EQAVET
European Quality Assurance in Vocational Education and Training

Supporting the implementation of the European Quality Assurance Reference Framework for Vocational Education and Training

POLICYBRIEF

This policy brief has been prepared in order to share the results of an EQAVET peer learning activity on EQAVET indicator 9 "Mechanisms to identify training needs in the labour market" with a wider audience of policymakers, VET providers and other stakeholders. The EQAVET PLAs enable discussion, sharing and mutual learning on areas of strategic importance for the successful implementation of the Recommendation on establishing a European quality assurance reference framework for VET. The policy brief reflects the opinions of those who participated in the PLA and does not constitute an official European Commission or EQAVET position.

Peer Learning Activity on

EQAVET indicator 9:
Mechanisms to identify training needs in the labour market

Participating countries: AT, CY, CZ, EE, EL, DE, HU, IT, LT, LV, NL, PL, RO, SI, UK (Sct, WIs); and NO.

SUMMARY

This policy note is based on the peer learning activity on EQAVET indicator 9, which is part of the **EQAVET 2013-15 work programme** and which brought together colleagues from VET providers, government agencies and those with a national or regional responsibility for VET policy from 24 countries. Some of the participants represented a Member State's Quality Assurance National Reference Point (NRP). The NRPs were established as part of the EQAVET Recommendation and have a central role in supporting the VET quality assurance arrangements in their system. It was hosted by ISFOL (Istituto per lo Sviluppo della Formazione Professionali dei Lavoratori), Rome 11-12 December 2014.

The PLA methodology used in EQAVET provides an opportunity for participants to share knowledge and experiences using examples of practice and/or policy implementation as a starting point for a reflection on how to address some of the shared challenges faced by education and training systems across the EU. This PLA aimed to reflect on the mechanisms to identify training needs in the labour market. The following comments are based on the participants' reflections which were informed by presentations from Italy, Czech Republic and Germany; and a background paper.

All the material is available on the EQAVET website here

POLICY CONTEXT

Skills mismatch has received renewed attention following the global financial and economic crisis. In Europe, the *Agenda for new skills and jobs* (2010) echoes this trend within the EU's overall strategy – Europe 2020 – by proposing a set of concrete actions to equip people with the **right skills** for the jobs of today and tomorrow. It is not surprising, therefore, that in such critical times as those faced by Europe in the last five years these issues have become increasingly important as policymakers and practitioners seek to respond promptly to changing labour market requirements.

In effect, important economic and social trends are increasing the complexity of the situations in which labour market-related decisions are being made and, consequently, European, national/regional and local authorities are concerned to ensure that quality information is available to improve the functioning of the labour market and inform decision-making on the part of organisations and individuals. Such decisions, which are central to shaping future-oriented education and training, depend on reliable information provided by research.

This evidence is often called **labour market information** (LMI) and may include: trends in occupational sectors, availability of opportunities, the skills needed by employers (e.g. skills shortages or hard-to-fill vacancies in a particular sector), career paths for individuals, courses/training programmes. However, very often the issue is not the absence of LMI but rather lack of awareness regarding sources of LMI. This may be the case with a) enterprises, particularly small and medium-sized enterprises (SMEs) that frequently lack the time and resources to search for information and b) VET providers that, even if they acknowledge that LMI can provide great insight into the economic landscape of their countries and regions and may be used in many different ways, often find it hard to know where to begin. For example, in many countries "skills and competencies *per se* are not measured by regular statistical programmes. That's why skills proxies are used, such as qualifications, years of schooling and occupations" (ILO, 2014).[1]

[1] ILO (2014).*Key Indicators of the Labour Market,* Eight edition Geneva, International Labour Office. Available at: http://kilm.ilo.org/2011/download/kilmcompleteEN.pdf

Despite the recognised difficulties, including predictions about what may affect the future labour market, there seem to be strong arguments to support the practice of looking ahead and **identifying training needs of individuals and groups**, to meet the challenge of an ever-growing demand for skilled labour. Training needs assessment/analysis (TNA) is, therefore, used by governments, public and /or private organisations, business and industry to uncover and bridge the gap between inadequate and adequate job performance (reactive TNA) or to prepare existing or future workers for new challenges likely to emerge in the labour market (pro-active TNA).

It is against this background that **EQAVET indicator 9** proves its relevance since it may be of great assistance to policymakers and providers in improving the responsiveness of VET to changing demands in the labour market. Thus, it clearly helps to enhance learner employability and ultimately, if the mechanisms are effective and the results used correctly, provision should be more "fit for purpose" than before.

