



Forecasting labour market needs: the relevance for modernising vocational education and training systems

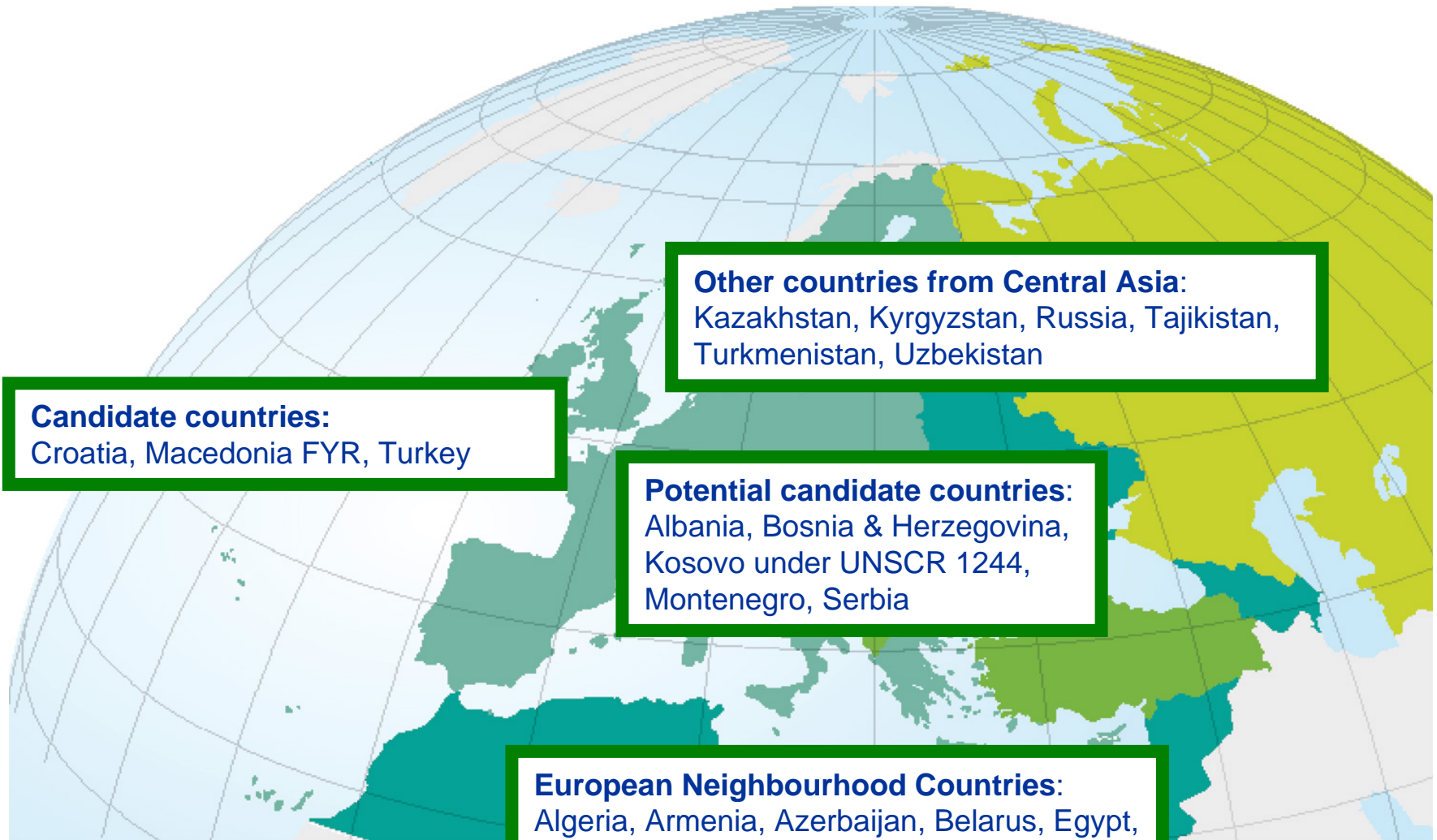
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What is the ETF?

- Agency of the European Union
- Expert advice and support to the Commission
- ETF's field of expertise is vocational education and training and its links to the labour market
- Our mission is to help transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems in the context of the EU's external relations policy.



