

OPEN ACCESS

ISSN 2280-4056

*E-Journal of
International and Comparative*

LABOUR STUDIES

Volume 7, No. 1 January 2018



ADAPT
www.adapt.it
UNIVERSITY PRESS

ADAPT *International School of Higher Education in Labour and Industrial Relations*

Scientific Directors

Lauren Appelbaum (*USA*), Greg Bamber (*Australia*), Stuart M. Basefsky, (*United States*), Daria V. Chernyaeva (*Russia*), Richard Croucher (*United Kingdom*), Maurizio del Conte (*Italy*), Tomas Davulis (*Lithuania*), Tayo Fashoyin (*Nigeria*), József Hajdu (*Hungary*), Ann Hodges (*USA*), Richard Hyman (*United Kingdom*), Maarten Keune (*The Netherlands*), Chris Leggett (*Australia*), Guglielmo Meardi, (*United Kingdom*), Shinya Ouchi (*Japan*), Massimo Pilati (*Italy*), Valeria Pulignano (*Belgium*), Michael Quinlan (*Australia*), Juan Raso Delgue (*Uruguay*), Raúl G. Saco Barrios (*Peru*), Alfredo Sánchez Castaneda (*Mexico*), Malcolm Sargeant (*United Kingdom*), Jean-Michel Servais (*Belgium*), Silvia Spattini (*Italy*), Michele Tiraboschi (*Italy*), Anil Verma (*Canada*), Stephen A. Woodbury (*USA*)

Joint Managing Editors

Malcolm Sargeant (*Middlesex University, United Kingdom*)
Michele Tiraboschi (*University of Modena and Reggio Emilia, Italy*)

Editorial Board

Lilli Casano (*Italy*), Emanuele Ferragina (*United Kingdom*), Antonio Firinu (*Italy*), Valentina Franca (*Slovenia*), Erica Howard (*United Kingdom*), Karl Koch (*United Kingdom*), Attila Kun (*Hungary*), Felicity Lamm (*New Zealand*), Cristina Lincaru (*Romania*), Nikita Lyutov (*Russia*), Merle Muda (*Estonia*), Boaz Munga (*Kenya*), Peter Norlander (*USA*), John Opute (*UK*), Eleonora Peliza (*Argentina*), Daiva Petrylaite (*Lithuania*), Aidan Regan (*Ireland*), Marian Rizov (*United Kingdom*), Salma Slama (*Tunisia*), Francesca Sperotti (*Italy*), Barbara Winkler (*Austria*), Machilu Zimba (*South Africa*)

Language Editor

Pietro Manzella (*ADAPT Senior Research Fellow*)

Book Review Editor

Peter Norlander (*UCLA, Anderson School of Management*)

*E-Journal of
International and Comparative*

LABOUR STUDIES

Volume 7, No. 1 January 2018

@ 2018 ADAPT University Press

Online Publication of the ADAPT Series
Registration No. 1609, 11 November 2001, Court of Modena
www.adaptbulletin.eu

The articles and the documents published in the *E-Journal of International and Comparative LABOUR STUDIES* are not copyrighted. The only requirement to make use of them is to cite their source, which should contain the following wording: **@2018 ADAPT University Press**.

Lithuanian Labour Reform: In Search of Balance

Aušra Bagdonaitė¹

Purpose. The analysis aims to evaluate the new balance of the interests of employers and employees as established in the recently adopted Lithuanian Labour Code².

Design/ methodology/ approach. The analysis considers the main reforms of Lithuanian labour law. The very essence of reforms is presented in the context of the labour market situation and former regulations.

Findings. Notwithstanding the results of implementation remaining unclear, the new Labour Code manages to reach a balanced relationship between the employer and the employee.

Research limitations/implications. It is focused on the essential changes regarding introduction of flexibility measures, new rights of employees and measures taken to encourage collective labour relations.

Originality/ value. The analysis contributes to the ongoing debate on labour law reforms in Eastern European countries.

