



Mutual Learning Programme
Peer Review on “Measuring labour market tightness
to improve employment policies and reduce skills mismatches”

SUMMARY TABLE OF PEER COUNTRY COMMENTS PAPERS

Overview of labour market trends	Assessment of the measurement of labour market tightness	Assessment of public policy implications and success factors	Questions to the host country
Croatia			
<ul style="list-style-type: none"> • Potential growth of the domestic economy and the output gap remained negative for a period of 10 years • In 2017 the number of job vacancies was 7.7% higher than in 2016 • The registered employment (monitored as the number of persons from the CES Unemployment Register who found employment during the year) decreased by 10.1% in 2017 compared to 2016 and by 5.9% in 2016 compared to 2015 	<ul style="list-style-type: none"> • In Croatia, there is no definition of labour market tightness • A number of job vacancies and a number of unemployed per occupation are individually measured by CES • The key tools used by MLPS and the CES are the following: Statistic on-line (developed and managed by CES); Employers’ Survey (developed, conducted and published by CES); Occupational Standards Survey (Developed by MLPS and CES – conducted by CES); CROQF portal (developed and managed by MLPS) • The State’s intention to link existing databases of different national institutions. 	<ul style="list-style-type: none"> • Croatia has limited approaches and methodologies in relation to the assessment of implementation of public policies • There is a challenge of available data credibility and reliability 	<ul style="list-style-type: none"> • What is the added value of the labour market tightness indicator compared to other indicators measures/monitored by PES? • What existing labour market measures could be modified/improved and/or new ones developed based on the values obtained for the labour market tightness indicator per occupation? • Is DARES supported by external experts and academic community in the development of the methodology for labour market tightness indicator?

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Denmark			
<ul style="list-style-type: none"> • Compared to several other Member States, Denmark was hit relatively hard by the financial crisis in 2008, and subsequent recovery was slow. • Until 2013, the debates about imbalances on the labour market therefore mainly focused on expected shortages of skilled labour and labour with higher education in the medium and long term. • Since 2013, the policy debate was further stimulated by a rapid increase in employment and declining unemployment. • In the most recent years, several political actors, including the employer's organisations, have pointed to the acute need for import of labour, also from outside the European Union. 	<ul style="list-style-type: none"> • Labour market tightness is analysed from the perspectives of the macro-economy, educational mismatch and short run imbalances between supply and demand within occupations. • The labour market balance is the main tool supplied by the national labour market authorities to the regions and the local jobcentres. • The labour market balance is based on a stepwise bottom-up procedure, where quantitative information about each of the many individual occupations is combined following well-defined decision rules. • The labour market balance combines data from the administrative registers with survey information. • The main output of the labour market balance is a division of about 900 occupations into the five categories: less good job opportunities, good job opportunities, paradox-problems, shortages of labour and severe shortages of labour. 	<ul style="list-style-type: none"> • The Danish labour market balance and the related tools like the recruitment survey and the job-barometer form the backbone of the information provided by the national authorities to both the eight labour market regions and the local jobcentres. • The main factor behind the success is its usefulness in informing the practical planning and guidance. 	<ul style="list-style-type: none"> • How can one overcome problems with using data related to job vacancies from the PES which do not cover the whole labour market? • How can one translate the French approach into practical use in the day-to-day operation of the jobcentres including their guidance of the unemployed? • How can one apply the French approach in educational planning and in allocating resources for further education and training of the unemployed?

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Estonia			
<ul style="list-style-type: none"> • One of the highest employment rates in Europe, 78.7% for 20-64 in 2017 • Ageing, but very active society, the absolute employment is increasing despite of decreasing size of working age population • Employers face serious hiring difficulties 	<ul style="list-style-type: none"> • Similar data available and problem linked to it like in the host country • The Estonian Unemployment Insurance Fund (EUIF) publishes the occupation barometer based on the registered unemployment and vacancies mediated via the EUIF • The Statistics Estonia uses Labour Force Survey information on the total unemployment and vacancy data from employer survey linked to the Employment registry data. There is no occupational data, only data by the field of activity. • Future developments relate to the use of registries and also data scraping from online job portals. 	<ul style="list-style-type: none"> • Attractiveness of the occupation for the youth or retraining should be taken into account • Quality of jobs offered could be taken into account following the example of the host country • The differentiation of labour market tightness into two axes: a) tight due to an excess of labour demand and b) tight due to insufficient labour supply seems highly relevant for bringing new more neutral vision into heated political debates in Estonia. 	<ul style="list-style-type: none"> • Data: why did you not consider including Labour Force Survey data? • Methodology: do use both definitions of unemployed: the data on registered unemployed and data on total unemployment (ILO definition)? • Visualisation: do you plan and how do you plan to visualise your analysis? • Impact: how is the definition of tightness due to insufficient labour supply and due to excess labour demand perceived by employers, by policy makers, by PES and possible other important stakeholders?
Greece			
<ul style="list-style-type: none"> • Small number of vacancies: skills mismatch does not seem to be the primary reason for high unemployment rate. • High but decreasing unemployment rate since 2014 (approximately 19% in 2018Q2). • Especially high unemployment rates for specific groups, such as women and young people. 	<ul style="list-style-type: none"> • Most of the determinants of labour market tightness described in the French paper also apply to Greece, but their ranking is probably different. • Unfavourable working conditions are considered the most important source of generalised skills mismatch in the labour market. • There are several sources of information but prior to the crisis there was no system to collect and combine 	<ul style="list-style-type: none"> • More information should be combined with careful examination of the results reached. The Labour Market Diagnosis System is expected to lead to better targeted and more effective active labour market policies. • Information could be used to plan interventions on the education system, 	<ul style="list-style-type: none"> • How can you be sure that firms report all their vacancies (recruitment needs)? • Are the reported vacancies actual or hypothetical? For example, a firm might be looking for an employee for the past 12 months, which means that it is not truly looking to hire, rather just testing the water. • Are there are any common criteria based on which the firm characterises

