Mutual Learning Programme

Key messages from the Peer Review on

"Measuring labour market tightness to improve employment policies and reduce skills mismatches"

Paris (France), 18 December 2018

Full materials available at:

https://ec.europa.eu/social/main.jsp?langId=en&catId=1070&newsId=9205&furtherNews=yes

Why measure the labour market tightness?

- Information used to inform decisions on:
  - How best to help the unemployed, especially vulnerable groups
  - First career choices and job change choices
  - Helping employers (especially SMEs) to make good recruitment decisions
  - Dialogue with employers on improving the working conditions
  - Migration policy decisions (work permits)
  - Training decisions (which programmes to fund)

Definition of the labour market tightness

- Classical definition no longer meeting the needs (vacancies / unemployed)
- Single to multiple definitions
- Quantitative / statistical analyses + qualitative approaches / human judgement

The labour market balance

Comprehensive approach

**Diagnosis Mechanism
of the Labour Market Needs**

Approach in Denmark

- Several institutions:
  - *Danish Agency for Labour Market and Recruitment (PES)*
  - *Ministry of Education*
  - *Ministry of Finance*
  - *Think tanks, trade unions and employer's organisations*

- Different purposes, methods and practical applications
  - Macro-economic imbalances (The employment gap)
  - Short term imbalances by occupations (The labour market balance)
  - Recruitment surveys (The labour market balance)
  - Future skills mismatches (medium and long term)

- No uniform definition of labour market tightness

Approach in Denmark: the labour market balance

- The Danish Agency for Labour Market and Recruitment, with the objectives aimed at the day-to-day implementation of ALMPs:
    - support the day-to-day work of the local jobcentres and other actors involved in implementing active labour market policy (e.g. unemployment insurance funds)
    - input for the administration of specific schemes (like granting work permits and programmes for training and education)
- For eight regions by combining data from administrative registers about unemployment, employment and employee turnover with a survey amongst employers.
- Published twice a year, http://arbejdsmarkedsbalancen.dk/
- A stepwise bottom-up procedure + an element of expert judgement
- The decision rules themselves are of an ad hoc-character (not always based on more advanced statistical analysis)

Output: A regional categorisation of about 900 occupational groups into five groups

Category	Definition
Shortage or severe shortage of labour	Occupations with recruitment problems and low or very low unemployment
Mismatch (paradox) problems	Occupations with recruitment problems and high unemployment
Good job opportunities	Occupations with no recruitment problems, relatively low unemployment and high employee-turnover
Less good job opportunities	Occupations without recruitment problems, high unemployment and low employee-turnover

Serve yourself!

Occupation ➝

Sector ➝

Region ➝

Balance ➝

Very good job opportunities

Rigtig Gode Jobmuligheder
*"Stillinger virksomhederne **mangler arbejdskraft** til"*

- lager- og logistikmedarb...
- pædagogmedhjælper
- butiksassistent
- pædagog
- social- og sundhedshjæl...
- kontormedhjælper
- chauffør, fragt, distributi...
- socialpædagog
- salgskonsulent
- kantineleder

Good job opportunities

Gode Jobmuligheder
*"**Balance** mellem udbud og efterspørgsel"*

- butiksmedhjælper
- rengøringsassistent
- køkkenmedhjælper
- kontorassistent
- ekspedient
- chauffør, budtransport, køretøj under 3½ ton
- kundeservicemedarbejder
- opvasker
- tjener
- omsorgsmedhjælper
- handicaphjælper
- specialarbejder, jord og beton
- lærervikar
- cater
- chauffør, persontransport
- cafemedarbejder
- projektmedarbejder
- specialarbejder, byggeri
- kommunikationsmedarbejder
- procesoperatør
- klejnsmed
- bageriarbejder
- parkeringsvagt
- redaktionssekretær

Less good job opportunities

Mindre Gode Jobmuligheder
*"**Flere ledige** end virksomhederne efterspørger"*

- fabriksarbejder
- pedelmedhjælper
- receptionist, kontor
- tolk
- specialarbejder, grønne områder
- gartneriarbejder
- klargører
- multimediedesigner
- sikkerhedsmedarbejder, vagt, sikkerhed og overv...
- webudvikler
- mediegrafiker
- salgschef
- procesteknolog
- skrædder

Jobbarometer: September 2018

Approach in Ireland

- Understanding interplay between supply and demand factors driving labour market tightness

- Use of multiple sources

- Focus on incorporating 'live' job postings

- Detailed occupational view

- Stronger focus in Ireland on how migration informs the labour market supply/demand analysis at a point in time