Paper type. Issues paper.

Keywords: *Lithuania, Labour Law, Reform, Flexibility, Collective Law.*

¹ PhD candidate at Vilnius University (Lithuania). Email address: bagdonaitė@gmail.com.

² TAR (Register of Legal Acts), 2016, n. 23709 (with amendments and supplements of 6 June 2017).

1. The context of Lithuanian Labour Reform

Labour law reforms in post-socialist Eastern European countries were related to three main changes. The first two were fundamental, i.e. the transition from a planned to a market economy in the 1990's and the implementation of European Union labour law, before becoming a member state in 2004. The recent reforms aim to comply with the socio-economic changes in the world of work³. Lithuania is not exempt from these trends.

After the re-establishment of the state of Lithuania in 1990, amendments were made to the socialist Code of Labour Laws of 1972, and separate institutions were regulated by various laws (e.g. the Law on Employment Contracts, the Law on Collective Agreements). For the first time during the history of independent Lithuania, labour law was codified in 2002. This Code codified Lithuanian labour law and implemented the European Union labour law. However, after several years, discussion regarding the modernisation of Lithuanian labour law began⁴.

The necessity to recodify Lithuanian labour law was based on several reasons: (i) increased legal uncertainty as case law started to regulate employment relations differently when it was established in the Labour Code; (ii) the majority of labour law norms did not work in practice; (iii) the Labour Code required to a lot of documentation which raised administrative burden on employers; (iv) the existence of illegal and undeclared work; (v) inadequacy of social guarantees stipulated in the Labour Code which reduced Lithuania's competitiveness with respect to other states; (vi) the Labour Code did not improve the bargaining power of employees and their representatives and this determined the low level of collective bargaining in Lithuania⁵.

The new Labour Code was a part of the structural reform regarding the creation of a new social model⁶ and its consideration process took almost

³ GYULAVÁRI, T. *Labour Law Reforms in the Eastern European Member States*. In: Davulis, T. (ed.) – *Labour Law Reforms in Eastern and Western Europe*, Peter Lang, Bruxelles, 2017, p. 21.

⁴ Check T. DAVULIS, *The Fifth Anniversary of the New Lithuanian Labour Code: Time to Change?* In: R. Blanpain [ed.] – *The Modernization of Labour Law and Industrial Relations in a Comparative Perspective*, Kluwer Law International, Alphen aan den Rijn, 2009, 360-364. T. Davulis, *Lietuvos darbo teisės modernizavimo perspektyvos*, in *Jurisprudencija*, n. 8(110), 2008, 27-33.

⁵ T. DAVULIS, *Darbo teisės rekodifikavimas Lietuvoje 2016-2017*, in *Teisė*, vol. 104, 9-10.

⁶ The preparation of the draft of the Labour Code was one of the results of the project "Labour Relations and the Establishment of Legal Administrative Model for the State

three years. The first draft of the Labour Code was presented to Lithuania's Tripartite Council⁷ at the beginning of 2015. Originally, all of its provisions were considered by social partners at Lithuania's Tripartite Council for almost half a year. Later, its consideration was continued in the committees of the Lithuanian Parliament. The Parliament adopted the first version of the Labour Code on 29 June 2016. After this, the Lithuanian President imposed her veto on the law and proposed amendments to the benefit of the employee. The Parliament decided to override the President's veto, and the Code was again adopted on 17 September 2016 – without any amendments – and should come into force on 1 January 2017. However, in autumn, the new Parliament came into power and it was decided that the entry into force of the Labour Code shall be postponed for half a year. The new Parliament declared that social partners have to agree on amendments to the new Labour Code in order to balance the interests of employees and employers. Social partners at the Lithuanian Tripartite Council managed to agree on amendments to the Code until the end of the postponement period and it, together with the adopted amendments, came into force on 1 July 2017.

