Foreign Direct Investment for the Fostering of Employment and New Job Creation

Egle Kazlauskiene, Rima Zitkiene, Ona Rakauskiene, Olga Ranceva

Abstract The attraction and performance/usage of investment to a country change national and population indicators of economic welfare, level of wages, career and employment possibilities. The aim of research – through the highlighting of foreign direct investment significance for the creation of new jobs, to assess the dynamics of FDI and employment indicators according to economical sectors.

Index Terms: self-employment, job creation, foreign direct investment, economic activity

JEL: J21, E24, F21, O1.

I. INTRODUCTION

The attraction and performance/usage of investment to a country change national and population indicators of economic welfare, level of wages, career and employment possibilities. One of the essential job creation conditions/stimuli – attraction of foreign direct investment (FDI) in separate economical sectors is an underlying field of research under the context of employment of population. The state contributes to the creation of new jobs and solves the problematic of employment through versatile tools of direct and indirect impact/incentives (tax policy, business promotion, subsidies to employers, etc.) and the tools, directed towards the attraction of investment. The improvement of the employment situation will depend on the self-employment rate of population, i.e. the growth of self-employed persons, i.e. an ability to create a self-workplace and a workplace for family members.

Most jobs are created not by a state, but by a private sector. In accordance with the following approach, the growing service sector in Lithuania and foreign direct investment in it, (a greater part of the employed in Lithuania – 53.9 thousand, works in the service sector (in the year 2013 there is set the following employment and the indicators of welfare, in this article is playing more and more important role, as it makes two thirds of general additional value in the Economy of the whole European Union. On the other hand, according to Cegytė (Miecinskaite, 2009, p.9) uneven distribution of FDI under both economical activities and territories, impact national restructuring of Economy and foster asynchronous development of Economy.

In such a case, the outcome analysis in the projects related to the attraction of FDI under the assessment of the created number of jobs, turns to be significant.

The aim of research – through the highlighting of foreign direct investment significance for the creation of new jobs, to assess the dynamics of foreign direct investment and employment indicators according to economical sectors.

The objectives of research: 1. Theoretical approaches and prior coverage of the FDI and Employment research; 2. Comparative analysis of Labour indicators in case of Czechia and Lithuania; 3. The assessment of the FDI flows and Employment in the sectors of the Economy in Lithuania;

Highlighting the significance of foreign direct investment for the creation of new jobs and the change processes related to the employment of population, employment and the indicators of welfare, in this article there is set the following scientific problem: which foreign direct investment impacts the creation trends of new jobs that foster employment.

There have been invoked the research methods of scientific literature analysis, the analysis of secondary data, comparative analysis, summary.

II. THEORETICAL APPROACHES AND PRIOR COVERAGE OF THE FDI AND EMPLOYMENT RESEARCH

The links between the problematic of employment of population and investment is analysed in both theoretical and empirical works by foreign and Lithuanian scientists. Foreign direct investment impacts the growth of new jobs when new companies enter a country and hire local employees.

Moreover, employees in foreign-owned companies are likely to receive training and acquire knowledge which could provide with an opportunity to move to other companies or even set up their own business – also strengthening domestic productivity and employment. See, for instance, Martins (2011) (op.cit. Employment and Social Developments in Europe 2013, p.76.).

In case of Singapore that is one of the prevailing economies (Koi Nyen Wong and Tuck Cheong Tang, 2011 p.313 - 330) presented the study outcomes. The following study discloses causal relationships between a country that accepts FDI and employment in the sectors of employment and production. The research conclusions reflect long-term relationship between FDI for production and service sectors and long-term employment perspectives in the following sectors. The production and service sectors are

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determined as the key ones those foster the economic growth of Singapore. Foreign investment that enables the creation of additional value in the analysed sectors has turned to be significant for the growth incentives. The research authors suggest that in order to increase the origin of new economic performance sectors and their development and create new jobs, there is necessary foreign direct investment for production and service sectors. The authors prove the links between the analysed sectors when the economic growth effect in the production sector under the basis of investment strengthens the development possibilities of the service sector. Increasing product requires the service of logistic, information, finance, etc.

