

## I

(Resolutions, recommendations and opinions)

## OPINIONS

## EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

460th PLENARY SESSION HELD ON 17 AND 18 FEBRUARY 2010

**Opinion of the European Economic and Social Committee on 'Matching skills to the needs of industry and services undergoing change — In what way could the establishment of sector councils on employment and skills at European level contribute to this objective?'**

(exploratory opinion)

(2010/C 347/01)

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Co-rapporteur: **Mr SZÜCS**

In her letter of 29 June 2009, and under Article 262 of the Treaty establishing the European Community, Margot Wallström, vice-president of the European Commission, requested the EESC to draw up an exploratory opinion on:

*Matching skills to the needs of industry and services undergoing change – In what way could the establishment of sector councils on employment and skills at European level contribute to this objective.*

The Consultative Commission on Industrial Change, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 February 2010.

At its 460th plenary session, held on 17 and 18 February 2010 (meeting of 17 February), the European Economic and Social Committee adopted the following opinion by 149 votes to six with five abstentions.

## 1. Conclusions and recommendations

1.1 The European Economic and Social Committee notes with great interest the details of the idea of setting up sector councils on employment and skills at European level. In the Committee's view, appropriately organised and managed **sectoral councils** involving various stakeholders **should provide crucial support in the process of managing sectoral changes** and, in particular, anticipating the development of the situation in terms of employment and skills needs and **adapting skills to supply and demand**.

1.2 The Committee is convinced that European sectoral councils (ESCs) could support the management of sectoral changes and

help meet the goals of the 'New skills for new jobs' initiative and would be useful when decisions are taken concerning sectoral changes at European level.

1.3 Following an analysis of the advantages and disadvantages considered in a feasibility study of the political options for the various council formats, the Committee is inclined towards supporting the concept of sectoral councils based on the European social dialogue. Sectoral councils could benefit substantially from contact (according to principle of cooperation) with the structures of the European sectoral social dialogue (ESD) and their political activities.

1.4 In the Committee's view, the activities of the European sectoral social dialogue committees (ESSDCs) could serve as an operational model for the ESCs.

1.4.1 However, it is important to emphasise that ESCs can have a broader scope, in terms of the number of stakeholders they comprise, and a more independent role than ESSDCs, focussing more on skills and the labour market than social dialogue.

1.4.2 The Committee believes that those sectors without ESD structures should also have the opportunity to set up ESCs. A new ESC could then serve as a basis for the creation of a new ESSDC.

1.5 The Committee believes that future ESCs should conduct close and regular cooperation with their national counterparts. **The Committee recommends that the ESCs should support the establishment of national councils, where they do not exist, by providing advice and examples of best practice.**

1.6 The Committee believes that, apart from supporting the management of sectoral changes, the most important tasks that the new ESCs could carry out would be:

- analysing quantitative and qualitative labour market trends in the given sector;
- make recommendations to fill and eliminate qualitative and quantitative gaps in the labour market and implementing programmes and measures to achieve this;
- supporting cooperation between businesses and VET <sup>(1)</sup> providers.

1.7 The Committee maintains that in order for the ESCs to function effectively it is important that:

- they constitute a platform which should include the social partners, education and training institutions and organisations, institutions, organisations and public authorities, professional associations and organisations providing vocational education and training (VET) and initial vocational education and training (IVET);
- they have a sectoral focus, i.e. they concentrate on sectors in the broad sense and may deal with occupations that are specific to sectors;
- they should take account of the dynamic changes in the scope of sectors and the creation of new sectors;
- they ensure that representatives of employers and employees participate in management and, where appropriate, training organisers and the political authorities too;

- they have a strong strategic partnership, which means building relationships with secondary schools, institutions providing vocational training services for school leavers, higher education establishments, businesses, sectoral councils and regional authorities;
- they apply sound and productive working strategies, focusing on industrial realities and urgent needs, such as the need for information on the labour market and ways of attracting and retaining workers in the sector, and take account of the needs of SMEs;
- they take into account, first and foremost, the situation and needs of the labour market, from a European perspective;
- they encourage the development of an approach that uses a common methodology based upon the tasks (outcomes) done in businesses, in order to produce a clear audit trail from what is done in the workplace through to final training, education and qualifications.

1.8 With a view to strengthening the impact of ESCs on sectoral changes, the Committee proposes that they give consideration to continuing education at all levels, in particular continuing vocational education and training (CVET) – coupled with initial vocational education and training (IVET) – and other forms of development and recognition of skills throughout life.

1.9 The Committee proposes that special attention be given to sectors with strong knowledge-based elements, preferably in connection with aspects such as 'the green economy'.

1.10 The establishment of sectoral councils should, in the Committee's view, be based on the achievements of political processes, such as the **European Qualifications Framework (EQF)**, the European Credit Transfer and Accumulation System (ECTS), the European Credit System for Vocational Education and Training (ECVET), the European Quality Assurance Reference Framework (EQARF) and Europass, and contribute to their further development.

1.10.1 Using the open method of coordination as a basis, it is important to move towards the harmonisation of the continuing training policy.

1.11 The Committee calls for the planned ESCs to carry out continuous cooperation with European universities and higher education establishments, which should create a link between industry and academic research relating to training. Here the University Business Forum has demonstrated the benefits of cooperation for industry and the higher education sector <sup>(2)</sup>.

<sup>(1)</sup> VET – vocational education and training.

<sup>(2)</sup> Commission Communication 'A new partnership for the modernisation of universities: the EU Forum for University Business Dialogue', COM(2009) 158 final, 2 April 2009.