1. Individual labour law: new flexibility measures

Before the recent recodification (i.e. during the financial crisis), the Lithuanian government made attempts three times (in 2009, 2010 and in 2012) to liberalise labour law. The main measures were aimed at decreasing the costs of the termination of employment, flexibilising the regulation of working time as well as expanding the possibilities to conclude fixed-term contracts. However, these reforms were not successful and are described as not having made much impact on labour relations since “it all ended in editorial and superficial changes of the legislative norms”⁸.

The lack of flexibility of Lithuanian labour law was emphasized at the European Union level. The Council recommended to amend the labour

Social Insurance”, 2014-2015. The project was initiated by the Lithuanian government and it was implemented by scholars and researchers of Vilnius University, Mykolas Romeris University and the Lithuanian Social Research Centre.

⁷ Lithuania's Tripartite Council is main national social dialogue institution. It is formed from the equal number of members: organisations of trade unions functioning on the national level, employers' organisations and representatives of the government.

⁸ D. PETRYLAITĖ, V. PETRYLAITĖ, *Social Rights*, in: E. Kūris (ed.) – *Crisis, the Rule of Law and Human Rights in Lithuania*, SC Titnagas, Šiauliai, 2015, 200-201.

legislation to make it more flexible and to allow better use of fixed-term contracts⁹ with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements¹⁰.

These recommendations were implemented along with the recent reforms, and succeeded in increasing flexibility, as introduced by: (i) allowing more flexible regulation of fixed-term employment contracts and introducing new types of employment contracts; (ii) establishing peculiarities for small companies; (iii) decreasing the costs of the termination of employment relations and introducing new grounds to terminate employment contracts; (iv) introducing more flexible working time; (v) allowing deviations in employment contracts.

1.1. Atypical employment contracts

Atypical employment contracts have never played an important role in Lithuania, and fixed-term contracts were rarely concluded (less than 5 per cent of total employment contracts¹¹). The new Labour Code establishes more flexible regulation on fixed-term employment contracts. The requirement for work to be of a temporal nature has been rejected. The conclusion of fixed-term contracts is now limited by the total duration of successive fixed-term employment contracts: up to two years for one employment function or up to five years for different employment functions. There is an additional regulation that fixed-term employment contracts may not exceed 20 percent of the total number of employment contracts concluded by the same employer. Also, an employee's situation is balanced by providing severance pay in the amount of one monthly average wage if the term of the contract expires after more than two years of employment.

⁹ Council Recommendation of 12 July 2011 on the national reform programme 2011 of Lithuania and delivering a Council opinion on the updated convergence programme of Lithuania, 2011-2014, 2011/C 210/01, 16 7 2011.

¹⁰ Council Recommendation of on the National Reform Programme 2012 of Lithuania and delivering a Council opinion on the Convergence Programme of Lithuania, 2012-2015, 2012/C 219/16, 6 6 2012. Council Recommendation of 9 July 2013 on the National Reform Programme 2013 of Lithuania and delivering a Council opinion on the Convergence Programme of Lithuania, 2012-2016, 2013/C 217/13, 30 7 2013. Council Recommendation of 8 July 2014 on the National Reform Programme 2014 of Lithuania and delivering a Council opinion on the Convergence Programme of Lithuania, 2014, 2014/C 247/13, 29 7 2014.

¹¹ Eurostat, 2016.

The employer is now under the obligation to offer temporary workers job vacancies intended for employees on open-ended employment contracts. Should this be the case, the former have to perform similar tasks and meet the same qualification requirements. Furthermore, unemployment insurance contributions which are paid by employers for workers on fixed-term employment contracts is twice that for open-ended employment contracts¹².

The new Labour Code introduces new employment contracts such as: a portfolio work contract, a job-sharing contract and an employee-sharing contract. A portfolio work contract is a type of fixed-term employment contract in which its conclusion is related to the duration of a particular project, which may be two years or five years. The legal consequences of this contract are almost the same as the fixed-term contract, but this contract is designed to provide independent professionals with the possibility to work under an employment contract.