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<ul style="list-style-type: none"> • Large share of long-term unemployed (more than 70%). • Nearly one out of seven unemployed individuals is entitled to an unemployment benefit. • A large share of the unemployed have never worked in the past. • Shadow work is widespread in Greece, but decreasing due to a stricter and more effective legislative framework. 	<p>information produce policy oriented results.</p> <ul style="list-style-type: none"> • In 2016, a new system called “Labour Market Diagnosis System” began operating (not fully operational to date) in order to detect labour market needs at the local level, gather more information on the labour market’s processes and track labour market mismatches. 	<p>lifelong learning courses, vocational education and training programmes for the unemployed and apprenticeships for youth.</p> <ul style="list-style-type: none"> • Information could also be used to rebalance flows in the labour market and allow firms in various industries to fill job vacancies. • It could also be used to improve the support of vulnerable population groups. 	<p>a recruitment as difficult (or is it purely subjective)?</p> <ul style="list-style-type: none"> • Can it be ascertained that the jobs reported in the PES are actually those offered? In Greece, although the situation has improved over the past years and especially after the reengineering of OAED began, it is still not clear whether all types of jobs are reported. There are serious doubts as to whether vacancies for high or even medium skilled jobs are also reported in OAED. • Are the indicators discussed available at a disaggregated level (specific urban areas or municipalities, etc.)? Could they be?
Ireland			
<ul style="list-style-type: none"> • Post-crisis growth in employment has not generally translated into widespread hard-to-fill vacancies. • However, the recovery has been driven by certain key sectors, increasing demand for specialist skills in sectors such as ICT and engineering. • There is an ongoing policy debate about expanding the use of employment permits to use international labour to meet specialist skill needs, reflecting that labour market 	<ul style="list-style-type: none"> • Ireland combines national statistics, routine surveys and vacancy analysis to look at labour market tightness. The main focus is on developing qualitative insights into labour market tightness rather than quantifying the problem. • The aim is produce a combined view by being able to organise different types of LMI through a common occupational classification. • Recent innovations have included exploring the potential of data mining to make sense of the priority skills and professional profiles in key sectors based on job advertisements. 	<ul style="list-style-type: none"> • There is an established infrastructure in Ireland for connecting labour market and skills intelligence with policy makers. This includes the annual production of reports on the skills landscape (National Skills Bulletin) and on vacancies (Vacancy Overview report) as well the set-up of a National Skills Council and a long-establishment Expert Group on Future Skills Needs. These groups 	<ul style="list-style-type: none"> • Why was the previous indicator on labour market tightness reportedly little-used by policy makers? And how are the results of this analysis intended to be used by policy makers? • The incorporation of data on working conditions is an interesting aspect of the analysis – how were the working conditions indicators selected and were there other aspects of the working environment on which there was data available but which was not included in the analysis? • Is it anticipated that where occupations sit on the demand/supply axes would evolve over time and, if

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tightness is a growing concern.		<p>directly bring together labour market analysts and policy makers, and have informed decisions on issues such as employment permits for non-EEA workers.</p> <ul style="list-style-type: none"> Key success factors have included a focus on explaining what is driving specific shortages – rather than simply quantifying hard-to-fill vacancies, bringing together various types of evidence in a usable and accessible way, and focusing on how existing sources of routine information can be brought into the analysis rather than undertaking extensive, one-off primary research. 	so, how easy is it to update the analysis with current data?
The Netherlands			
<ul style="list-style-type: none"> Vacancies have reached a record high. One in five companies is currently suffering from staff shortages, which is a doubling of the situation of one year ago. The government is providing a further impulse to employment growth due to increasing government expenditures. 	<ul style="list-style-type: none"> The labour market indicators used to measure labour market tightness in France and the Netherlands are more or less similar. Both countries emphasise the use of the labour market tension indicator (vacancies versus job seekers) to measure tightness. In France much attention is paid to the analysis of the demand side of the 	<ul style="list-style-type: none"> The starting point for the French Government seems to be how to direct the unemployed (and the migrants) towards the tight occupations. Important policy initiatives are taken such as PES grants for retraining the 	<ul style="list-style-type: none"> How far are you in France with automatic data collection via scraping of vacancies (spidering)? What are the obstacles? To what extent do you use the labour market forecasting of vacancies or job openings, e.g. own labour market forecasts or those from CEDEFOP? The public policy implications are mainly focussing on training