PEER LEARNING ACTIVITY OBJECTIVES

This peer learning activity was built on previous work developed by the EQAVET Network[2], notably the **operationalisation of the EQAVET indicators**. Its purpose was to respond to the need to investigate further

a) how EQAVET indicator 9 can be implemented at national level
and
b) to discuss related approaches to engaging with end users of VET as part of a structured quality assurance process. Specifically, the PLA was planned to allow participants:

- To gain a better understanding of the policy and operational issues underlying mechanisms used to identify training needs in the labour market in national contexts (both at system and VET provider level) across Europe and to gather evidence of their effectiveness;

- To share lessons learned from identifying training needs in the labour market both at system and VET provider levels;

- To identify challenges that VET systems and providers are facing/will be facing in implementing this indicator.

EMERGING POLICY ISSUES

The **quality of human resources** continues to be of major strategic importance in today's knowledge economies and, consequently, it is not surprising that national policy makers, IVET and CVET providers as well as managers and human resource staff in enterprises are expected to be aware of the kinds of learning and training that are needed, where they are needed and by whom and which methods will best deliver necessary knowledge and skills to learners, i.e. students/trainees in IVET programmes and adult learners in CVET programmes delivered by public or private providers and enterprises.

If those leaving IVET programmes fail to find a job (within 12-36 months after the end of the programme)[3] this might indicate that the programmes are not (fully) adequate. Similarly, if workers fail to achieve the performance objectives set by their employers, it may indicate that further and/or specific learning/training provision is needed. To ensure that training is timely and focused on priority issues, VET policy makers and providers and enterprise managers need to carry out systematic assessments and analysis of training needs.

The definition and prioritisation of **training needs** is, however, a complex issue that is affected by a number of factors, namely forces driving change in business and employment, e.g. technology, globalisation and demographic dynamics. For all the opportunities afforded by these forces, when VET policymakers and providers are addressing training needs in the labour market, most notably the balance between demand and supply of skills, they also need to take account of specific factors, for example, a) the organisation of the domestic labour market and the role of employer groupings and social partnership arrangements at national level, and also b) the organisation of IVET (work-based or school-based VET) and CVET (public policy or market-led offerings or a mix of the two).

DISCUSSION & REFLECTIONS

EQAVET indicator 9 is based on the premise that VET (IVET and CVET) matters for economic competitiveness, i.e. in order to compete on the quality of goods and services, countries need a skilled labour force. Accordingly, this indicator addresses two main requirements:
- the identification of mechanisms used to update VET offerings to fulfil future labour market needs and
- information on mechanisms used to provide stakeholders with the most recent information on the future needs of the labour market.

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[2] Visit the Quality Assurance Cycle on-line tool at: http://www.eqavet.eu/qa/tns/monitoring-your-system/evaluation/indicators.aspx for more information on EQAVET indicators or _The EQAVET Indicators Toolkit_ (Pages 66-69)
[3] See EQAVET indicator 5 Placement rate in VET programmes

TIME LAG CHALLENGE

The examples presented in the course of the PLA by representatives from Germany, Italy and the Czech Republic depicted some of the issues and challenges faced by both national VET systems and providers as they seek to respond adequately to the demands of today's labour market. As illustrated in the presentations, one of the key issues is the time lag between the identification of skills needed in the labour market and the process of embedding that information in VET programmes, particularly in the case of IVET programmes.

In Initial VET:

A number of reasons were put forward to account for the inadequate implementation of results in IVET policy and provision, e.g.

- lack of flexibility of providers and staff in adapting the curriculum to the demands of the labour market (due to national/regional legal requirements and/or own attitude towards change);
- insufficient financing of VET institutions (particularly in the current financial and economic crisis), e.g. to face costs involved in capital investment (with state-of-the-art equipment);
- difficulty in involving the relevant stakeholders or, if they are involved, in accommodating their different/divergent views and conflicting interests, including the ownership of processes;
- the need to train VET professionals to analyse data, e.g. local data, and to use it as evidence in reviewing their VET provision;
- the urgency of "smartifying" VET both at system and provision level by i) defining national and local standards and ii) using good quality data to inform the decision- making process, to define the problems to be tackled and to undertake impact analysis.

In Continuing VET:

The issues in CVET seem to be of a different nature, given that participation in CVET is mainly supported by enterprises and families. In fact, the demand for CVET has been growing since 2007 although participation in training programmes is unevenly distributed, i.e adult learning remains the preserve, largely, of young people, the highly-educated and those in highly skilled occupations[4]. As a consequence, the number of private providers has been increasing in line with the idea that the present pressure on public finances may lead to a wider "marketisation"[5] of education and training services. The issue, therefore, is to ensure a supply of skills that meets the needs of the labour market (which depends on the ability of individuals to acquire and develop their skills) by reducing the socio-economic barriers that prevent individuals from accessing training opportunities.

Most countries conduct forecasting activities, albeit in diverse ways[6]. According to CEDEFOP(2008), they range from "decentralised systems" (systems developed at trade, sector or local levels) to "coordinated holistic systems" (systems based on medium and/or short-term macro-level forecasts, system of sectoral studies, regular surveys among employers, regular regional surveys and a system of dissemination of results and application of findings to policy and practice)[7].