Following the statement by Bilevicienė, (Bileviciutė, 2011, p.232), the key objectives of the small and medium business promotion comply with the objectives of active labor market policy: fostering of self-employment, the retardation of structural and territorial differences related to the unemployment rate, and the deformation of demand and supply. Foreign direct investment (FDI) is one of the conditions for the creation of new jobs. The correlative analysis in Lithuanian FDI and the employment rate (in the years 2001-2009) carried out by the authors demonstrated a strong positive correlation of the following factors \( r = 0.75, p = 0.0000 \), i.e. the increasing investment conditions the number growth of the employed population. (ibid, p. 234)

Having carried out the empiric studies (Cuypers, Soeng, 2011) claim that foreign direct investment directed towards the production development by Belgium is related to the purchase of raw materials in a foreign country, and the employment of population in the domestic market is increased carrying out production in Belgium. The scientists also strove to research the impact of the Belgian companies those operate abroad on the labor market indicators in Belgium.

There was determined the significantly positive correlation between parent employment and their foreign production may suggest that firms with more activities abroad need more parent services such as supervisory personnel, management, marketing techniques and R&D personnel to coordinate and support foreign affiliate activities (Cuypers, Soeng, 2011 p.306). Nilsson Hakkala, Heyman, Sjöholm (2014) revisit the question how inward FDI and multinational ownership affect relative labor demand. Authors argue that the impact of multinational and foreign ownership on the demand for labor is better captured by focusing on job tasks rather than education, find that changes of local firms to both foreign and Swedish multinationals increase the relative demand for non-routine and interactive job tasks in the targeted local firms. Hence, in a high-income country, both inward and outward FDI have a task upgrading impact on local firms.

Masso et al. (2008) presents the outcomes of the research completed in Estonia where it is stated that under the basis of foreign direct investment. The results (Masso et al., 2008, p. 37, 38) of the employment growth regression analysis indicated that in general outward FDI was positively related to home country employment growth. Results so far indicate a possible positive relationship between outward FDI and employment growth at home in Estonia and that the effects are likely to be significantly different in different time periods, types of investors and economic sectors.

It is neither financing, nor consumption facilities brought in by FDI, but productivity growth, technological modernization, the creation of an export capacity indispensable for a healthy growth potential and the creation of new jobs; furthermore, non-debt generating FDI is a key factor in improving the country’s external balance of payments (Andrei D. and Andrei L., 2013, p.232). According data analysis, the top international investor countries providers and recipients – US, Canada, Japan and so on – are the same for EU27. However, some changes in the international investment flows are resent in the last period – e.g. in favour of newly performing countries like China and Brazil, but the most important change tries to indicate a slight recovery vis-à-vis the recent world-wide economic and financial crisis – e.g. returns and revenues on both FDI and DIA (direct investments abroad); employment and business turnover performed by foreign companies. (ibid, p.242)

Thus, the topicalities of employment of population, the creation of new jobs and investment indicators are present not only in scientific research works, but also in empirical research studies.

The aim of the employment field in the EU is to secure the employment rate of the people in the age groups of 20-64 in the EU to be of 75% until the year 2020. Employment rate is an indicator expressed in the proportion of the selected age-group employed population and the whole population at the same age. As it is stated in the Joint Employment Report (2014, p.2) between 2008 and the second quarter of 2013 the (seasonally adjusted) unemployment rate in the EU-28 increased from 7.1% to 10.9%. In order to foster the employment of population in Lithuania and in other EU countries, there are selected different solutions related to the resolutions of the tax environment, small and medium business promotion, financial incentives, etc. As it is emphasized in the Joint Employment report (2014), a few state EU members and further supported the initiatives to research sectors, where there can be created a lot of new jobs (CZ, FI, LU, MT, NL, and RO). Some countries continued to suggest subsidies to the unemployed under which there was fostered the establishment of business (BG, CZ, PL and SI). The EU suggested reducing social insurance contributions with a hope to foster self-employment, and supported the employment of persons, who belong to the certain groups, e.g. the disabled and youth. AT improved the system of social insurance concerning self-employed persons. PT determined a measure, following which there is supported the employment in newly established companies. Other countries (AT, PL and LT) strive to reduce bureaucracy and improve business environment, in order to create new jobs more rapidly. Almost all EU
members approved new (or strengthened already in force) measures or initiatives following which there are fostered private investment in the field of SRTD (scientific research and technological development) and innovations.

