# LABOUR MARKET AND TRAINING OBSERVATORIES

## PROVIDING **INFORMATION** AND DATA ON LABOUR MARKET **TRENDS**

**The importance of the labour market observatory function cannot be overestimated in our rapidly changing socio-economic and technological conditions. The effectiveness of this function presupposes a sustained and dedicated analytical activity and coherent approaches to produce and disseminate readable information.**

Labour market and training observatories operate in many institutional settings. They can operate as independent structures, or be closely embedded in existing structures, such as public bodies, academic institutions, and research centres. They operate at various levels: supra-national networks, national, regional and sectoral.

Observatories provide an important contribution to gathering and analysing information on demand-led adjustment of qualifications and skills – anticipation and matching – and support decision-makers by:

- monitoring labour market and skills dynamics – data and analysis;

- providing evidence-based recommendations for action;

- stimulating debate with important stakeholders: public institutions, socio-professional organisations, regional bodies, business communities, civil society, academia.

Observatories provide a range of information products from data collection, research, analysis and systematization, in particular: data bases, selected indicators, trends analysis, scoreboards of main indicators by region / sector, mapping and catalogues of occupations and qualifications by

## Contents

sector, barometers of occupations, analytical reports on labour market forecasting, guidance and information materials for youth on occupations and sectors, tracking of graduates, studies of external performance of training policies. In several countries observatories are increasingly asked to work on labour market and skills forecasting.

Despite their common features, observatories have developed varied responses to the specific country and regional contexts. Their profiles vary in terms of mandate, organisational setting, stakeholders involved, scope of activities, focal themes, main target users, territorial and sectoral coverage, and degree of interaction with policy / decision makers.

In Europe the number of observatories has been on the rise. Factors justifying this growth include: the transition to the market economy of Eastern European countries; the need for better-grounded forward-looking employment and skills policies; public pressure for effective youth employability policies relying on agile intelligence regarding trends in occupations, sectors, qualifications – at national, regional and sectoral levels. Observatories have the advantage of being oriented and equipped to provide information and trends data specifically addressing sectoral, regional and occupation dimensions of labour market and skills.

# TYPES OF OBSERVATORY

Labour market and training observatories are established and run operations at various levels: supra-national, national, regional and sectoral.

In some countries (such as France) they have been established at national, regional and sector levels – meeting different objectives and needs, and operating with a mix of resources: public (national and regional); and non-public (sectoral confederations, others).

**FIGURE 1: FRANCE: THE MULTI-LEVEL SYSTEM OF LMT OBSERVATORIES**
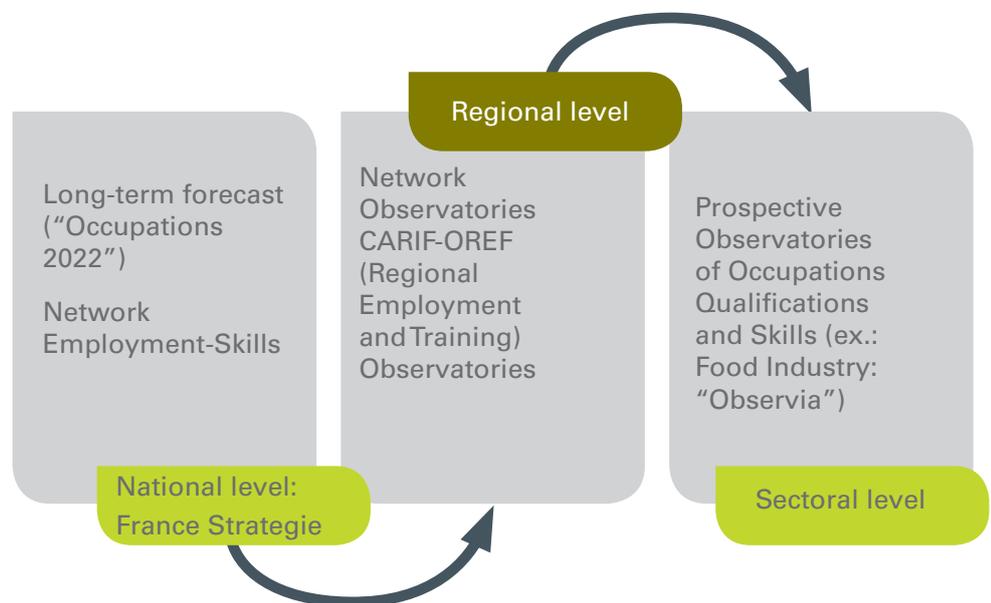
## SUPRA-NATIONAL LEVEL