Furthermore, the financial and economic crisis has led to a number of initiatives at Member State level as well as at EU level designed to develop methods, approaches and tools for the forecasting of skill needs. One of these initiatives is the on-line platform *EU skills Panorama*[8] which is an access point for data, information and intelligence on skills needs, trends in skill supply and demand and possible skill mismatches. The national and European sector skills councils, which are designed to provide more and better information about the skills situation in different sectors, have become equally important mechanisms.

ONGOING CHALLENGES

There are **two ongoing challenges for VET systems and providers**, when responding to the needs/demands of the labour market:

1. the need to identify and analyse three issues: **relevance, effectiveness and efficiency**; and
2. the second challenge is of instrumental nature: the **identification of the forecasting mechanisms** used in Member Stares and at European level.

Relevance

The first challenge concerns the responsiveness and flexibility of VET systems and providers in meeting the needs/demands of the labour market. In fact, VET systems and providers tend to be supply-driven instead of demand-driven which may result in obsolescent qualifications and greater skills gaps. Reasons may be explained by

- historical and cultural characteristics of VET systems
- the organisational culture of the sector, e.g. school-based/work-based provision, type of governance at national, regional and/or local level
- legislative framework
- non-existent or poorly structured dialogue between the labour market (social partners) and the VET sector (at system and VET provider level)

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[4] EU Skills Panorama: _Adult learning Analytical Highlights_, 2014.
[5] Eurofound: _Educational and training services: anticipating the challenges_. Dublin 2011.
[6] See Quantitative forecasts in Member States at: http://euskillspanorama.cedefop.europa.eu/UsefulResources/?lookupid=1005&usefulresourcecategoryid=1005&
[7] See Cedefop: _Skills supply and demand in Europe_, 2008.
[8] EU Skills Panorama: http://euskillspanorama.cedefop.europa.eu/

- the cost of physical resources and inadequate training of human resources.

Effectiveness

Effectiveness refers to the extent to which the outcomes of VET provision meet objectives. VET organisational models that favour balance among multiple interests through changing economic circumstances stand out because they adopt a "checks and balances" type of governance in which government, employers' organisations (e.g. chambers of commerce and industry) or employers and employees' organisations in sector skills councils:

- are involved in legislation; and
- determine the relevance of the training content and monitor the training process and costs.
- Moreover, an increasing number of European countries have competency standards against which to measure quality; and/or National Qualifications Frameworks with which to address the relevancy of learning outcomes to qualification levels and/or approaches aligned to EQAVET to ensure the quality of processes, outputs and outcomes of VET at system and provision level.

Efficiency

Typically, VET is more expensive than general education due to smaller classes, the costs of (re)equipment, the potential underutilisation of facilities and drop out levels. In some European countries, the traditional arrangement is for governments and employers to share costs incurred in work-based learning and, consequently, in these systems employers play a significant role in determining the content of the training programmes. In other countries this type of partnership is less evident and employers tend to see work-based learning and the costs asociated with it as a burden rather than as an asset and as a result, tend not to participate sufficiently in VET processes.

Mechanisms to identify labour market needs

Member States use different methods to obtain consistent and comprehensive information on skill demand and supply and the resulting information is made available from different sources at national level, e.g. offices of national statistics, ministries of employment and employment services, ministries of education. In addition, following the Council conclusions of 7 June 2010 on "*New skills for new jobs: the way forward*", CEDEFOP provides a pan-European skill supply and demand forecast every two years[9].

Therefore, the challenge may not be the availability of sources and data but rather

- the effectiveness of VET policymakers at national/regional level in making that information available throughout the system,
- the ability of VET providers and professionals to analyse and use the information,
- the willingness of stakeholders, particularly employers and employers and employees' organisations, to work with VET authorities to obtain more and better data.

POLICY CONSIDERATIONS	Due to advancing globalisation and ever-evolving technological change, the nature of work and the workplace has changed profoundly and is likely to continue to change. The mission of VET systems, providers and professionals needs to be "reinvented" and aligned with the needs of both individual societies and the European Union. Modernised VET systems and provision are the key to the economic progress, secure citizenship, and a sustainable future from a lifelong learning perspective.

In this context, the implementation of EQAVET indicator 9 will require a **comprehensive strategy**, including:

An agreed understanding among stakeholders (notably national authorities, policy makers, VET providers and professionals, and social partners -employers, employers' and employees' organisations), regarding:

- the most efficient ways in which to use the available data on skills (existing gaps between demand and supply, future skills needs);
- how to improve the quality of data on skills;
- how to share the responsibility of responding both to the needs of the labour market and to individual expectations in skills training;
- the alignment of national forecasting methodologies with the pan-European methodology;
- systematic and systemic gathering of data, i.e. systematic collecting of relevant data at local level and its aggregation at national level in order to increase complementarity and alignment of initiatives and reduce potential duplication.

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[9] For further information,see http://euskillspanorama.cedefop.europa.eu/