European Network on Regional Labour Market Monitoring

EN RLMM Working Paper Series No. 2

Lessons for Local and Regional Skills Forecasting

Arising from the Work of the EN RLMMM

in Relation to the EU Skills Panorama

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August 2015

The European Network on Regional Labour Market Monitoring was founded in 2006 at Goethe University Frankfurt am Main, Germany. The EN RLMM works on a non-profit basis to further the concepts and instruments in regional and local labour market monitoring and to diffuse the common methods for the study, research and analysis in this field. The objective of the EN RLMM is to promote a better understanding of the functioning of regional and local labour market monitoring as an essential instrument for improving labour market strategies and operations in accordance with the EU 2020 Strategy.

Every year, the EN RLMM focuses on one particular aspect of regional and local labour market monitoring with the objective to capture the state of the art in the research and further the available monitoring concepts and methods through mutual learning. The annual anthology published in the Network is open to both researchers and practitioners who would like to present good practice examples from different regions and localities, but also discuss the challenges in regional and local labour market monitoring. The annual conferences of the EN RLMM – the European Day and the Annual Meeting – offer the Network members a further opportunity to present their work and exchange their experiences with their colleagues from all over Europe.

This newly established **EN RLMM Working Paper Series** represents an additional opportunity for those involved in regional and local labour market monitoring to present their work in progress. It is open to all Network members who would like to disseminate project results or good practice examples from their regions. It can also be used for writing joint papers with colleagues from different organisations, regions or countries with the aim to explore the different possibilities for mutual learning. We hope that this new form of exchange will attract a lot of interest among the EN RLMM members and will lead to an even livelier exchange and co-operation across organisational and territorial borders.

In addition, the first issue of the **EN RLMM Scientific Paper Series** will be published later this year. This series will be dedicated to furthering the scientific concepts in regional and local labour market monitoring drawing from the concerted work which has taken place in the Network over the last ten years.

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European Commission

1. BACKGROUND AND APPROACH

This paper seeks to identify lessons arising for local and regional forecasting systems that have been identified through the work of the EU funded project ARLI (The EU-Skills Panorama: Achieving Regional and Local Impact). The ARLI project was a one-year project bringing together seven partners (plus assistance from the University of Stirling, UK) from the European Network on Regional labour Market Monitoring (EN RLMM), each an expert in using labour market information and intelligence for forecasting skills and employment strategies:

- Marchmont Observatory at the University of Exeter (England)
- Institute for Labour, Economics and Culture (IWAK) at Goethe University Frankfurt am Main (Germany)
- Employment Research Institute at Edinburgh Napier University (Scotland)
- Interuniversity Research Centre on Public Services (CRISP) at the University of Milano-Bicocca (Italy)
- National Observatory for Employment and Training at National Training Fund (Czech Republic)
- KWIZ (Netherlands)
- Arbetsförmedlingen (Sweden)

The project sought to influence the development of the EU Skills Panorama and was, unusually, particularly close to ongoing European Commission activity with strong links into the relevant Directorate. The EU Skills Panorama was envisaged initially as the EU portal providing information about recent and future trends in labour market and skill needs. This was failing to make a significant impact, and the project sought to nuance where and how it could evolve to help inform the work of experts at the regional and local levels. This involved interrelating the EU Skills Panorama content and approach with that of local and regional LMI experts with the intention of achieving greatly enhanced impact and added value for all concerned.

A further aim was to explore how existing regional and local provision of skills forecasting could be enhanced for stakeholders. This issue was addressed through a good practice approach as well as interrelation with the EU Skills Panorama. The ARLI partners gathered and analysed 38 examples of good practice, creating a repository of detailed case studies across a number of EU countries. These are innovative and/or well-implemented LMI tools (or policy/action which is based on the LMI) that help to establish better balance between the demand and supply of skills within a particular region. The ARLI partners analysed good practice examples not only in their host countries and regions, but also in other European countries in partnership with the EN RLMM.

A subsequent Good Practice Compendium (Branka and Matouskova 2014a) provided detailed descriptions of these LMI examples from eleven EU countries: the United Kingdom, Sweden, Italy, the Netherlands, the Czech Republic, Germany, Poland, Ireland, Spain, Austria and

France. The goal of the Compendium and of Synthesis Reports was not to provide an all-encompassing analysis of this topic for all European countries, but instead to analyse the of importance of LMI for the matching of skills and jobs with a particular focus on actions at the regional level and on providing a rich and diverse set of case studies that prove the points made.