ETF's partner countries



Candidate countries:
Croatia, Macedonia FYR, Turkey

Other countries from Central Asia:
Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Uzbekistan

Potential candidate countries:
Albania, Bosnia & Herzegovina, Kosovo under UNSCR 1244, Montenegro, Serbia

European Neighbourhood Countries:
Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Jordan, Israel, Lebanon, Morocco, Moldova, Syria, Tunisia, Ukraine, West Bank and Gaza Strip

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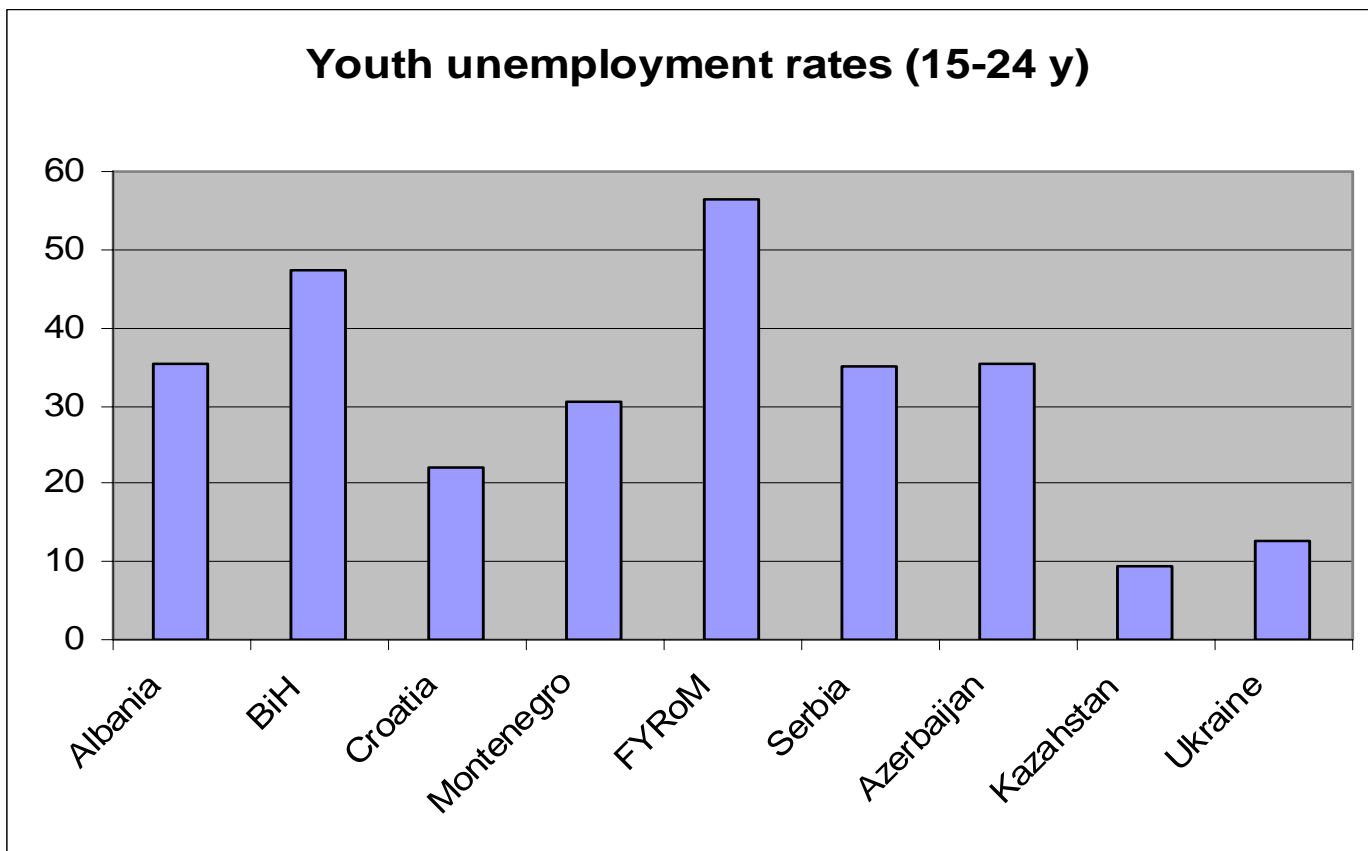
- Why forecasting skill demands?
Specific challenges in transition economies
- A systems view: constraints for institutional actors
- Who needs what? How can the findings be used?
- Some issues for debate and recommendations

Why skills forecasting?

