



# **Skills Monitoring in European Regions and Localities**

## **Results**

### **of the Annual Meeting of the European Network on Regional Labour Market Monitoring**

**on 12 October 2012  
in Kraków, Poland**



The monitoring of skills is one of the major tasks that regional and local labour market observatories in European regions should fulfil. This focus is justified in that it is particularly the regional and the local activities aimed at qualification of the unemployed and employed that create a better match between the available labour supply with the local or regional demand. In order to provide the best possible composite of qualification activities, it requires a high degree of transparency. This transparency should, furthermore, be achieved through regional and local labour market monitoring. Against this background, we inquire into the possibilities that currently exist to create this transparency.

## **1. State of the Art in Regional and Local Skills Monitoring**

In the last several years, numerous taxonomies have been established across Europe (e.g., ISCO). These have contributed to being able to depict not only professions and qualification groups, but also other formal qualifications and even those of the less formalized skills. Aside from basic and generic skills, professional skills are systematically determinable. However, especially in smaller regions or localities, there is often only data available at the professions and qualification levels. One reason for this is that the official statistics are captured, but, due to the small numbers, no data can be made available due to personal data protections. This explains why many observatories use relatively highly aggregated professional groupings that do not always serve the specific information needs of the actors on-site, but do provide a basic orientation.

Often the informational needs at the regional or local level are not only geared toward professions and qualification levels. A much stronger need can exist for a focus on competencies, which can provide a better description of the actual labour performance. This includes attitudes and motives, which is also highly relevant for job performance. Although these categories exist as standards, in most cases there is no data available to measure them. Established observatories with extended resources, or those in countries with a low formalization in professional education, conduct therefore surveys to capture information on exactly this area of competencies. Frequently, what follows is an orientation toward the categories in creating profiles, which are applied by the public labour administration and the public placement offices to classify the unemployed and graduates. This leads to the situation that in most observatories there is significantly more, and more differentiated, information about the competencies among job seekers than there is for the employed or for workplace qualification requirements.

The qualification needs of companies, or for skills required for filling open positions, are laid out in some regions from the databases of the employer services from public labour administrations or economic development agencies. However, the majority of data here is also primarily on the formal qualification requirements. The current need can still be well described with this. It will become more difficult with the future qualification requirements. Some observatories issue profession prognoses, others generate this data through expert interviews or expert panels, at the level of a branch or sector. This allows for capturing data on new qualification requirements, for example in the area of green jobs. Newer innovative



approaches target the employed with surveys to determine how well the matching process between existing qualifications and the actual job requirements really fits.

Despite numerous innovative approaches, the transparency that can be achieved by regional and local labour market observatories is greatly limited. This is partially explained in that many observatories are located organizationally within the education area and have, hence, access primarily to these data collections. Another reason is that the observatories cannot fill the gap that exists between the divided worlds of the professional education system and the corporate field. Both worlds function according to their own logic and, although graduates, trainees and the unemployed move between these areas, there remains a significant (communication) gap between them in most regions and localities. This means that in many cases, the educational area has insufficient awareness of the corporate qualification needs and cannot meet these needs with their programs. At the same time, companies, especially small to mid-size firms, seldom reflect seriously over their qualification needs and are then not able to communicate their requirements to educational institutions. The majority of observatories do not currently have either the function or resources to bridge this gap.

## **2. Skills Demands of the Corporate World and the Need for Reforming the VET**

The loose connection of many companies with the area of qualification programs is revealed in the research reports presented by Joanna Basztura of the DG Education and Culture at the Annual Meeting [[presentation 1](#)]. A survey titled “Challenges and trends in continuing development of skills” showed that, in the opinion of companies, trainers and training are out of date on the whole. Business environments are changing fast and skills development becomes more important than recruitment for companies. Skills development means then less formal qualification, but more work-based learning as a form of competence development. Companies consider this form of achieving competences as advantageous as it best targets the specific goals of the organization. To conduct competence development, companies increasingly handle these trainings themselves. Especially larger companies do not outsource such services; they rather establish their own training units. External cooperation is more difficult for most companies, but within a sector, it is considered to be important since each sector can identify and communicate current and future skills needs to education providers. They can help to build a suitable labour supply in a region or locality. The EU can support such processes in supporting relevant sectorial projects. This would be also a good opportunity for regional and local labour market observatories to profit from this data.

