

**OPINION FROM THE PUBLIC EMPLOYMENT SERVICES (PES)
NETWORK
TO THE EMPLOYMENT COMMITTEE**

**HOW CAN PES BEST DELIVER ON THE NEW SKILLS FOR NEW
JOBS POLICY OBJECTIVE?**

**Opinion adopted by Heads
of European Public
Employment Services in
Stockholm on 3-4 December
2009**

1. Context and Challenges

- 1.1 European labour markets face a number of short and longer term challenges. Globalisation is increasing the pace of economic change and speeding up the dynamics of job destruction and job creation. Technological, organisational and sectoral transformations are creating challenges as old industries disappear, but are presenting opportunities too as new jobs replace them. At the same time an aging population is increasing pressure on employers to replace or transfer the lost experience of retirees whilst shrinking the pool of labour from which they can recruit. Lower numbers entering the labour market will leave much less room for manoeuvre for people to take up additional training cycles. Environmental challenges, particularly in the light of the EU climate change and energy packages, will clearly affect skills demand. Though it may be difficult to predict with certainty what future labour needs will look like we know that it will be increasingly necessary to empower people, [especially young people], by giving them the skills that will enable them to move between jobs, occupations and sectors. The current economic crisis has brought these trends into sharper focus. The speed and rate of rising unemployment currently is increasing the risk of available skills becoming outdated.
- 1.2 The Commission Communication “New Skills for New Jobs” helpfully brings together these longstanding issues and places them high on the political and Post-Lisbon agendas. The EU-PES network has a key role to play in delivering the skills and employment agenda. Its 2006 Mission Statement sets out the main drivers and levers that PES use to achieve this. One important output has been to ‘translate’ broader policy thinking to stimulate the development of effective operational instruments and services that front line PES advisors can use to help jobseekers and workless people closer to and into the labour market.
- 1.3 As one of the main owners and providers of Labour Market Intelligence, PES' are in a unique position. They generate, provide equal access to and use information about supply and demand and the degree of mismatch between the two. Having the most comprehensive labour market picture available and having trained staff to use it means that PES are the principal brokers in the labour market. PES match skills demand and skills supply. Where mismatches occur PES can offer services and programmes to employers, employees and jobseekers to bridge gaps by enhancing skills, both reactively and proactively.
- 1.4 The ever changing dynamics of the labour market require PES to adapt constantly. Whilst PES are increasingly involved in labour market ‘damage repair’, they are not losing sight of the need to also deliver preventative measures. They are developing new approaches and new ways of doing business to meet new demands. They are increasingly committed to explore innovative measures, to take over new responsibilities and to explore new forms of cooperation to deliver their services.

2. The way PES look at skills¹ and employment is evolving

¹ Commission Staff Working Document “New Skills for New Jobs – Anticipating and matching labour market and skills needs”, page 9: “qualification” means a formal outcome of an assessment and validation process which is obtained when a competent body determines that an individual has achieved learning outcomes to given standards; “skills” means the ability to apply knowledge and use know-how to complete tasks and solve problems. In the context of the European Qualifications Framework, skills are described as cognitive (involving the use of logical, intuitive and creative thinking) or practical (involving manual dexterity and the use of

- 2.1 There is a paradigm shift taking place in the EU, tilting the focus from formal qualifications towards skills – both hard and soft – as the dominant parameter of PES business. Skills, competences and capabilities complement formal qualification-based approaches in dialogues with employers and are increasingly able to provide a sufficient degree of specificity necessary for highly productive employment relationships.
 - 2.2 There is an increasing debate about whether, and if so how, job classifications might be better adapted to modern labour market needs. This has potentially profound implications regarding career guidance, assessment, profiling, matching, counselling and training. In particular, it will require new process designs behind each of these tasks to enable advisers to move from working largely with formal qualifications towards working with skills. This also requires working much more closely with employers, particularly on tightening language around vacancy description and including transversal key competencies to improve the demand side picture.
3. This strengthens the PES case for using the results of labour market needs anticipation
 - 3.1 Many PES use the results of labour market needs anticipation to support planning, budget management and operational processes. Identifying short-term labour market trends enables PES to improve the efficiency and effectiveness of guidance, matching, counselling and training.
 - 3.2 Whilst recognising the greater limitations of medium and long-term forecasting, PES view improvements to anticipate future skills and labour market needs as a precondition for the design of appropriate employment and training policies. This will also help employers and other stakeholders prevent skill shortages and bottlenecks. Crucially, this should improve customer choice about sustainable career paths.
4. PES will need to work more closely with other stakeholders to deliver the skills and employment agenda
 - 4.1 Although PES are central players in delivering the growing skills and employment agenda, the increasingly complex labour market landscape and the evolving PES broker function makes mutually interlinked approaches with other stakeholders essential. National education systems, the broader training community, trades unions and, crucially employers, all have a part to play in shaping skills and competencies to enable people to enter and progress in the labour market. The results of educational underachievement and the lack of access to education and training are well documented. This may require all actors to review their goals, systems and tools to ensure they are optimising lifelong learning pathways. There is also a growing trend to establish demand-led partnerships between employers and training systems and for employers to use and value informal and non-formal learning outcomes. This stimulates a more effective and inclusive matching of demand and supply.