The performance priorities of the Lithuanian Government indicate the links between employment and investment. I.e. The main performance aim of the contemporary programme of the Government of the Republic of Lithuania for 2012-2016 is the growth of Economics in Lithuania. The implementation of the following aim is possible only applying a very active policy of investment and taxing policy for the creation of jobs, and emigration decrease policy. One of its tools is the investment strategy reasoned by economical priorities. The underlying part of the supported investment programmes present between the performance priorities of the Government (Article No 84) will be related to the increase of employment, i.e. the preservation of present jobs and the creation of new ones.

On the one hand the attraction of FDI turns to play the crucial role of the national development strategy in most countries considering the investment as the most attractive element of the development in Economics involving the whole of capital, technologies, marketing, entrepreneurship and human resource management (Stankeviene, Lakstutiene, 2012, p.69) and the solutions related to the increase of employment. However, the attention is to be paid to the fact that the fiscal policy and the solutions those condition the employment of population, carried out in countries, have direct impact on the attraction of foreign direct investment and on the formation of approach concerning the attractiveness of the state in the general context of other countries. The EU states contribute to the creation of workplaces indirectly (apart from the state sector) through different measures of incentives (business promotion, subsidies to employers, etc.) directed towards the attraction of investment and solve the employment problematic of population.

Carrying out the analysis in the good practice of the EU countries, the number of new jobs creation as one of the key indicators, is recorded in the reports provided by the investment (business development) agencies in separate countries. Assessing the achieved outcomes the following agencies do provide not only with the number of the completed projects according to separate business sectors, but they also specify how that enabled the creation of new jobs in the country.

Measuring success in foreign direct investment is a key component of accountability, and at the same time, a powerful driver of action for an investment promotion agency. If an agency’s performance is measured by the number of jobs created by inward investment, it will influence the sectors that they target, as opposed to agencies that are measured by amount invested or other combinations of indicators (Exchange of Good Practice in Foreign Direct Investment Promotion, p.27). The performance evaluation of most investment promotion activities is done in a relatively straightforward and verifiable way. The interviews with the senior IPA (investment promotion agencies) managers confirmed that they steer on the basis of the number and/or financial value of projects they bring in and the total number of jobs being created. (ibid. p.38).

III. COMPARATIVE ANALYSIS OF LABOUR INDICATORS IN CASE OF CZECHIA AND LITHUANIA

Assessing the data provided by the Czech investment and business development agency „CzechInvest“, it can be seen that there were realized 1186 projects (see Table 1) during 2008-2012, the value of which was 658406 mln. USD and that enabled the creation of 54450 new jobs, and the following indicators increased every year apart from the year 2009.

### Table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Projects</th>
<th>Dynamics in comparison with the previous years, %</th>
<th>Total investment,CZK in mln.</th>
<th>Total investment, USD in mln.</th>
<th>Number of created jobs</th>
<th>Dynamics in comparison with the previous years,%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>208</td>
<td>100,0</td>
<td>2785964</td>
<td>166688</td>
<td>14315</td>
<td>100,0</td>
</tr>
<tr>
<td>2009</td>
<td>186</td>
<td>89,4</td>
<td>1688891</td>
<td>87587</td>
<td>5769</td>
<td>40,3</td>
</tr>
<tr>
<td>2010</td>
<td>209</td>
<td>112,4</td>
<td>1624787</td>
<td>82270</td>
<td>9423</td>
<td>163,3</td>
</tr>
<tr>
<td>2011</td>
<td>233</td>
<td>111,5</td>
<td>3366583</td>
<td>189507</td>
<td>12617</td>
<td>133,9</td>
</tr>
<tr>
<td>2012</td>
<td>350</td>
<td>150,2</td>
<td>2607710</td>
<td>132354</td>
<td>12326</td>
<td>97,7</td>
</tr>
<tr>
<td>Total</td>
<td>1186</td>
<td></td>
<td>12073935</td>
<td>658406</td>
<td>54450</td>
<td></td>
</tr>
</tbody>
</table>