The tendency for companies to be increasingly estranged from the professional training sector makes clear the need for reform in the Vocational and Educational Training (VET) system. In several countries, the VET system is confronted not only with the fact that professional training occurs outside of their sphere of action, but with greatly changed demands and requirements from their clientele. The qualification requirements gained within general education are often insufficient for youth to succeed in the VET system. As a result, their offerings are decreasingly utilized. A further phenomenon seen in many countries is that



qualifications learned can no longer be applied in the world of private enterprise.<sup>1</sup> One working group at the Annual Meeting already addressed the role and possibilities for supporting the reform process and concluded that a meaning role for the observatories could be to keep open communication processes on the subject of changing needs and possibilities within the locality. [[results WG 1](#)]

In November, the European Commission will publish a communication titled “Rethinking Education Communication”. The discussions contained therein will show the need to increase work-based learning, designing and delivering VET excellence and new demands and potentials of VET. The required processes of change that will be described in this Communication will presumably occur in the various European regions along different paths of development. The actors in the regional and local labour market observatories can participate in these processes and contribute to the development of innovative approaches to data generation.

### **3. Innovative Approaches in Regional and Local Skills Monitoring**

At the Annual Meeting of the European Network on Regional Labour Market Monitoring, several innovations were presented to the members. These could, insofar as the possibilities for action are present, be incorporated into the coming reform processes.

#### **3.1 Survey with Employees and Mixed Method Approaches**

To gauge the demand for skills as exactly as possible, many observatories conduct surveys, primarily at the management and executive levels of companies. This provides information on the current, and the future, demands from companies. These are frequently at the level of the professions or professional groups, as well as basic and professional skills. These surveys are widely used as they allow the results to be easily matched with the qualification categories of the unemployed or graduates of professional educational programs. What is missed here, however, is what actual competencies of the employed are implemented in order to execute the functions of any open positions in the best possible way. Such information is very important for the employees to achieve workplace satisfaction and for the companies to have their tasks fulfilled as well as can be. Alan Felstead presented in the Annual Meeting a method by which the employees can be questioned about the competencies required for good job performance. This instrument has been tested over several years and the results show that the formal qualifications and the competencies actually necessary are not identical on several points. An optimal adjustment here is worth pursuing [[presentation 2](#)]. Eugenia Atin and Raquel Serrano showed in the Annual Meeting an example of how a mixed-method approach could be used to capture the necessary competencies for specific jobs. They illustrate with the results gained from a structural analysis evaluation of job postings and expert interviews that the formal requirements an

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<sup>1</sup> In order to drive this process, the Bruges Communique was aimed at proposing measures for Member States and the European Commission to modernize the VET systems with the objective of improving the quality and the efficiency of VET and enhancing its attractiveness and relevance.



employer includes in the posting does not necessarily correspond with the competencies sought and needed in reality.

The gap between the formal qualifications and the informal competencies, which are also necessary for good job performance, were made quite clear from the presented materials. This material builds a good basis to start a discourse between the employers and the employees, or unemployed to bridge the gap [[presentation 3](#)].