Job sharing and employee sharing contracts are aimed at improving flexibility in employment relations and may be beneficial to both employers and employees. These contracts may ensure full employment to employees if companies are in difficult economic conditions or are not able to provide a full-time working place. In the case of job-sharing, employees may balance their work and family life by working on part-time basis, a scenario which was not easily available for employees in Lithuania before.

The idea to introduce new types of employment contracts is also based on the assumption that it “may increase the chances that participants in the labour market will opt out for a legal, suitable and transparent solution when shaping their relationship”¹³.

1.2. Peculiarities for small companies

The new Labour Code foresees peculiarities for companies whose average number of employees is less than ten. In Lithuania, 81.1 percent of companies have 0-9 employees and employ more than 23 percent of the work force¹⁴. They are exempt from particular obligations which may

¹² The Law on the Approval of the Indicators of the Budget of the State Social Insurance Fund, TAR (Register of Legal Acts), 2017, n. 20569.

¹³ DAVULIS, T. *Main features of Lithuanian Labour Law Reform*. In: Davulis, T. (ed.) – *Labour Law Reforms in Eastern and Western Europe*, Peter Lang, Bruxelles, 2017, p. 66.

¹⁴ Statistics Lithuania, at the beginning of 2017.

create unnecessary burdens on small companies. For example, such companies are not obliged to the following: to change working time, in the case of part-time work, at the employee's request; to compensate for educational leave from the employer's fund; to provide particular information to the employee's trustee. These provisions weaken some rights of employees, but benefits from the growth of small businesses are expected to outreach the possible negative implications.

1.3. Termination of employment contracts

The new regulations also allow for easier termination of employment contracts, and the general notice period has been shortened from two months to one month. Significant changes were also introduced to the amount of severance pay. Severance pay is reduced from one-monthly average wage to half-average wage when the employment relationship continues less than one year. If it lasts longer, an employee is entitled to receive two-monthly average wages. Before, it depended on seniority and it could have reached the amount of six-monthly average wages, which was not a small financial burden on an employer. However, trade unions were against this cut, so during the consideration of this regulation, social partners agreed on the establishment of the funding of long-term work payments. According to the law which regulates the fund, contributions to this fund are paid by employers, and an employee shall receive a long-term work payment when he works more than 5 years. These contributions compliment the severance paid by employers.

According to the former regulation, it was "expensive" to terminate an employment contract at the initiative of the employer without any fault on the part of the employee. One of the arguments in favour of reduction in dismissal costs was related to the actual situation. Majority of employees terminated their employment contracts at the initiative of the employers during the financial crisis¹⁵. It was clear that such statistics showed that employers violated labour regulation and forced their employees to terminate their contracts, thus losing guarantees provided by law. The rationale to decrease dismissal costs was based on the idea that it is more possible that employers will be more eager to pay smaller severance pays than to violate laws. However, results of this will be seen in the future. All in all, this reform is not radical in regard to employees, although it reduces the costs on the employers' side.

¹⁵ T. DAVULIS, *Darbo teisės rekodifikavimas Lietuvoje 2016-2017*, in *Teisė*, vol. 104, 9.

Moreover, the new Labour Code introduces a new ground to terminate an employment contract, i.e. at the employer's will by giving notice of three working days in advance and paying a severance pay in the amount of at least six-monthly average wages. Lithuania has ratified the Revised European Social Charter; therefore, under this regulation it is forbidden to terminate employment regarding participation in the proceedings against the employer charged with a violation of law, as well as for application to administrative bodies based on gender, sexual orientation, race, nationality, language, origin, citizenship and social status, belief, marital and family status, intention to have children, convictions or views, membership in political parties and public organisations, age and other discriminative grounds. Also, it is forbidden to use this ground to terminate employment contracts in the institutions funded by public funds¹⁶.

This provision establishes high amounts of severance pay, therefore, it is expected that it will not be used often. It is likely that the termination of employment contracts on this ground could be used only with employees who occupy high-level and well-paid positions.