Transition economies of the Western Balkans and CIS countries are facing specific challenges:

- Combating the skills mismatch (excess supply of skills on one side and persistent shortages of blue-collar skills on the other side)
- Combating unemployment in the context of ongoing restructuring (privatisation, downsizing, relocation and mass lay-offs)
- Providing more demand-oriented training, based on training needs analysis
- Tackling youth unemployment, easing transition from school to work

Youth unemployment

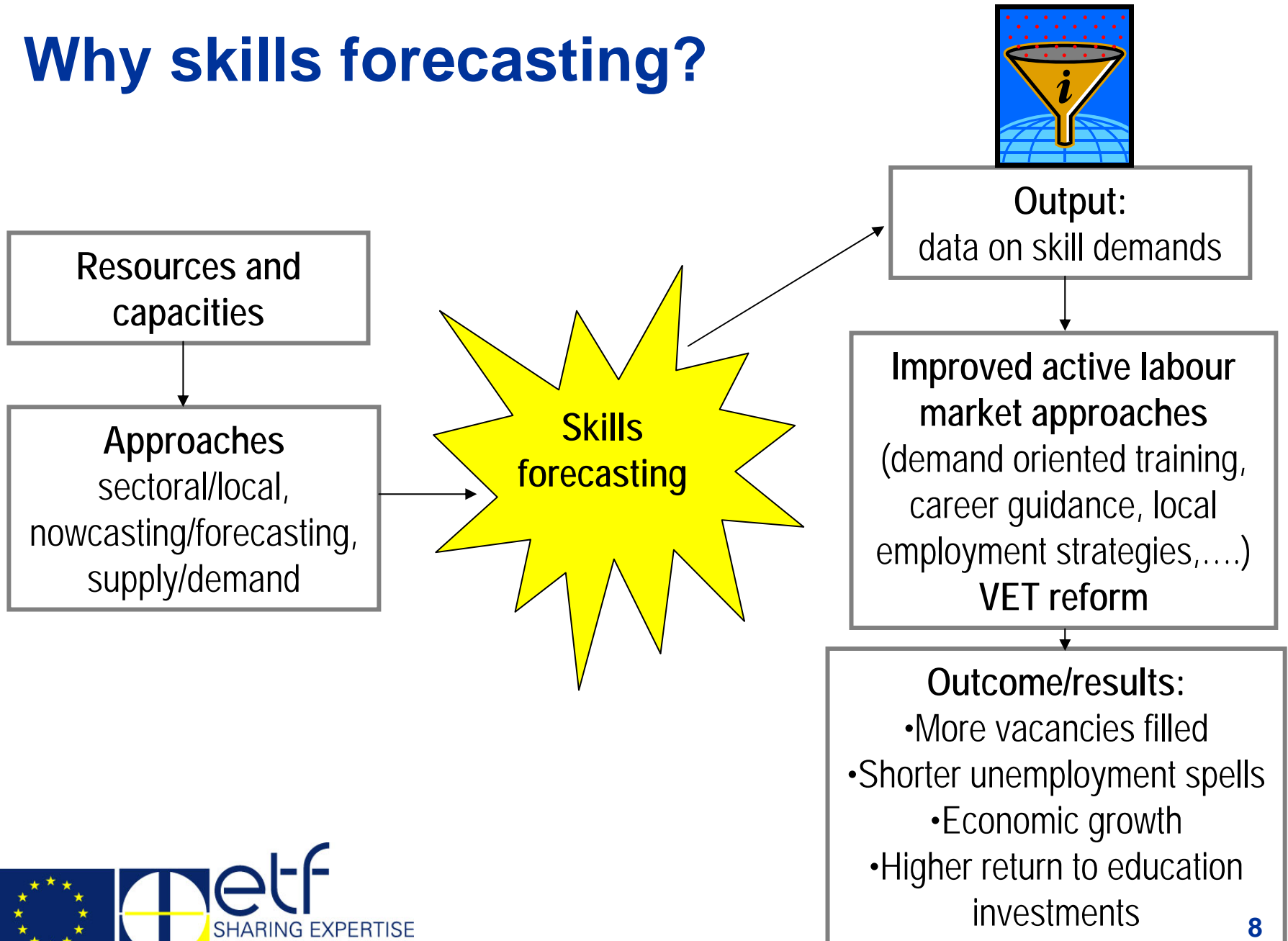


Last available year. Figures for Azerbaijan include inactive youth

Difficult transition from school to work

- Long duration to find first (significant) job. (It takes more than 2 years for 43% of the graduates in Serbia, more than 1 year for 48% of the graduates in Azerbaijan).
- High “skill surplus” of university graduates in Law and Economics in some countries (e.g. Azerbaijan, Montenegro), having difficulties to find a job.
- Graduates of general secondary education have the highest unemployment rates.
- A large share of all job offers (formal employment) is for fixed term contracts (e.g. Montenegro: 84% of all announced vacancies in 2009).

Why skills forecasting?



A systems view: constraints for institutional actors

- More complex framework conditions for forecasting demands:
 - higher uncertainty of economic trends (dependency on FDI, technology-absorbing industries, hardly predictable restructuring and “productivity-reserves”, dependency on world-market prices for oil/gas and agricultural products, etc...)
 - higher probability of labour market shocks
- Lack of policy coherence at horizontal and vertical level (cooperation between central and local levels, between education and labour market systems)

A systems view: constraints for institutional actors

- Underdeveloped and inconsistent labour market information systems (lack of transparency, high share of volatile self-employment, informal employment)
- Compulsory vacancy notification systems are widely in place, but there is an information gap on detailed skills demand profiles (→ data profiles on vacancies and jobseekers are difficult to match)
- Lack of resources (staff, budget) for building and continuously improving reliable skills demand analysis and forecasting systems
- Sustainability of pilot projects implemented by donors? (e.g. Kosovo, FYRof Macedonia)

Who needs what? How can the findings be used?

	<i>Short-term</i>	<i>Mid-term</i>	<i>Long-term</i>
Public Employment Services (PES)	Referral and matching	Personal action plans, service to employers, ALMMs	Improved labour market management