Observatories network and share information on topics and issues of common interest in a number of European cross-border employment spaces. Such networking is a reality in the case of the "Greater Region", which comprises Luxembourg and its neighbouring regions from Belgium, France and Germany[1]. In this context, in 1998 the Interregional Employment Observatory (IEO) was established to gather, compare and analyse information on the economy and employment in Greater Region. The IEO consists of a network of public services coordinated by the INFO-Institut in Saarbrücken. The IEO interregional steering committee defines priority tasks and oversees the overall activity. Besides analysis for policy makers, IEO provides insights to other actors and stakeholders. It can therefore be considered a cross-border diagnostic system for socio-economic developments. In 2001 new tasks were entrusted to it, notably: labour market forecasting; contributing to matching labour market and skills; formulating proposals for public management of the labour market.

The European Network on Regional Labour Market Monitoring (EN RLMM) can be considered a trans/European observatory: institutes, organisations and companies from 26 countries are members of this network, founded in 2005 at the Goethe University Frankfurt am Main, Germany. The network operates on a not-for-profit basis to further the concepts and instruments in regional and local labour market monitoring and to disseminate common methods for the study, research and analysis in this field.

Every year, the EN RLMM focuses on one particular aspect of regional and local labour market monitoring 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 by the network is open to both researchers and practitioners who would like to present good practice examples from different regions and localities and 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 network members a further opportunity to present their work and exchange their experience with their colleagues. More details at: http://www.regionallabourmarketmonitoring.net/

## NATIONAL LEVEL

The National Training Fund – National Observatory of Employment and Training, Czech Republic. See more: http://en.nvf.cz/

France Stratégie. Overarching prospective institution, under the umbrella of the Prime Minister's office, covers various sectors and domains, i.e.: foresight France in 10 years; sustainable development and technology; economy; society and labour market and employment. More information at: http://www.strategie.gouv.fr/

France Stratégie supports a new initiative: Network Employment-Skills (Réseau Emplois Compétences (REC)), established by recommendation of the Great Social Conference of 2013 and aiming at promoting common expertise and methods in terms of labour market and skills intelligence (observation and anticipation). A Strategic Committee and a Steering Committee manage REC's activities. REC organises its activities in four working groups: 1) Forecast (regional, sectoral and employment projections); 2) transversal and transferable skills: identifying factors promoting professional mobility; 3) Training and recruitment needs; 4) Seasonal employment.

The National Labour Market Observatory, Morocco is under the umbrella of the Ministry of Employment and Social Affairs. Surveys, analysis, labour market dynamics; monitoring of employment policies; work on systematisation / classifications are its tasks.

## REGIONAL LEVEL

Poland: between 2004 and 2013 Poland established 12 observatories – almost one per region. The availability of EU funds and the identification of information gaps on the local labour market were the direct triggers for establishing the network.

Their positions in the structure of regional labour offices vary from region to region. In some cases the observatories act as internally financed projects carried out by existing organisational units of the employment offices. In other regions, they are separate specialised statutory units that apply for EU funding for research projects. Depending on the needs identified at regional level, observatories conduct research closely related to labour market, education and skills dynamics. In certain cases the research fields are much wider and include the economy, industries and economic forecasting.

France: the regional dimension of skills anticipation and matching

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1 The regions concerned are: Wallonia, the German-speaking Community of Belgium, the French Community of Belgium, the German States of Saarland and Rhineland-Palatinate and the French region of Lorraine.

is a structural feature, linked to the country's decentralisation strategy, which devolved most competences in management and financing of important sections of education and training policy to the regions (i.e.: vocational education and training, continuing training). Decentralisation of public employment and training policy started in the 80's, a long process based on a number of milestone laws. The decentralisation of the employment-skills observatory function echoed the overall decentralisation policy: this is the policy and legal framework of the creation and continuing development / evolution of the Regional Observatories Employment and Training: OREF (Observatoire Régional Emploi-Formation).