The lessons emerging from the case studies were compiled within a Synthesis Report and submitted to the European Commission. Many of these lessons are relevant to EN RLMM members and these are set out in the following section that borrows from the Synthesis report (Branka and Matouskova 2014b) and from a short Policy Synthesis paper produced by Edinburgh Napier University (Egdell and McQuaid 2014). All of the ARLI reports are available on the EN RLMM website[1].

2. ANALYSIS OF GOOD PRACTICES: METHODOLOGY

The question of what constitutes "good" or "successful" policy or practice is complex. Therefore it was vital to set specific and clearly defined criteria for selecting examples of good practice, and then, for describing them. The first goal within this work package was to develop the definition of a good practice framework based on a comprehensive set of criteria. This structured format was used to share various national skills anticipation exercises. As a second step, project partners gathered various projects aimed at LMI development, provision or use across Europe, with particular focus on those existing in project partners' countries that they were most familiar with. Earlier, regional stakeholders who had been interviewed by project partners were asked to identify examples of practice that they perceived as "good" or "successful" and that were perceived to be worth repeating in other contexts.

The good practice framework was based on set of criteria defined by project partners. Generally, it focused on following key themes:

- The characteristics of the practice
- The need/driver for the LMI
- Detailed description of the LMI
- How the LMI is used
- Summary of the LMI (including why it was considered a good practice)

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[1] http://www.regionallabourmarketmonitoring.net/arli_outputs.htm.

3. RECOMMENDATIONS FOR POLICY-MAKERS

Analysis of good practice examples from regions in eleven European countries showed that successful instruments need to have clarity with regard to following questions:

- **Who is the LMI for and is it user-orientated?** This requires the needs of clearly differentiated user groups to be identified (e.g. individuals, employers, and/or policy-makers), although there may be multiple users.
- **Where is the main geographical focus?** Regional/local practitioners or policy-makers have different perspectives and requirements from national policy-makers as they are often responsible for implementing labour market policies locally and combining them with different goals of regional development.
- **What information and intelligence is provided and is it based upon high quality data and forecasts?** The main timespans for information should be considered, e.g. current skills shortage data may be more useful to individuals already in an occupation than those needing forecast to plan their future long-term career. Here, Big Data enabling greater "real-time" analysis of online, administrative and other data has many potential uses.
- **How is the information and intelligence provided?** Websites and other media need to be dynamic and clearly targeted at providing appropriate, customised and useful information. The role and involvement of intermediaries to support users and promote the use of LMI needs careful consideration.
- **How do we open access to the LMI and underlying data?** Two-way accessibility of data and LMI is important. This can enable other organisations to tailor data to their own users (e.g. developing smartphone "appsW). In the other direction, initiatives need to systematically bring in LMI from other sources (e.g. employers).
- **Does the initiative have a clear focus?** The initiative could primarily gather and provide LMI and services or be an enabler who ensures that LMI provided by other bodies is available in a useful way to final users.

4. SYNTHESIS OF FINDINGS RELEVANT TO LOCAL AND REGIONAL LMI PROFESSIONALS

This section summarises findings from an analysis of innovative or well-implemented LMI tools that help to establish a better balance between the demand and supply of skills. In identifying the characteristics of good practices, questions were explored about how existing regional and local provision of skills forecasting can be enhanced for stakeholders, including through interrelation with the EU Skills Panorama.

4.1. Comprehensive tools

There is a need to embrace wide range of methodologies, many of which will be nationally focused. Comprehensive tools use a wide range of methodologies to gather, analyse and

publish LMI. They often combine: qualitative and quantitative techniques; sectoral and occupational views on the labour market; forecasting using recent trends analysis; and are also strongly linked to policy actions. These tools are mainly nationally focused and seek to:

- Join dispersed sources of information on job opportunities and job descriptions;
- Support labour market mobility (territorial, occupational, sectoral);
- Help individuals to make best choices in education and training;
- Maximise the impact of education, employment and skills policies and employer behaviour to support jobs and growth;
- Address specific labour market imbalances and needs.