Training providers	Implementation of training courses, job referral	Development of demand oriented training	Cooperation with employers, PES, social partners
Career counselling and guidance services	Delivering vocational counselling and information	Information and counselling systems design	Impact evaluation and continuous improvement
Education system	Cooperation with employers	Curricula reforms, education strategies	Education policy
Individuals	Job-search strategies	Career and training decisions	Decisions about education, migration
Employers	Recruitment strategies	Training needs analysis, investment in training	HRM strategies, business strategies

Some issues for debate and recommendations

- Skills demand forecasting is frequently based on a survey with a (limited) sample of employers, conducted on a yearly basis. Are the samples representative? Do companies know their future staff needs? Is the validity and relevance of findings monitored? Is the frequency of surveys adequate?



- ➔ Conducting skills demand surveys at local level may be used to intensify relations between local labour offices and employers (using cluster methodology).

Some issues for debate and recommendations

- SMEs need support to develop their HRM capacities (to conduct training needs analysis, to integrate young people gaining work practice in their first job)



- ➔ SMEs should have access to low-cost professional advise (trained PES advisors or consultants) for defining their skills demands.

Some issues for debate and recommendations

- Are the available macroeconomic skills forecast studies relevant for transition economies?



- ➔ Regional skills forecasts (demand and supply) should be conducted for the Western Balkan and Black Sea region. In addition to global trends, there are regional issues, e.g. regional labour migration, sector specific demands (ICT-, energy-, construction sectors, etc.) and ongoing restructuring (at the same time redundant manpower on the payrolls of large companies).

Some issues for debate and recommendations

- Do the results of skills demand forecasting have an impact on the education and training system?



- ➔ Different approaches are needed to satisfy short-term needs (“*nowcasting*” for job placement and training), and long-term needs for education reforms and employment strategies.
- ➔ A closer cooperation of institutions involved and coordination is needed.
- ➔ Monitoring and evaluation are needed to learn from failures and continuously improve the results.



For further information

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www.etf.europa.eu

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