Source: „CzechInvest“ Annual report 2012 p.16

The solution ways of the employment issues could reflect the creation number of jobs taking into consideration the performance of foreign investment; However, the data concerning the number of new jobs are quite fragmentary in Lithuania. VšĮ „Investuok Lietuvoje“ (“Invest in Lithuania”) position the data concerning the created jobs only in press, but the dynamics is not seen. Following the quotation of press article (http://ekonomika.balsas.lt): under the aid of „Investuok Lietuvoje“(Invest in Lithuania), the companies, those entered Lithuania in the year 2010, expanded their performance only during the year 2013 and created 2200 new jobs. This is 30% more than at the end of the year 2012. During 4 years, 62 companies, those entered Lithuania under the aid of “Invest in Lithuania”, employed even 9500 employees at the end of the year 2013. There is
presented only the prospective creation number of new jobs in the annual company reports. Other statistic data concerning newly created jobs and their number are missing. Due to the following approach there is an underlying systematization initiative concerning consistent accumulation of data about newly created jobs. It is highlighted that under the example of Czechia, the outcomes of the projects, related to the attraction of FDI are assessed under the number of created jobs and the following numbers are further analysed and publicized. In case of Lithuania, in order to assess the impact of investment on the creation of new jobs and employment, there arises not only the mentioned problem concerning the accumulation and systematization of data related to the newly created jobs, but also a problem of legal definition of a workplace and a new workplace. Even after having directed the search to the data base of State Social Insurance Fund Board of the Republic of Lithuania with the specification: how many people have the newly registered companies employed during a respective period, consequently the outcomes might be inaccurate:

1) Not all newly registered companies run factual performance (having in mind such passive companies which employ only a director and accountant);

2) Investment aids/fosters the creation of jobs not only for the newly registered, but in case of already operating companies;

3) There are applied two terms in the LR Labor Code: working place and workplace. There are met concepts when (a) workplace – a place where a person does a job contracted in the labor agreement or carry out the functions of public administration; (b) an employee’s workplace – it is a company or a subsidiary; (c) workplace – it is a place, where an employee fulfills work functions according to the determined official order. Workplace is like an analogue to duties/position. There arises a question concerning the employed according to business certificates.

4) If in the same workplace there work a few employees at different time, it is considered that it is one workplace. I.e. the establishment of a workplace – the completion of material and legal conditions for the creation of a new workplace and the person’s, registered in the Territorial Labor Exchange, employment in a newly established workplace. If in the same workplace there work a few employees at different time, it is considered that it is one workplace. One workplace might not be established parallel professions. A workplace is considered being established form the signature day of the workplace establishment act.

5) Newly created jobs involve temporary and permanent ones. E.g. according to the description portfolio of project funding conditions, temporary workplaces are the ones that are created during the implementation of project performance. Permanent workplaces are those, which are created during the implementation of project performance and are resigned after the completion of the project.

Under the following approach, in order to achieve solutions related to the data accumulation and systematization concerning newly created jobs in Lithuania, it is underlying to review legal norms and solve accounting fields and methodological issues.

Carrying out the analysis according to economical sectors (by OECD Statistics), the highest flows of FDI in Czechia from 2007 to 2012 (apart from the year 2011), were directed to the service sector. In the year 2012, FDI made 143632.7 mln in the service sector, 39190.39 mln in trading and 59794.49 mln CZK in production. The highest FDI was in the years 2007 and 2012; however, the indicators of the whole employment and unemployment rate were not the best ones in the same year. One of the reasons might be the gap between the creation of new work places and foreign direct investment (particularly in the sector of production) due to the time of their assimilation. On the other hand, the investment is directed to infrastructure and technologies in the following sector, and during a short-term period that releases less skilled workforce.