1.4 Working time

The Labour Code establishes some flexibility in overtime regulation by allowing more working hours. Previously, maximum overtime work during the period of 7 consecutive calendar days could not be more than 8 hours. According to the new regulation, if an employee consents, he may work up to 12 hours overtime during a week.

Greater flexibility has been introduced to employees regarding the working time regime. An employee may agree with an employer to work on a flexible work schedule, whereby an employee must be at the employment place during the core hours of the working day (shift) and may work the rest of the working day (shift) before or after those core hours, or to work on a different individual working time regime. This possibility to work under flexible work time regimes may result in the improvement of employees' work-life balance.

1.5. Deviations from statutory regulation in an employment contract

¹⁶ Article for with the exception of state or municipality institutions financed from the state or municipal budgets, state social insurance fund budgets, or the resources of other funds established by the State, state and municipality enterprises, public institutions owned by the State or municipality, or the Bank of Lithuania.

The new Labour Code allows for the departure from statutory regulation by an employment contract if certain conditions are fulfilled: (i) an employee receives the amount of two average monthly gross wages; (ii) a balance between the interests of the employer and the employee is achieved; (iii) restrictions are followed, i.e. it is restricted to depart from the following: maximum working time and the minimum rest period; the conclusion and expiration of an employment contract; the minimum wage; health and safety at work: equal treatment; and non-discrimination. This regulation allows the implementation of private autonomy and freedom of contract in labour law. It provides the possibility for parties of the employment contract to determine its content and to adapt quickly to changes in the labour market¹⁷. For example, an employee and an employer may agree that for a certain period he will not receive additional pay for overtime in exchange to fully-paid educational leave.

With the aim of avoiding abuse, this norm is applied to higher-paid employees. However, only application of this provision in practise will show if it is enough bargaining power, even for employees in higher-paid positions. The term ‘balance’ in this context is the criteria which will be assessed by courts on a case-by-case basis. It will take time for case law on this matter to be established.

2. New rights for employees

2.1. Work-family balance measures

The new Labour Code provides more possibilities to reconcile work and family life. The Code establishes that an employer must take measures to help an employee fulfil his family commitments, except in the cases where it is impossible to achieve due to specific features of the work function, the employer’s activities or to excessive expenses on the employer’s part. This provision is guaranteed by the established obligation of an employer to consider and reasonably respond to the employee’s requests related to the implementation of family commitments, as well as to consider the employee’s conduct and his actions at work in order to effectively and fully implement the principle of work-life balance.

¹⁷ T. BAGDANSKIS, *The freedom of contract in Lithuanian Labour Law*, in: T. Davulis (ed.) – *Labour Law Reforms in Eastern and Western Europe*, Peter Lang, Bruxelles, 2017, p. 352.

However, the employer cannot be sanctioned if he does not follow the above-mentioned provision as it remains more of a soft law measure than a real obligation. Thus, it is not easy to foresee how this measure will be applied in practice.

The Code establishes the right to request teleworking as a form of work organisation for specific groups of employees. Unless the employer proves that it would cause excessive costs due to production necessity or peculiarities of the organization of work, he must accept the employee's request to opt for teleworking for at least one-fifth of the whole rate of working time. This provision only applies to cases in which it is requested by a pregnant employee, an employee who has recently given birth, a breast-feeding employee, an employee raising a child under three years of age, and/or an employee who is alone in raising a child under fourteen years of age or a disabled child under eighteen years of age.

2.2. Life-long learning

The Labour Code supports lifelong learning and sets forth a general principle of respect for an employee's pursuit of professional development. Accordingly, the employer is obliged to take measures to improve employees' qualifications, professionalism and the abilities to adjust to the changing business, professional or working conditions. Also, the employer must provide conditions for employees' training, in-service training, and professional development. This principle is not based on certain rights, but acts more as a guideline for employers. In the case of a possible infringement, the content will be specified by case law.