Nationwide surveys and analyses are the most frequent source of information, but administrative data are also often used. The data are more likely to be robust and consistent with international and Eurostat data. Information is disseminated electronically and online search tools are used to allow users to run queries. In many cases, comprehensive tools are initiated by government ministries or institutions. The resulting strong foundations mean that they often have stable financing, structure, expertise and human resources. Partnership between organisations is an important feature.

The key strengths of the good practice examples explored in this field arise in relation to the link to policy and key stakeholders. In most cases, these have always been clear and it has been obvious what must be achieved by the tool – there is an understanding of what the major issues and who the major users are. Furthermore, there is a general recognition of their needs. The second and similarly important feature of these tools is that they work with an immense range and detail of data. Therefore, it is enormously important to present them in such a way and structure that users can understand. The most successful examples in this category are simple and easy for general use while allowing us to go into deeper analysis for limited group of experts and stakeholders who are responsible for strategies and policies.

4.2. Occupation-based tools

Occupation-based tools provide significant input to regional development strategies. However, the scale of focus varies from the national to the regional level. Occupation-based tools are generally used in career guidance counselling, although they sometimes form the basis for specific labour market actions. Often, the matching of skills demand and supply is a declared goal of these tools. As a result, they are frequently very closely linked to education policy and regional development policy.

Occupation-based tools provide a wide range of analytical information on occupations, often including skills profiles and forecasting (although the methodology for occupation-based forecasting may differ significantly). Most occupation-based tools combine quantitative analysis with some expert assessment. As the quality and level of detail of survey data on regional level is often poorer than data on national level, this can have a significant impact on improving the value and reliability of the information tools for end-users. Quite often, administrative data are used in occupation-based tools. Other data sources include: the Labour Force Survey and the employer surveys.

It is increasingly important to build these tools in close partnership with key regional stakeholders: firstly, because it is vital to understand the needs of "on-the-ground"

practitioners as well as interests of potential users and social partners; and secondly, it enables to carry out evidence-based policy. As occupation-based tools are primarily used for career guidance, simple and concise information needs to be provided.

Occupation-based tools serve as a mechanism for significant input for regional development strategies and it is also recognisable how labour market observatories, that often initiate the process of skills and labour market mapping, shift their roles from data and analysis provider to ones of a more engaged initiator of strategy or moderator and mediator between different interest groups.

Therefore, it is increasingly important to build such LMI tools in close partnership with key regional stakeholders: firstly, because it is vital to understand what needs and interests of potential users and social partners within the region are and secondly, because the policy that should ideally follow the LMI findings is then more easily agreed and implemented. We must not forget that the occupation-based tools serve primarily for career guidance and for individuals. For this purpose, it is necessary to provide end-users with simple and concise information, which can be quickly absorbed without the unnecessary burden of a complex background description of methodology and without the need to look up, study and compare data from different information sources.

4.3. Sector-based tools

Unlike occupation-based tools (where the choice of methodology can be more or less bounded by availability of occupational classifications), there is a wider variety of sector approaches. However, as with occupation-based tools there are still strong links to the education and training sectors and to policies trying to improve the balance between the supply and demand of skills.

Strong partnerships between LMI providers and stakeholders are central to sector-based approaches. Therefore, to a significant extent they involve employers, who use these tools to improve their competitiveness and to increase interest in their sector. The tools may also be research-oriented, developing the knowledge base and methodologies to identify opportunities in emerging sectors of the economy.

Sector-based approaches combine various methodologies in order to provide a reliable base for labour market actions e.g. forecasting models, surveys and qualitative information. By making the classifications and methodologies sensitive to employer needs, there is a danger that there may be major inconsistencies between sectors and with national and EU-wide databases. The EUSP could be useful in seeking to achieve cross-sectoral consistency where appropriate. It is important to decide what timescales are to be used for the LMI; e.g. current data is of interest for identifying opportunities and shortages now, but long-term timescales are needed for identifying career opportunities or future skills shortages.

