence programmes<sup>1</sup> of Latvia and Lithuania. In Latvia the annual GDP growth is foreseen at 4% since 2012, while in Lithuania at 3.7% to 4.7%. As to the branches of economy an increased development of export oriented industries is being anticipated with “Processing industry” (NACE C) and “Agriculture, forestry and fishery” (NACE A) increasing also their share in GDP. It is most likely that “Wholesale and retail” (NACE G) and “Real estate” (NACE K) will decrease, while “Construction” (NACE F) will stay as it is. A moderate increase is envisaged for “Transport and warehousing” (NACE H) depending on the relations with Russia.

As a result the following increase in employment is expected up until 2015:

	Existing number of employed	The number of extra workers expected annually			
		2011	2012	2013	2014
<b>Kurzeme region</b>	<b>54 249</b>	<b>+1 254</b>	<b>+1 294</b>	<b>+1 337</b>	<b>+1 380</b>
<b>Zemgale region</b>	<b>39 581</b>	<b>+902</b>	<b>+931</b>	<b>+960</b>	<b>+991</b>
<b>Siauliai region</b>	<b>72 477</b>	<b>+1 480</b>	<b>+1 519</b>	<b>+1 558</b>	<b>+1 599</b>
<b>Kaunas region</b>	<b>190 686</b>	<b>+3 815</b>	<b>+3 913</b>	<b>+4 017</b>	<b>+4 122</b>
<b>Panevezys region</b>	<b>61 116</b>	<b>+1 273</b>	<b>+1 306</b>	<b>+1 341</b>	<b>+1 377</b>

The following forecast is based on calculations made by researchers based on the business survey indicating at the need for low and medium skilled labour force as well as the calculations of the overall potential demand for certain skills for specific growth sectors of which the graduates of professional educational establishments have been subtracted. These will be the persons forming the market for adult education.

A slight shortage of persons employed in “Agriculture, forestry and fishery” (NACE A) is expected as the present supply of professional education will most likely not be able to cover the increased demand. In the regions of Latvia these are on average 80 persons in each of the regions annually, while in the regions of Lithuania approximately 40 persons annually.

A significant shortage might be experienced in “Processing industry” (NACE C). In Kurzeme approximately 160 to 200 persons annually, while in Zemgale 140. Specialists of wood processing and furniture building will be in demand mostly in Zemgale, while textile industry and garment production as well as metal processing in both the regions of Latvia

In Lithuanian regions the biggest demand is expected in “Wholesale and retail” (NACE G), “Transport and warehousing” (NACE H) and “HoReCa” (NACE I).

<sup>1</sup> Internet sources: for Latvia [www.mk.gov.lv/doc/2005/EMPProg\\_21042011\\_LV\\_Konvergenc.1038.doc](http://www.mk.gov.lv/doc/2005/EMPProg_21042011_LV_Konvergenc.1038.doc) and for Lithuania [http://ec.europa.eu/europe2020/pdf/nrp\\_cp\\_lithuania\\_en.pdf](http://ec.europa.eu/europe2020/pdf/nrp_cp_lithuania_en.pdf)

Since the amount of job seekers in all of the regions significantly exceeds the number of extra labour force needed soon, it means the necessary work force should be created within the regions with assistance of effective adult education. This is where all the lifelong learning institutions could cooperate as already recommended above by achieving that 20-25% of the present job seekers obtain the necessary qualifications to become employed by the regional businesses.