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<ul style="list-style-type: none"> Unemployment is projected to decrease further, to 3.5% in 2019. The tight labour market creates an upward pressure on wages, in particular in the public sector. The largest labour market bottlenecks are in the IT (programmers, security and data specialists), health care (care personnel and nurses), construction industry and installation, logistics (truck drivers), manufacturing industries (in particular metal and high-tech) and certain occupations such as gardeners and call-centre employees. For logistics and construction, the short term bottlenecks seem to vanish in the medium term. For the business, administrative and commercial occupations, the labour market is expected to remain loose. 	<p>labour market (labour market needs), whereas in the Netherlands the emphasis is much more on the supply side of the labour market, in particular the economically inactive population instead of solely the unemployed job seekers.</p> <ul style="list-style-type: none"> Statistics Netherlands is regularly monitoring the labour market by two tools: the Labour Market Dashboard (mainly on vacancies and job seekers) and the Labour Market Barometer (mainly on the labour market attachment). Both tools can profit from including indicators on type of employment (self-employment, short-term contract) and trends in shortages and employment growth. 	<p>unemployed, raising training funds for initial and continuous vocational training, and investments in training of certain groups like the young low-skilled unemployed and the long-term unemployed. It could be promising for France to not only look at the unemployed to fill the vacancies and to meet the recruitment needs of firms.</p>	<p>investments. Given the attention paid to working conditions in the paper (physical constraints, etc.), are there any policy measures in France that are targeted on improving working conditions?</p> <ul style="list-style-type: none"> Could you further explain the public policy implications on the partnership development with the education sector and employers? What has actually been done so far in France and what are the opportunities?
Spain			
<ul style="list-style-type: none"> Persistent high levels of unemployment, in spite of employment growth 	<ul style="list-style-type: none"> Focus on the prospective analysis of skills demand and training needs to improve workers employability and reduce skills mismatches. 	<ul style="list-style-type: none"> Prospective analysis is the main reference at state level for supporting decision making in 	<ul style="list-style-type: none"> How is the Principal Component Analysis used for classifying occupations along the two main axes?

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<ul style="list-style-type: none"> • Low-skilled population facing difficulties for accessing sustainable employment. • Employers facing difficulties for hiring workers with particular skills and professional experience. • Persistence of geographical mismatches in spite of increasing geographical mobility. 	<ul style="list-style-type: none"> • Combination of extensive data gathering, statistical analysis and qualitative assessment. • Methodology to gather exhaustive information on vacancies of a selected number of occupations of particular interest for employment policies. 	<p>employment policies. The actual impact is difficult to ascertain, given the highly decentralised structure of the national employment system.</p> <ul style="list-style-type: none"> • The outcome (extensive data and analysis) is of high value for supporting local employment agents in the fields of orientation, intermediation, training and other active labour market policies. • Success factors are the combination of quantitative and qualitative techniques and the involvement of a large number of experts, representing all the different agents participating in the labour market and the employment policies. 	<ul style="list-style-type: none"> • How can this information be used to guide employment policies at different levels (from central decision-making to local implementation)?
Turkey			
<ul style="list-style-type: none"> • Low employment rates and an increasing trend in unemployment. 	<ul style="list-style-type: none"> • No series within the Turkish context as part of the official statistical program that reports labour market tightness. 	<ul style="list-style-type: none"> • Significant potential for the development labour market tightness indicators. 	<ul style="list-style-type: none"> • The policy measure involves pooling vacancies from various sources. However, an employer may post vacancies through multiple outlets. Is there a concern for counting the same

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<ul style="list-style-type: none"> • Persistent labour market disadvantages among the youth and females. • Expanding labour force due to participation of young people and large refugee inflows. • Recruitment difficulties due to a low educated labour force that lack experience and skills. • Decreasing but still high rate of informal employment. 	<ul style="list-style-type: none"> • Using available data there is potential for creating various tightness indicators. • İPA surveys by İŞKUR (PES in Turkey) provide valuable information on the demand side of the labour market and point to significant skills gap in a number of occupations. • The results also point to a geographical mismatch in supply of skills. • Measures needed to assess the quality/attractiveness of job vacancies (such as permanent or short-term nature of contracts, seasonality of recruitments, wages). • Need for improvement in data that captures the supply side of the labour market. 	<ul style="list-style-type: none"> • Labour market tightness indicators can provide useful information in planning of vocational training activities. • Labour market tightness indicators that help distinguish between cyclical and structural reasons behind imbalances may prove especially useful • Dissemination of labour market tightness information may help reduce regional imbalances. 	<p>vacancy more than once and how would this affect tightness measures?</p> <ul style="list-style-type: none"> • Is it possible for the tightness indicators to differentiate between short term and longer term (more structural) tightness? Is it possible to use the information on how long vacancies last as another aspect of tightness? • What is the rationale for deciding which variables in PCA have the role of active and additional variables? • Could you clarify how interpretation of the two axes arise? Would a similar interpretation apply to other country contexts?