### **3.2 Application of Skills Forecasting**

Forecasting is already done in many regional labour market observatories. Here the focus is above all on the professions. This is grounded in the data and has the significant advantage that the connections to national prognoses can be made. Vladimir Kvetan, as representative for CEDEFOP, showed in the Annual Meeting that forecasting at the level of the EU27 can show general developments that can serve as a starting point for the forecasting activities at the local level or, in those cases where data is missing. In every case though, a translation to the local conditions is required. This applies especially to general quantitative developmental trends in single sectors, professional groups and qualification levels, as well as for more qualitative changes in the skills area [[presentation 4](#)]. These premises were shared by the members of a working group that dealt with these issues during the Annual Meeting. The working group recommended to go beyond the forecasting of professions and to focus on the skills. Appropriate here is the use of a combination of quantitative and qualitative methods within the context of the expertise within the locality. In regions and, above all, in localities, short term prognoses can be effectively used due to the direct impact possible. These should be clearly suited to the needs of the local information users by those responsible in the observatories. This means that the information users should be an early part of the development process and the data generation, requiring simple and accountable methods. In the interpretation of the results, the observatory actors should also be open about the probabilities and borders of such forecasting. Important here is that the observatories initiate a discourse over the forecast and its results in the locality. Furthermore, they should guide and accompany this process in order to be able to incorporate the VET area, as well as the companies and political decision makers and the relevant administrations [[results WG 2](#)]. Thereafter, another working group took up the question of how (new) skills and competencies in emerging sectors – e.g., green sector – can be captured with regional or local skills monitoring. The greatest challenge here emerged as gaining sufficient field access for data generation. Newly emergent sectors are often hard to clearly define; the companies are often small (newly founded); and are often present only in small numbers in general company surveys. Here, the working group recommended a qualitative approach, in which experts from the area or experts with a good general overview convey the skills requirements in that new sector. The experts here should be located in the commercial arena and should be questioned about short term development forecasts. These results can then be given to experts from the qualification area in order to identify connection points with already implemented qualifications. The working group recommended a data generation process strong on communication to define, first of all, a clear goal in order to be able to effectively guide the communication and exchange processes. [[results WG3](#)].



### **3.3 Measuring Informal Skills and Comparing “Foreign” Qualifications**

The greatest challenge for most regional and local observatories is posed with gathering data on informal skills which are outside the formal skills that can be, for example, collected with data on the professions. The above mentioned taxonomy (ISCO) serves as a good starting point ([website 3s](#)). This can be used for gaining an orientation with which to then gather data with quantitative and qualitative methods. The communication with all participants is very important in this process. Observatories can guide such discourses with inclusion of VET and companies [[results WG 4](#)]. Furthermore, many regional and local observatories are confronted in the meantime with gathering data on labour force participants whose foreign credentials are not locally recognized – whatever the reason for this may be. One working group took up this topic and recommended using company surveys. As the unrealized potential of such workers should be of interest for regional decision makers, a corresponding taxonomy could be used in order to increase the comparability of the standards used in (and across) regions [[results WG 6](#)].

### **3.4 Initiating Lifelong Learning Processes in a Region or Locality**

The role of the observatories can also, in the perspective of one working group at the Annual Meeting, include bringing together the various actors from the (professional) education area to create transparency over the comprehensive offerings within a region or locality. These offerings could then be collectively marketed and oriented on biographical progressions. There has been already good experience with including branch associations and organizations in these processes [[results WG 5](#)].

### **3.5 More Good Practice Examples in the Network’s Anthology**

Further innovative approaches to skills monitoring can be found in an anthology, to which about 50 Network members contributed. From these, it becomes very clear that local or regional situational conditions can act as either enabling or limiting factors for innovative approaches [[table of content and flyer](#)] Challenges for Regional and Local Labour Market Observatories Conducting Skills Monitoring

There are two main challenges that regional and local labour market observatories are currently facing when implementing or expanding skills monitoring.

The description of formal and informal skills in terms of supply and demand is currently unsatisfactory using available public data. This requires the generation of data to be also drawn from qualitative methods, which in turn needs to have the various regional stakeholders included in the communication processes. The variety of good practice examples – as shown in the presentations at the Annual Meeting as well as in the anthology previously mentioned – can serve as starting points for observatories to carry on further development. It is important, however, that the first step is to determine the concrete needs of the local information users. This can itself present a communication challenge as the informational needs are not reflected upon by all relevant actors and, thus, cannot be communicated. If the regional or local needs situation can be adequately assessed, then the



approaches and ideas from the existing good practice examples can be drawn upon and adapted to the local situation.