Strong partnerships between LMI providers and the stakeholders using it have been established in all three sector-based good practice examples. What is also common for all three cases were significant changes in the economic sectors they cover:

- Construction, facing at the same time downturn after the 2008 recession and shortage of skilled workers;

- Health and elderly care sector where demand for jobs is increasing so fast that education systems cannot provide sufficient supply;
- Green sector, which is driven by public support and policies that address climate change.

However, the impact and use of sector-based tools is not so different from occupation-based tools. There is still a strong link to the education and training sector and to policies trying to improve the balance between supply and demand of skills. What is different is the role of employers – in some cases, they are leaders of LMI activities and even finance them.

4.4. Data mining and monitoring tools

There are a variety of data mining and monitoring tools for the gathering, analysing and publishing of primary data (employment, graduates, vacancies, jobseekers, etc.) in the case studies. Some are nationwide products covering the whole labour market; some provide great detail on a limited number of topics; and others develop new methodologies and regional LMI providing a database across all areas relevant to a region's competitiveness.

Generally, the initial driver of these tools is dissatisfaction with the quality and detail of information on the labour market, and in particular with the inefficient use of available data. Making efficient use of such data is vital for the long-term stability of the tool in a context of economic recession and reduced public budgets. However, it is also important to develop tools that use innovative techniques in gathering and analysing primary data, in order to overcome these limitations.

Another common feature of these tools is that they are usually more suitable for use by public authorities or policy-makers for identifying high-level trends, rather than by individuals (e.g. job seekers). The potential for a more efficient use of Big Data, often administrative data, needs greater consideration. Key to good practice in developing these tools is co-operation with stakeholders and a clear analysis of their needs, so as to better focus the LMI and improve its usefulness.

This section of the Good Practice Compendium contains the largest group of good practice examples. Examples of data monitoring tools provide different approaches and are used for different purposes. There are nationwide projects covering the whole labour market (but with regional information also available), targeted tools that answer very detailed answer to limited number of topics, research projects that develop new methodologies and regional LMIs providing a database for all areas of their region's competitiveness.

The key elements in the good practice examples analysed are:

- Building a sustainable LMI tool based on creative and efficient secondary data mining is less costly and thus offers a better long-term perspective in a time of limited sources for public projects.
- Cooperation with stakeholders and analysis of their needs, which helps to better focus the LMI and improve its usefulness.
- The effort to overcome the limitations placed by the information sources available by new innovative techniques on how to gather and analyse primary data.

4.5. Skills profiling and matching

Skills profiles and matching tools focus on two major target groups – young people and graduates. These groups have experienced increasing unemployment rates since the start of the recession and require the opportunity to develop the skills needed in the labour market. Also, it has to be ensured that these skills are used effectively at work.

These tools employ a combination of data monitoring and services for the identified users. Administrative and survey data is used to analyse students' and graduates' employability and destinations, as well as the needs of employers to some extent. Service users are matched to the most suitable training opportunities or job vacancies.

Every case included in the Good Practice Compendium has a key strength in that it links to other LMIs or services in the field of employability, education and training. This is very important as each LMI does not provide comprehensive information but rather focuses on providing high quality of information and services in a narrower field/range.

All LMIs are also strongly performance oriented – meaning they carry out regular screening of their users and their success at the labour market or gather extensive feedback from all partners (employers, schools, etc.). This is very important for improving and upgrading their services and the better matching of jobs and skills in the labour market. An Italian employer survey good practice was unique in bringing value added not only for schools and policy-makers but also to employers – usually surveys only take information from companies and the benefit for employers is indirect. Here, those participating in the survey can even use its outcomes to improve their HR management and better plan their training needs.

4.6. Cooperation of labour market actions

These tools focus on the collaboration of actors in the labour market, rather than providing a detailed analysis of labour market development. Partnerships at the local level between schools, businesses and municipalities are the key features of these tools. These partnerships do not necessarily all serve the same purpose. Some aim to support young people's transition from education to work, attempting to overcome the barrier between the education system and the labour market. Others exist to develop local labour market strategies, building partnerships between businesses and local authorities to determine local economic priorities and undertake activities to drive economic growth and create jobs.

These tools demonstrate the way in which an LMI developer can contribute to matching jobs and skills through networking and communication as well as through data collection and analysis. Partnership working is also important for gaining "buy-in" from key actors and stakeholders, critical to embedding LMI findings and results.

REFERENCES

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