The dynamics of the labor market indicators (2007-2012) shows (Table 2) that both FDI and employment is highest in service (about 60%) and industry (about 36%). It is emphasized that although annually the part of the self-employed persons grew slightly (in the years 2007 – 16.6%; 2012 – 17.9% of e), that proves a positive trend and perspective for the increase of entrepreneurship and employment of the indicator.

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed</td>
<td>16.6</td>
<td>16.4</td>
<td>17.0</td>
<td>17.5</td>
<td>17.5</td>
<td>17.9</td>
</tr>
<tr>
<td>Employment in Services</td>
<td>58.4</td>
<td>58.6</td>
<td>60.1</td>
<td>60.8</td>
<td>60.2</td>
<td>60.6</td>
</tr>
<tr>
<td>Employment in Industry</td>
<td>38.2</td>
<td>38.0</td>
<td>36.6</td>
<td>36.0</td>
<td>36.4</td>
<td>36.1</td>
</tr>
<tr>
<td>Employment in Agriculture</td>
<td>3.4</td>
<td>3.4</td>
<td>3.3</td>
<td>3.2</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>5.3</td>
<td>4.4</td>
<td>6.7</td>
<td>7.3</td>
<td>6.7</td>
<td>7.0</td>
</tr>
</tbody>
</table>

*Source: Employment and Social Developments in Europe 2013 (21/01/2014)*

In case of Lithuania (2007 – 2012), the employment of population decreases every year (Table 3). In the year 2012 the unemployment rate decreased from the highest in the year 2010 – 18% by 4.7 percentage points; however, among the reasons there is present the growth of the population at the pensioner age, decreasing number of population in the country and high extent of emigration.

The indicators of the self-employed persons (in the year 2012 – 11.1%) are fluctuating unevenly and lag behind Czechia. The improvement of the employment situation
will depend on the number growth of the self-employed persons, and an ability to create a self-workplace, i.e. the promotion of the entrepreneurship potential of population.

### TABLE 3. LABOR MARKET INDICATORS IN LITHUANIA

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed (% total employment)</td>
<td>13.7</td>
<td>11.5</td>
<td>12.1</td>
<td>11.0</td>
<td>10.6</td>
<td>11.1</td>
</tr>
<tr>
<td>Employment in Services (% total employm.)</td>
<td>59.2</td>
<td>61.5</td>
<td>63.8</td>
<td>66.3</td>
<td>66.9</td>
<td>66.1</td>
</tr>
<tr>
<td>Employment in Industry (% total employm.)</td>
<td>30.6</td>
<td>30.6</td>
<td>27.0</td>
<td>24.6</td>
<td>24.6</td>
<td>25.0</td>
</tr>
<tr>
<td>Employment in Agriculture (% total employm.)</td>
<td>10.1</td>
<td>7.9</td>
<td>9.2</td>
<td>9.0</td>
<td>8.5</td>
<td>8.9</td>
</tr>
<tr>
<td>Unemployment rate (% labor force)</td>
<td>3.8</td>
<td>5.3</td>
<td>13.6</td>
<td>18.0</td>
<td>15.3</td>
<td>13.3</td>
</tr>
</tbody>
</table>

Source: Employment and Social Developments in Europe 2013 (21/01/2014)

However, there is predominant the service sector in the employment structure of population as in other EU countries; but in the year 2012 in Lithuania there worked by 5.5% less of the employed than in Czechia.

### IV. THE ASSESSMENT OF THE FDI FLOWS AND EMPLOYMENT IN THE SECTORS OF THE ECONOMY IN LITHUANIA.

In Lithuania employees earn by 1.8 times more in foreign companies than an average employee of Lithuania. When during the recession there was recorded 2.8 fall of wages in Lithuanian companies, the following employees’ wages even increased. (FDI in Lithuania: trend and perspectives, p.10). Due to the fact that in the source of OECD Statistics there are absent FDI flows of Lithuania by industry it is based on the data of the Statistics of Lithuania. The manufacturing is among economical sectors, those attract the greatest part (see Figure 1.) of FDI in Lithuania (in the year 2013 – 24.68% of all investment). Finance and Insurance performance attracted 24.25% of all investment, 12.45% - the operations of the real estate, 10.21% - wholesale and retail; the repairs of motor vehicles and motorcycles and 9.3% - information and communications.