methods, materials, tools and instruments); “competence” means the proven ability to use knowledge, skills and personal, social and/or methodological abilities, in work or study situations and in professional and personal development

4.2 The increasingly sophisticated range of services that PES offer their customers can only succeed when they are compatible with the contributions from other stakeholders.² More precisely, this means: that skills profiling can only succeed where skills diagnostics actually exist; matching based on this kind of profiling can only work if job vacancies mirror the profiling structure; training can only deliver results if training courses target hard and soft skills deficits; and, labour market trends can only be identified accurately if there is a good understanding of local developments in the real economy. This delivery menu does not currently exist in a coherent form in many member states. Future cooperation with other stakeholders who have the relevant technical expertise to assist the PES to enhance their capacity in the delivering of the skills and employment agenda is necessary.

5. The potential of enhanced anticipation capacity of PES on future labour market opportunities

5.1 The Commission Communication notes the potential for PES to contribute to a clearer picture of future labour market needs. Many PES have data available that can enable short-term forecasts to be undertaken. In particular, the number of vacancies in given professions and the time taken to fill them can be used to suggest where bottlenecks are occurring. The possibility of developing a more complete picture could be explored. The evaluation of up- and re-skilling measures may lead to a better demand-led approach in training needs analysis. In future, there may be some potential to verify national and sectoral employment trends at the local level against specific circumstances.

5.2 Future trends indicate that we will see rising numbers of elderly people and a shrinking working population in many member states. Whilst the current jobs crisis means that many PES are focussing their attention on the newly unemployed, it is important that they do not to forget the longer-term needs of the inactive and disadvantaged groups. The Lisbon employment rate objectives remain as valid as ever. These groups represent the biggest potential for improving the employment situation, but also challenge PES business models by presenting more heterogeneous customer groups to deal with. Employers will need convincing of the business case of hiring disadvantaged people (generating a stronger pull factor) and PES will need to improve activation and training measures for these groups (generating a stronger push factor). Longer term development of PES delivery can be supported by increasing awareness of perceptions from both employer and jobseeker customers.

6 To conclude, PES are an essential component of the employment and skills agenda. The increasing value of skills and competences in a rapidly changing labour market is already part of the PES delivery “mindset”. The agenda will need to be taken forward both with an eye to the shorter term needs generated by the current global crisis and longer term post Lisbon thinking. The following Action Points underline the PES Network’s commitment to add value to the outcomes of the Commission Communication. Central to this will be a process of greater dialogue and cooperation between the PES and other stakeholders, in particular through existing channels supported by PROGRESS.

² see Table at the end of the document

<u>Fields of activity</u>	<u>Contribution by stakeholder PES</u>	<u>Further stakeholders involved</u>
Skill assessment	<ul style="list-style-type: none"> • modern profiling systems (covering hard & soft skills) • focus on the skills of tomorrow: "soft or generic skills" 	<ul style="list-style-type: none"> • Science (economic forecasts, educational research, skill diagnostics, psychology)
Improving transparency & matching of skills	<ul style="list-style-type: none"> • virtual labour markets • matching of skills instead of occupations • online skill-checks for employed and unemployed 	<ul style="list-style-type: none"> • IT-industry (matching tools) • Private employment services • Science (economic forecasts, educational research, skill diagnostics, psychology)
Guidance, forming & upgrading of skills	<ul style="list-style-type: none"> • guidance for young people/pupils • guidance in entrepreneurship • qualifying unemployed & employees • guidance for employers in how to quality their workforce 	<ul style="list-style-type: none"> • policymakers • educational system • training providers • social partners • private employment services <p>PPP options</p>
Mobility of skills	<ul style="list-style-type: none"> • virtual labour markets (IT) • guidance for employees and employers 	<ul style="list-style-type: none"> • EU and national policymakers • Social partners
Forecast and anticipation	<ul style="list-style-type: none"> • -/- 	<ul style="list-style-type: none"> • Cedefop, ILO, OECD • Science, think tanks