Moreover, employees are granted educational leave to participate in non-formal adult education programmes. The employee is entitled to half of his wages for the educational leave per year of employment, lasting up to twenty working days if such leave is related to the upgrading of his qualifications and his employment relationship has continued more than five years.

Although this right to have partly paid leave is only granted to employees who have long-term employment relations, it encourages them to engage in non-formal education programmes and upgrade their skills, especially considering that relevant skills may help employees remain active in the labour market.

3. The encouragement of collective labour law

Collective labour relations are quite weak in Lithuania. Trade union density is very low, covering just 7.6 percent of the work force¹⁸. Also, membership in employers' organisations is low as well (only 12.6 percent belong to employers' organisations)¹⁹. Collective bargaining coverage is less than 10 percent²⁰ and mostly takes place at the company level. Sectoral collective agreements first appeared in 2012. Now, there are more but their normative provisions do not regulate the most important working conditions, e.g. wages. The creation of works councils in Lithuania was possible from 2004 (since the Law on works councils came into force). This law established the universal principal of employees' representation meaning works councils could be composed in companies where trade unions are not active. In such cases, works councils even had the right to conclude collective agreements and announce strikes at the company level. The rationale of such a principal was that employees would be represented either by a trade union or by a works council. In practice, only 4 percent of employees were represented by works councils. Thus, this model of employees' representation was not effective, and majority of employees remained unrepresented.

The new Labour Code makes attempts to encourage collective labour relations in several ways: (i) providing better information and consultation rights; (ii) establishing employees' participation in the management of a legal person; (iii) strengthening collective bargaining; (iv) allowing deviations in collective agreements.

3.1. Information and consultation rights

The new regulation introduces a dual system of representation where works councils are responsible for information and consultation rights, while trade unions are responsible for collective bargaining. Besides, the novelty is the mandatory composition of works councils. A works council shall be established where the employer's average number of employees is twenty or more. In Lithuania, 9.2 percent of companies employ twenty or more employees, but they cover more than 65 percent of the work force²¹. However, if one-third of a company's employees are members of a trade union, that trade union acquires works councils' powers. This provision was inscribed in the new Labour Code when it was amended in July 2017.

¹⁸ Statistics Lithuania, 2016.

¹⁹ Statistics Lithuania, 2016.

²⁰ Ilostat, 2013.

²¹ Statistics Lithuania, at the beginning of 2017.

It was the social partners' compromise because trade unions wanted to save their influence on companies where they dominate. Notwithstanding the idea that this employees' representation model is based on a division of representative functions between works councils and trade unions, trade unions now see works councils as their competitors.

Also, the content of employees' information and consultation is more elaborated. Besides compulsory employee information and consultation, employers who employ, on average, twenty or more employees, shall, once a calendar year, hold regular information and consultation meetings (e.g. on the current and future activities of the enterprise and the status of employment relationships) as well as information and consultation meetings before the approval of local regulatory acts (e.g. work regulations which determine the common order in the undertaking; the procedure of introducing new technological processes; introducing measures which may prejudice the privacy of employees).

3.2. Employees' participation in the management of a legal person

The novelty is in the introduction of participation of the employees' representatives in the management of a legal person which may be implemented in two ways. Firstly, employees' representatives have the right to appoint part of the members of the management or supervisory body of a legal person. This right can be implemented only in state and municipal enterprises. Secondly, employees' representatives can have the right to attend meetings of collegial management and supervisory bodies of the employer as observers or in an advisory capacity when the issues related to employees' working conditions are being considered. They can have this right if it is stipulated in the collective agreements as well as in agreements between the employer and the employees' representatives. This provision does not create a direct right to employees' representatives. It simply submits an idea of what may be regulated in collective agreements or agreements between the employer and the employees' representatives. Besides the limited scope of the above-mentioned provisions, it can be a good start in the development of employees' co-determination rights.