Thus in the structure of FDI there are predominant not the companies in the sector of manufacturing, but of service and trading (including telecommunications). Taking into consideration the increase potential of the employment, it is likely that the companies in the following profile will generate most jobs and that they possess more possibilities for the increase of employment. However, in terms of time, there is possible a gap between the creation of new jobs and the period of assimilation for foreign direct investment.

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It has to be emphasized that in the year 2013, in Lithuania most employed places were in the performance fields of: wholesale and retail; the repairs of motor vehicles and motorcycles (17.5% of all employed jobs), Manufacturing (15.6%), Education (12.5%), Human Health Care and Social Work (8.5%), Transport and Storage (8.3%). In the year 2013, the number of the employed jobs in the mentioned economical performance
fields (apart from Education) increased (2.4-4.5%) in comparison with the year 2012 and that reveals the recovery trends and employment possibilities of the following economical sectors, those generate most jobs.

The more subjects operate in the Economy of the country, the more jobs they generate and increase employment. Most economical subjects were present in the following sectors of Lithuania in 2014 (at the beginning of the year): wholesale and retail; repairs of motor vehicles and motorcycles – 24.5%, other service performance – 14.5%, significantly less: Manufacturing (larger companies) – 7.6% of all operating economical performance – 6.7%, Professional, scientific and technical performance – 9.1%.

In the years 2008-2013, the number of the operating economical subjects most decreased in the sectors of Construction (- 969) and manufacturing (- 460). Following the data of Lithuanian Labor Exchange and during the recovery of the national Economics, there are not foreseen any meaningful changes in the demand of workforce. In the year 2014, the supply of workforce will decrease almost all over Lithuania.

The analysis in the composition and dynamics of the employed in Lithuania by economic activity (by NACE classificatory) revealed that a greater part of the employed in Lithuania (see Table 4) – 853.9 thousand work in the sector of service (66.1%).

<table>
<thead>
<tr>
<th>Employed</th>
<th>Agriculture, forestry and fishing</th>
<th>Industry</th>
<th>Construction</th>
<th>Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2009, thousand.</td>
<td>118,4</td>
<td>240,3</td>
<td>113,4</td>
<td>845,4</td>
<td>1317,4</td>
</tr>
<tr>
<td>Part of the employed in 2009, %</td>
<td>9,0</td>
<td>18,2</td>
<td>8,6</td>
<td>64,2</td>
<td>100,0</td>
</tr>
<tr>
<td>In 2010, thousand.</td>
<td>110,2</td>
<td>219,5</td>
<td>86,9</td>
<td>831,1</td>
<td>1247,7</td>
</tr>
<tr>
<td>Part of the employed in 2010, %</td>
<td>8,8</td>
<td>17,6</td>
<td>7,0</td>
<td>66,0</td>
<td>100,0</td>
</tr>
<tr>
<td>In 2011, thousand.</td>
<td>106,4</td>
<td>222,7</td>
<td>85,1</td>
<td>839,4</td>
<td>1253,6</td>
</tr>
<tr>
<td>Part of the employed in 2011, %</td>
<td>8,5</td>
<td>17,8</td>
<td>6,8</td>
<td>67,0</td>
<td>100,0</td>
</tr>
<tr>
<td>In 2012, thousand.</td>
<td>112,2</td>
<td>230,5</td>
<td>89,5</td>
<td>843,5</td>
<td>1275,7</td>
</tr>
<tr>
<td>Part of the employed in 2012, %</td>
<td>8,8</td>
<td>18,1</td>
<td>7,0</td>
<td>66,1</td>
<td>100,0</td>
</tr>
<tr>
<td>In 2013, thousand.</td>
<td>108,9</td>
<td>230,7</td>
<td>99,3</td>
<td>853,9</td>
<td>1292,8</td>
</tr>
<tr>
<td>Part of the employed in 2013, %</td>
<td>8,4</td>
<td>17,8</td>
<td>7,7</td>
<td>66,1</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Source: Completed following the data of the Statistics of Lithuania of the Republic of Lithuania

Their number increased by 1.2 percent in the following sector in comparison of the year 2013 with the year 2012. The number of the employed in the sector of industry did not fluctuate significantly and in the year 2013 it made 17.8. FDI potential, the creation of workplaces and increase possibilities of employment possible in the sector of industry only through the promotion of the target attraction measures of investment. Thus the greatest increase possibilities of employment are seen in the sector of service and that responds to the performance trends of FDI in Lithuania.