OREF were created in 1988 with the main function to gather, compile and interpret existing but fragmented and dispersed data. OREF elaborated shared labour market and skills intelligence, accessible to all stakeholders. This is indispensable for inter-institutional dialogue. This function was strategic in the context of decentralisation and involvement of multiple stakeholders in public employment and training policy.

In the early 2000s the evolution of the OREF was marked by the reinforcement of their visibility, sustainability and capacity via their integration within a larger network: CARIF. CARIF-OREF Network (Réseau CARIF-OREF: RCO) is as a not-for-profit association, with representations in each French administrative region. The public service missions of the RCO are formalised in the framework of the National State-Region Project Contract, and are funded jointly by the state (central) and by the region. Social partners are involved in the activities of the RCO.

The OREF are in charge of the 3rd function of the RCO: observation and statistical activities, to support regional decision makers in monitoring the labour market and training. OREF have developed methodology and analytical capacity, network with data generation bodies at regional level, and share methods and good practice across the RCO. Demand has been rising for OREF's research and products, and forecasting of labour market and skills is now a top priority. Tracking pathways in training and from training to employment remains a key area of work of all OREF, bound, as they are to provide data and evidence for effective and efficient policies and public expenditure in training at regional level.

## SECTORAL LEVEL

France: the Prospective Observatories of Occupations Qualifications and Skills (OPMQC)

OPMQC have a common legal base: the National Inter-professional Agreement (2003; 2009), stipulating their social partnership-based governance, their mission and objectives as mechanisms for monitoring occupational development and the relationship between employment and training. OPMQC are an indispensable support for effective management of vocational education and training, occupational mobility and careers within the branch (associations, companies and trade unions). OPMQC are permanent structures.

The 126 OPMQC were established in successive waves since the early 2000s; their configuration has evolved from larger structures with a number of staff and annual budgets (in the earlier period); to the less resource-intensive structures, created more recently, operating with less than one

member of staff, often linked with other existing institutions.

OPMQCs produce similar materials: studies and reports, as well as databases (data, classifiers and catalogues of occupational standards); 50% of them publish prospective analyses; 75% of them produce recommendations for action, policy measures, and action plans. They provide analysis and information on training issues, occupational mobility, recruitment, and external communication on the branch occupations. Their main users are enterprises and employees of the branch; youth; training providers; wider public; the region.

Céreq's survey showed a clear rising trend of OPMQCs' roles. However they face strong institutional uncertainties and resource constraints, use rather heterogeneous analytical approaches and methods and need more support in building synergies and sharing good practice.

The example of Observia (Observatory of occupations in the food industry) provided in the last section of this paper shows the types of analysis and information products of such an bservatory.

# SYSTEMATISING GOOD PRACTICE

The diversity of experience and type of observatory justifies the need to systematise such information and share lessons and good practice with practitioners. A number of such studies are available, at European Union as well as at country levels.

## At European Union level

As mentioned above, the European Network on Regional Labour Market Monitoring (EN RLMM) promotes a better understanding of the functioning of the Regional Labour Market Monitoring as an essential instrument for labour market strategies in accordance with the European Employment Strategy.

The EN RLMM reports on several hundreds of labour market observatories in Europe (regional, sectoral, national) and its portal provides information on the research topics and organisational types of a number of such observatories in Europe. The database of surveyed observatories by EN RLMM can be accessed at: http://www.regionallabourmarketmonitoring.net/database.htm