The second challenge for many regional and local labour market observatories follows from the fact that their role is changing more and more. They are moving beyond the role of being simply data providers and into initiating, guiding or, sometimes, leading processes in which the relevant local decision makers are drawn in and the data for their region are interpreted. Some observatories already now accompany or lead the following processes of regional or local strategy development. This can reach as far as the implementation of these strategies and their evaluation. On the subject of skills monitoring, this role expansion is especially clear in that the observatories are frequently confronted with the relatively independent circles of the commercial world and that of the (professional) education. The observatories find themselves in the position where they are the bridge builders, connecting both activities and communication, between these two worlds. Out of the discussions at the Annual Meeting between observatory representatives, it emerged that this expansion of the observatory's role occurs rather more as a side-line activity and the structuring of this new function occurs frequently in trial and error fashion. There is an urgent need among the participants from regional and local labour market observatories to reflect and dialogue about these processes in order to establish more security and a more precise setting of goals in the execution of these expanded roles

#### **4. Perspectives and Themes for 2012-2013**

The two challenges described above create the foundation for the annual program of the European Network on Regional Labour Market Monitoring and for the Initiative for Networking Regional and Local Labour Market Observatories across Europe.

The European Network on Regional Labour Market Monitoring will address the topic of the expanded roles and functions of regional and local labour market observatories in the coming work year (through October 2013). To start with, an assessment should be made to determine what roles regional and local labour market observatories currently play in the interpretation and usage of monitoring data in their regions and localities. In more detail, this constitutes the following open questions:

- If the roles vary according to the data gathered, and, if yes, how are these handled locally?
- Which role(s) do actors from the observatories take on and how do these develop, or have changed, over time and how will these roles evolve in the future?
- If there are local organizational structures that the observatories use to further their roles connected with interpretation and strategy development? If this is the case, it would be interesting to see what degree of formalism these organisational structures have (e.g., network, councils), on what (legal) grounds these are based, who has set these up, what resources are made available for this, and what are the goals are being pursued with such structures in the region or locality?
- If the local or regional conditions promote or constrain this expansion of roles contained



in these organizational structures? Which conditions promote and which constrain? What kind of conditions are these (social, material, cultural, other) and do these conditions have positive effects due to being bound with superior levels and/or actors?

- What would be the sensible steps to take in expanding the role of observatories and where could the pitfalls lay? Are there good practice examples from which other observatories and the Network members could learn?

The discussion over these questions will first occur in the creation of an anthology with the working title: “Shifting Roles of Labour Market Observatories in Regions and Localities across Europe? State of the Art and Perspectives”, scheduled to be published in October 2013 and will be offered for all observatories and interested actors in the field. In addition, the theme of the Network’s Annual Meeting will also address these questions. Here especially, there will be focus on how the Network can support these changing roles and assist their operation.

The activities of the Initiative for Networking Regional and Local Labour Market Observatories across Europe will be somewhat different in the coming months leading to October 2013. The focus of the working program rests on continuing the debate over regional and local skills monitoring. The core interest is the applications, meaning here the actual experienced practice in the observatories. By the end of 2012, over 500 regional and local labour market observatories in Europe will receive this documentation and the associated information from the Annual Meeting 2012. This will enable them to locate their own activities in the area of skills monitoring and, on the basis the good practice examples, to provide fertile ground for them to generate ideas for their own further development. In July-August 2013, all observatories will be surveyed in order to gain an overview over the range and provisioning of regional and local skills monitoring across Europe. The results from this survey will be presented with further practical example as the highlight of the 4<sup>th</sup> European Day in 2013.

The 4<sup>th</sup> European Day and the 8<sup>th</sup> Annual Meeting will be held in October 2013 in Bilbao. Both meetings will be host by PROSPEKTIKER S.A., Institute for Future Studies and Strategic Planning and by BIZKAIA:XEDE, a non-profit consulting agency for attracting and retaining talent and involving them in the industry and science technology environment of the Basque region [[presentation 5](#)].



## SAVE THE DATE

<b>8<sup>th</sup> Annual Meeting of the European Network on Regional Labour Market Monitoring</b>	<b>4<sup>th</sup> European Day of the Initiative for Networking Regional and Local Labour Market Observatories across Europe</b>
Topic: “Shifting Roles of Labour Market Observatories in Regions and Localities across Europe? State of the Art and Perspectives”	Topic: “Practical Approaches to Regional and Local Skills Monitoring across Europe”
11 October 2013 in Bilbao	10 October 2013 in Bilbao

For further information on all topics covered in this documentation, please contact Ruth Hasberg, the Coordinator of the European Network on Regional Labour Market Monitoring.