Despite economical and social meaning of the service sector, the promotion of business, entrepreneurship, investment and employment in the sector of service draw little attention in comparison with the sector of industry. There is faced a problem that the policy and strategies of innovations, related to the sector of service are less developed and the advance at a large extent is considered operating only in the sector of industry.

V. CONCLUSIONS

The solutions, those condition the employment of population, might be related to the attraction increase policy of the investment environment in a country. The attraction and the performance/usage of investment to a country change national and population indicators of economic welfare. Taking into consideration the fact that the identification of the effect measures applied by the EU states and related to the fostering of investment – for the increasing of employment revealed that most EU state members applied taxing measures and investment incentives in order to foster the creation of jobs. Some state members paid subsidies to employers and fostered entrepreneurship, suggested or started suggesting subsidies to the unemployed, which foster the establishment of business. Some EU countries strive to reduce bureaucracy and improve business environment, in order to create jobs more rapidly. Under the following approach the mission of investment agencies is to foster and attract foreign direct investment to a country, to be intermediates in the affiliation of business contacts and cooperation among countries and business partners’ companies. Assessing the achieved outcomes such agencies do provide not only with the number of the completed projects according to separate business sectors/by industry, but they specify the extent at which there was a capability to create new jobs in a country.

In case of Czechia, CzechInvest provides support to small and medium companies, which are willing to join multinational companies and provide with the necessary information and is in charge of preparation and implementation of the promotional investment projects, those are funded from the EU and the state budget; provides with the significant information concerning possible investment into rural areas. The highest investment in Czechia was in the years 2007 and 2012; however, the indicators of employment were not the best ones in the same year. One of reasons might be the gap between the creation of new jobs and the assimilation period of foreign direct investment (particularly in the
sector of production). The dynamics of indicators in Czeckia shows that the highest employment and FDI flows are in service. It has to be emphasized that although the part of the self-employed persons is increases slightly every year that reveals a positive trend and perspective of the indicator for the increasing of entrepreneurship and employment of population.

A greater part of the employed in Lithuania, work in the service sector (66.1%). Their number increased by 1.2% in the following sector in the year 2013 in comparison with the year 2012. The growing sector of service in Lithuania contributes to the employment of population, the creation of additional value and intermediates and operates with other national economical sectors intensely. The growth of trading, finance, insurance, tourism, IT and other services, impacts positive development of Economics. Despite economical and social meaning of the service sector, the promotion of business, entrepreneurship, investment and employment in the service sector draw little attention in comparison with the production sector. There is faced a problem that the policy and strategies of innovation, related to the service sector are less developed, and the advance is considered operating only in the production sector at a great extent. Foreign direct investment flows to the service sector are the highest in Lithuania, in relation to the employed jobs and the structure and dynamics of the indicators related to operating economical subjects; the following flows impact the creation trends of new jobs, that foster employment and that is the highest one in service.

The identification of good practice examples in Czeckia links to the application possibilities of employment increase in Lithuania, foster the activation of the institutional performance related to the attraction of investment and provision with the information related to the set aims for the creation of jobs through the execution of research concerning possible investment into rural areas. The data concerning the number of new jobs in Lithuania is fragmentary. Under the following approach there is an underlying initiative of consistent data, related to the newly created jobs, accumulation, systematization and publication. There a rises a problem concerning the legal definition of a workplace and a new workplace. Thus, striving for the systematization solutions of newly created jobs, it is underlying to review legal norms and solve accounting fields and methodological issues.

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