The Irish approach: a composite picture

| Labour market dimension	Employment trends/transitions	Vacancies	Hard-to-fill vacancies
Data Sources	~ Labour force survey (previously QNHS) (CSO) ~ QNHS quarterly transitions analysis (SLMRU)	~ Online job vacancy analysis: DEASP Jobs Ireland (PES portal) and IrishJobs.ie (SLMRU) ~ Earning Hours and Employment Cost Survey (CSO)	~ Recruitment agency survey (SLMRU) ~ Analysis of demand for employment permits (DBEI)
Interesting characteristics of use	▪ Micro-level view of individual transitions ▪ Profiles of individuals in transition (qualifications, occupation) ▪ Granularity on type of status – employed, unemployed, inactive	▪ Transforming vacancy information ▪ Coding job titles to SOC2010 occupational classification ▪ Data mining / exploring automation	▪ Focus on demand-side timeliness – twice-yearly survey ▪ Resource efficiency – surveying agencies with broader view rather than employers ▪ Incorporating external labour market (migration) within analysis

Examples of products
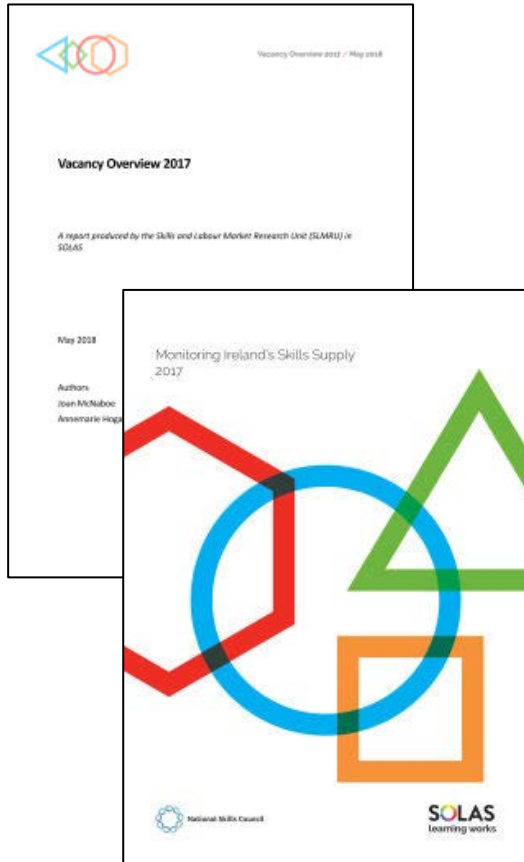
- **Publications and tools:**
  - Comprehensive annual labour market updates reports
  - Infographics
  - Priority sector and policy studies
  - Interactive tools – National skills database: http://lmi.solas.ie/

- **Research infrastructure connected to policy**
  - Well-established and stable organisational architecture
  - SLMRU hosted by SOLAS, strategic further education and training funding agency for Department of Education and Skills
  - Expert Group on Future Skills Needs sits within Department of Business, Enterprise and Innovation, provides advisory function to government
  - Evidence-based approach enables LMI to feed into policy-making (e.g. employment permit lists, National Skills Council etc.)

Approach in Greece

- Diagnosis Mechanism of the Labour Market Needs, since 2015
- Systematically draws, processes and manages data and figures of four national databases (PES, LFS, Ministry of Labour, employers) + secondary data
- Results on the dynamism of professions, industries, sectors
- Results in three level ISCO-08 classification for professions and in double and three-digit classification level for branches of economic activity.
- Regular reports posted on the official website of the Ministry of Labour (www.ypakp.gr), EIEAD (www.eiead.gr) and OAED (www.oaed.gr)
- Next steps: regional dimension, information on skills levels, specialisation