### TABLE 1: OBSERVATORIES IN EUROPE – EXAMPLES FROM EN RLMM DATABASE

| Name of Observatory | Country | Main topics of research | Organisation type | Web address |
|---|---|---|---|---|
| CRISP | Italy | Total regional labour market<br>Employment<br>Unemployment<br>Skilled labour<br>Unskilled labour<br>Youth<br>Seniors<br>Cross-regional / national mobility<br>Migrants<br>Branches/clusters<br>Prospective developments/forecasts | Research institute | http://crisp-org.it/ |
| National Training Fund - National Observatory for Employment and Training | Czech Republic | Total regional labour market<br>Employment<br>Unemployment<br>Skilled labour<br>Unskilled labour<br>Youth<br>Seniors<br>Cross-regional/national mobility<br>Branches/Clusters<br>Education<br>Further and continuing education<br>Innovation<br>Prospective developments/forecasts | Research Institute | www.nvf.cz/observatory |
| Labour Market and Education Observatory of Małopolska | Poland | Total regional labour market<br>Employment<br>Youth<br>Migrants<br>Branches/Clusters<br>Education<br>Prospective developments/forecasts | State/Regional agency | www.obserwatorium.malopolska.pl/en |

## A COUNTRY INITIATIVE: FRANCE - CÉREQ

Céreq is the main French research centre on qualifications. Amongst others, Céreq supports analysis, systematisation and information sharing on the activities and profiles of the Prospective Observatories of Occupations Qualifications and Skills (OPMQC) – the sectoral observatories presented above. In 2010 Céreq surveyed 126 OPMQC, resulting in the publication of several reports. Some key conclusions of this analysis are considered important to address the challenges faced by the OPMQC, which are highlighted above. Reports and briefing notes based on this survey are available at: http://www.cereq.fr/publications/Bref/Les-observatoires-prospectifs-des-metiers-et-des-qualifications-des-outils-pour-agir

# CORE THEMES AND ISSUES

The governance of labour market observatories, their thematic focus as well as their links with networks of stakeholders differ depending on the relative position in the institutional landscape and assigned objectives. Table 1 shows examples of this diversity in terms of institutional setting of observatories, and of the range of themes and issues they analyse.

Some observatories provide data and analysis only; while in other contexts, they add interpretation and recommendations for action, aimed at policy-making at national or regional levels. In France the OREF and the OPMQC are asked to provide recommendations for action and policy measures, i.e., their profile has shifted from observation to operation. Their activity has become more intertwined with policy implementation and operational plans.

In the Czech Republic, the National Observatory of Employment and Training (NTF-NOET) is an analytical section of the National Training Fund and is focused on research on labour market issues, employment, human resources development, forecasting skill needs and both initial and, in particular, continuing vocational training. NTF-NOET is a not-for-profit organisation, not state-funded. NTF-NOET carries out research on labour market and skills dynamics for a range of institutions, for the business community. It is funded by domestic resources and the EU. Given its institutional independence, and autonomy in carrying out research, NTF-NOET's places weaker emphasis on elaboration of recommendations for policy-making.

EN RLMM analysis shows a shifting focus of the observatory functions from mere data collection and analysis on labour market dynamics – towards interpretation of results and communication of recommendations for action to key users (policy-makers, businesses, learners, regions). Networking and stakeholders dialogue on results and indicators produced by observatories is becoming a prominent feature in many EU countries and regions. Observatories are required to address cross-cutting themes and important issues situated in the interfaces of several disciplines / domains. Skills matching and the interactions between education and training and the labour market are one of the key themes in the portfolio of these observatories.

This shift has an impact on the skills and capacities of observatory staff, who are required to perform surveys and analysis, but also to use newer methodologies and IT instruments to analyse the vast existing data sets, to customise the results and to engage stakeholders in purposeful debates and dialogue. "Designing, running and analysing surveys is not enough as labour market information today can be derived from a variety of sources, including social media. But, and this is the most important factor, data rarely speak for themselves. In contrast with social statisticians, the employees of labour market observatories are expected to analyse the data in such a way as to make valid policy conclusions about which labour market mechanisms can be activated or, more generally, which evidence-based practices work. The analysts are expected to find examples of good practice and be able to tell under which conditions they can be transferred to other countries and regions and to uncover "causal mechanisms" that can be activated to achieve desired labour market goals" (ENRLMM, 2013, pp 23-24).

# SUCCESS FACTORS

Successful observatories share characteristics such as:

- Methodological credibility;

- Combination of tools and approaches, in-house or outsourced data generation, analysis and interpretation;

- Ability to evolve and adapt to new analysis, products and demands from target users;

- Networking and alliances – with data generation bodies, social partners, state actors, other observatories, international cooperation (EU and beyond);

- Adaptation of final products to users: readability and attractiveness, online access;

- Research independence combined with capacity to link research results with public policy dialogue and recommendations for action.