3.3. Strengthening collective bargaining rights

In order to promote the regulation of employment relations by collective agreements, the new Labour Code establishes the precise regulation of a collective bargaining procedure. Also, the application of a collective

agreement is strictly tied to the membership of organisations which concluded it as a collective agreement is applied only for the members of trade unions and employers' organisations which concluded it. Before, collective agreements concluded at the company level were applied to all employees. However, there are exceptions. For example, if a trade union and an employer agree with a confirmation of employees (i.e. at a staff meeting), a collective agreement can be applied to all employees in a company. This concept justifies that a trade union does not have to bargain in order to stipulate more favourable conditions (or less favourable conditions in comparison with statutory regulation, when established by the Code) for all employees regardless of their interest or desire to be collectively represented. Also, looking at the positive results obtained by regulating working conditions in collective agreements, the latter can be a good incentive for a large number of workers to become trade union members.

Moreover, the Code sets forth new regulation in relation to collective bargaining in public enterprises. It is set forth that the government (or its authorised institution), after receiving the proposal to begin collective bargaining on a sectorial or inter-sectorial level, must invite the employers' organisations of the respective sector of economic activity operating in the private sector. Said organisations may participate together in collective bargaining. The bargaining should be finished no later than when the Ministry of Finance starts to prepare the project of the State budget as well as the project of financial indicators of municipal budgets. This regulation allows achievement of wage bargaining as the main object of collective bargaining in public sector.

3.4. Deviations from statutory regulation in a collective agreement

Similarly, to a possible deviation in employment contracts, the Code allows a departure from statutory regulation by a collective agreement concluded at national, sectorial or territorial level. Also, in the case of employment contracts, the same restrictions are applied (see above 1.5.). Furthermore, there is a requirement to achieve a balance between interests of employers and employees in such collective agreements.

This regulative measure can be seen as encouraging collective bargaining at higher than the company level. Also, it allows one to use collective agreements more as an instrument of adaptability. On the one hand, employers' organisations are provided with more incentives to conclude collective agreements by trying to achieve more flexible regulation for them. On the other hand, trade unions can also achieve better working

conditions for employees. As mentioned above, collective agreements only apply to trade union members. Therefore, it is expected that trade unions will try to strike a balance between the interests of their components, otherwise a risk might arise to lose members.

4. Conclusion

Generally, the reform has been in line with the implementation of the European Union principles of flexicurity. The changes in labour law intend to provide more flexibility by ensuring the security of employees as the current regulation tries to balance the interests of employers and employees. While employers may benefit from more flexible regulation of employment relations, employees are provided with the package of new rights which are designed to balance their interests.

Flexibility measures introduced to individual labour law increase the competitiveness of the Lithuanian labour market in the region and allow for faster adaption to the changing world of work. It is hard to foresee the long-term social implications of reducing employees' security by new flexibility measures. However, these changes are not extreme and, at the same time, allow some flexibility on the side of employees as well. Further, balance is expected to be reached by collective law measures. The obligation to have mandatory works councils will ensure information and consultation rights for employees in bigger companies. Also, new legislative incentives might foster breakthrough in collective bargaining; however, it remains doubtful seeing that collective labour relations mostly depend on the strong role of social partners.

ADAPT International Network



ADAPT is a non-profit organisation founded in 2000 by Prof. Marco Biagi with the aim of promoting studies and research in the field of labour law and industrial relations from an international and comparative perspective. Our purpose is to encourage and implement a new approach to academic research, by establishing ongoing relationships with other universities and advanced studies institutes, and promoting academic and scientific exchange programmes with enterprises, institutions, foundations and associations. In collaboration with the Centre for International and Comparative Studies on Law, Economics, Environment and Work, (DEAL) the Marco Biagi Department of Economics, University of Modena and Reggio Emilia, ADAPT set up the International School of Higher Education in Labour and Industrial Relations, a centre of excellence which is accredited at an international level for research, study and postgraduate programmes in the area of industrial and labour relations. Further information at www.adapt.it.

For more information about the E-journal and to submit a paper, please send a mail to LS@adapt.it.