Diagnosis Mechanism
of the Labour Market Needs

Mismatch priority occupations

Greece

Shortage occupations

Business services and administration managers

ICT operations and user support technicians

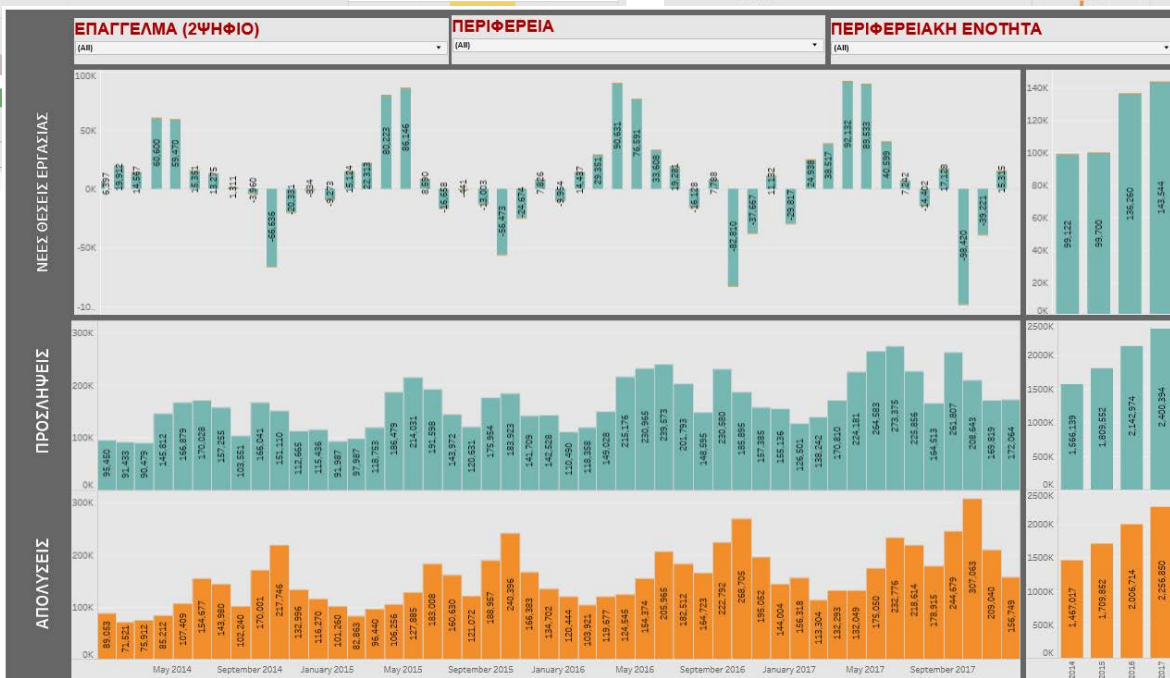Sales, marketing and development managers
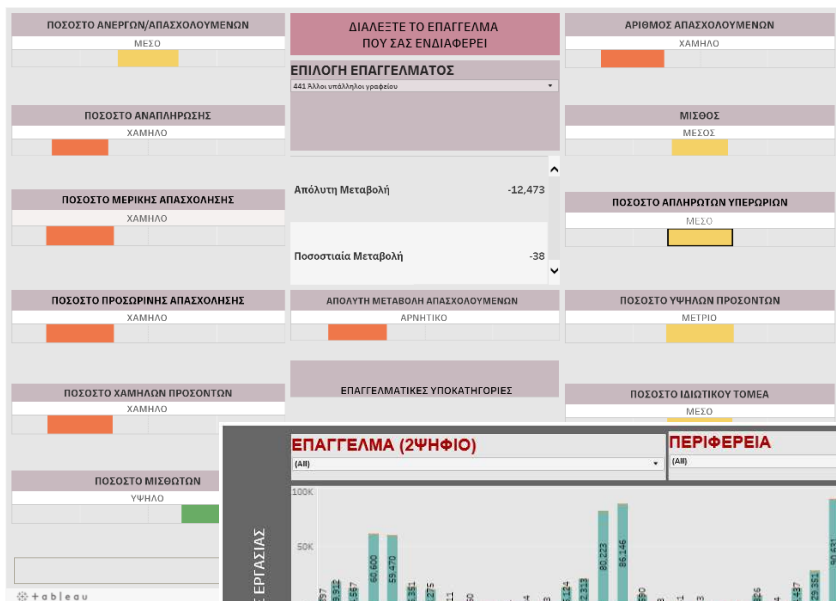
Surplus occupations

Building frame and related trades workers

Mining and construction labourers

Wood treaters, cabinet-makers and related trades workers

Painters, building structure cleaners and related trades workers

Interactive Tables of the Mechanism (examples)

Measurement of the labour market tightness

- Combine different sources to capitalise on their strengths and overcome their weaknesses:

  – PES data: readily available / covering part of vacancy market

  – Employer surveys: comprehensive current picture of business needs / costs, response rates

  – Online scrapping: real time data, good coverage / depth of information, cross counting, data protection

Dissemination of results – format

- Clarity of purpose, intended audience and use of LMI (policy maker / PES / employer / unemployed / career choices)

- Different products for different audiences

- Level of disaggregation, esp. at the regional and local level helpful

- Visualisation helpful

Dissemination of results **– messages**

- Simplification helpful but take care of leading to biased conclusions

- Neutral findings vs recommendations for action / non-action

- Active promotion!