One of the most important features of effective observatories is their capacity to produce analyses of labour market and skills dynamics with regional, sectoral and occupational specificity. This closer proximity with the needs and challenges of their target constituency – sectors, regions – strengthens their responsiveness and the relevance of their products for target users.

This link between results from analysis and observation – with recommendations for policy and action – is strong in certain contexts (in France), but much weaker in others (NTF-NOET, Czech Republic). This feature is to be seen in context. For observatories that entirely rely on their professional autonomy to be credible in their market, it can be important to maintain distance and independence from public policy making.

Unlike the French observatories (regional and sectoral), which benefit from a supporting and sustained legal framework and public funding, in other countries observatories operate without public support, and rely entirely on their capacity to be competitive in the market (e.g. NTF-NOET in the Czech Republic).

European Union cooperation and funds have played an important role in supporting the development of capacities and methodologies and in promoting experience sharing through networks (such as: EU RLMM). Czech Future Skills, the EU-sponsored skills forecasting project implemented by NTF-NOET supported important methodological developments.

However the forecast was interrupted after the end of the project financing.

The sustainability of resource-intensive research and analytical labour market and skills activities is a known challenge. To address it some countries have engaged in trying to integrate regional observatories in larger and well-resourced networks (such as: CARIF-OREF, in France), or in diversifying funding sources.

The organisational setting of successful Observatories may include steering and scientific groups / committees, reviewing and orienting research activity and dissemination of results. Social partners, sector associations, companies, education and training institutions can be represented at certain levels.

NTF-NOET (Czech Republic) has engaged with new generation of analysis of labour market dynamics over a number of years, and uses data and web mining in the analysis of vacancies. This ability to embrace the potential of big data (volume, variety, velocity) is likely to open new perspectives to the observatory function.

## EXAMPLE – AN OBSERVATORY IN THE SECTOR OF FOOD INDUSTRY

The Observatory of Occupations in the Food industry, France (Observia – Observatoire des Métiers des Industries Alimentaires)

Observia was established in 2004 as an Observatory of Occupations Qualifications and Skills (OPMQC) in the food industry. It gathers 33 professional federations and five employee trade unions, representing 9,600 companies and 300,000 employees. Observia is part of a comprehensive and continuous process of social dialogue enrichment, enhancement and promotion of the occupations and jobs in the food industry, and the development of employment.

The rich and interactive web portal of Observia provides information, data and trends, reports, tools and other excellent readable products for users: http://observia-metiers.fr/L-Observatoire/Missions

Observia aims to support professional sectors and companies in defining their training policies and employees in developing their professional projects. Observia is a place of study and shared diagnosis and fulfils the tasks:

- Gathers statistical data for better knowledge of the sector by analyzing business statistics, occupations, jobs and training;

- Improves knowledge and understanding of occupations and jobs, and skills they require today and in the future;

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- Monitors sectoral developments on a regular basis, through anticipatory analysis and forecasting – to propose adjustment actions, particularly in terms of training and development of occupations;

- Seeks and promotes synergies between the branches of the sector in terms of occupational mobility, skills development and their validation;

- Communicates by transferring information and management tools to the branches, enterprises, to employees, industry partners and the institutional partners.

A very relevant product of Observia's research is the mapping of the main occupations (Cartographie des métiers) in the various branches of the food industry, developed from a structured nomenclature. This mapping is a major repository of the current situation of the sector occupations, and can serve as a forward-looking tool for management of occupational mobility, workers' adaptability, personal professional and skills

# REFERENCE READING:

Céreq, Etat des lieux: Observatoires prospectifs des métiers et des qualifications. At : http://www.cereq.fr/publications/Bref/Les-observatoires-prospectifs-des-metiers-et-des-qualifications-des-outils-pour-agirs
EU RLMM, Shifting roles and functions of regional labour market observatories across Europe, 2013
Observia, Cartographie des Métiers des Industries Alimentaires. At: http://observia-metiers.fr/Les-metiers/Carrousel-des-metiers-par-famille