1.12 While considering the **ties between European sectoral councils**, on the one hand, and **Cedefop and Eurofound**, on the other hand, the Committee points out that structural and information-based support for the work of sectoral councils by Cedefop and Eurofound should be taken into account in the designation of the tasks of these institutions. This requires additional means to resource these foundations.

1.13 The Committee would like to strongly underline the recommendation to the effect that sectoral councils, both at European and national level, should cooperate and even create links with **employment and skills observatories** and their national and European networks. This concerns those councils whose internal structure does not include such observatories. It is recommended that in Member States in which sectoral councils are set up support be given to the creation of such observatories and their network cooperation with regional observatories where they do not already exist.

1.14 As regards **funding for the process of setting up the sectoral councils and their operation** at European level, the Committee believes that resources for this purpose must be earmarked from the beginning of the process of establishing them. Furthermore, it is important to provide for resources to support the councils and the development of labour market and skills observatories that cooperate with them or are incorporated into their structure.

1.14.1 The Committee recommends that, when putting together the pilot ESC project, the Commission should consider the creation of a limited number of councils at first, not setting them up immediately for some 20 sectors. This is linked to budgetary requirements. It will be easier to ensure funding for the establishment of 4-5 councils per year. This kind of medium-term financial guarantee for the ESC project appears to be a critical question.

1.15 The EESC **calls for better professional management** in educational innovation. Improving the EU's education and training systems is essential to increase employability and reduce inequality. The institutional changes in education hardly keep up with the society's needs. Institutions must **take account of the need for a close relationship between changes, innovation, education and training**.

1.16 The EESC calls for the **reintegration of education and training into real life**, bringing it closer to both the public needs and the habits of the new generations of learners.

## 2. Background to the exploratory opinion

2.1 In her letter of 29 June 2009, European Commission vice-president Margot Wallström asked the European Economic and Social Committee to draw up an exploratory opinion on *Matching skills to the needs of industry and services undergoing change – In*

*what way could the establishment of sector councils on employment and skills at European level contribute to this objective?*

2.1.1 The letter refers to the current crisis and to the measures that can be taken in the labour market to adapt it to production needs and to introduce greater social management of changes in services and industry.

2.1.2 According to the Commission, in order to achieve this goal, current and future workers must be equipped with the skills that businesses need, enabling them to adapt to change. This was the subject of a recent Commission Communication entitled 'New skills for new jobs' (COM(2008) 868 final), which aimed to identify and assess Europe's skills requirements for the period leading up to 2020 and develop in the EU the capacity to better anticipate and adapt skills and jobs.

2.1.3 On 4 November 2009, the Committee adopted an opinion on this Communication <sup>(3)</sup>.

2.2 Following the publication of the Communication, a feasibility study is now being carried out, at the request of the Commission, on the establishment of sector employment and skills councils at European level. The Committee had access to a provisional version of this study when drawing up this opinion <sup>(4)</sup>.

## 3. Education and training trends and innovations in the European Union

### a) *Need for innovation in learning systems*

3.1 In order to tap fully the potential of the European workforce, it is imperative to strengthen human capital. This is important from the point of view of employability and jobs, the capacity to adapt to change – particularly in the context of the present economic crisis – and also for social cohesion.

3.2 The need for citizens to have greater mobility within Europe is an important objective identified in the Lisbon Treaty. For workers to be mobile across borders and across industries, employers must be able to compare and match what a potential new member of staff can do (outcomes) with what the business needs to be done. This is the key principle behind the Commission's request – **'Matching skills to the needs of industry'**.

<sup>(3)</sup> OJ C 128, 18.5.2010, p. 74

<sup>(4)</sup> *Feasibility study on the setup of Sectoral Councils on Employment and Skills at the European Level, carried out by ECORYS/KBA (2009) for the European Commission, DG Employment, Social Affairs and Equal Opportunities.*

3.3 The ESCs to be set up should encourage the development of an approach that uses a common methodology based upon the tasks (outcomes) done in businesses, in order to produce a clear audit trail from what is done in the workplace through to final training, education and qualifications.

3.4 The EESC **calls for better professional management** in educational innovation. Improving the EU's education and training systems is essential to increase employability and reduce inequality. The institutional changes in education hardly keep up with the society's needs. Institutions must **take account of the need for a close relationship between changes, innovation, education and training.**

3.5 Innovation in education has important links with the knowledge and information society. New forms of learning should be considered and given importance by training institutions. New methods of learning, including ICT supported collaborative models, should facilitate **coordination between areas of lifelong learning** – such as adult learning, higher education, school education and informal learning – thus reducing institutional separation.

3.6 **Attaching greater importance to prior learning and its certification** are of strategic consequence, especially in motivating workers to take advantage of lifelong learning opportunities. Accreditation systems and vocational qualifications should increasingly be linked to learning outcomes, bureaucratic barriers should be reduced.

3.7 Policies should integrate **informal and non-formal learning**, acknowledging that lifelong learning is becoming a reality, thanks – amongst others – to digitally and socially networked learning.

b) *Quest for stronger stakeholder involvement*

3.8 The current process of globalisation accompanied by rapid technological changes is giving rise to problems linked to skills gaps in the workforce and the need for better integration of education, training and work. Improving the involvement of stakeholders in lifelong learning should contribute to better conditions for designing, implementing and evaluating the learning system innovation, to manage effectively the changing portfolio of skills and competences. **Enhancing knowledge, awareness and involvement of businesses in this process is imperative.**

3.9 Employers should better accept that training the workforce helps not only to meet actual economic requirements but also support it as tool for boosting human capital in the medium and long term.

3.10 The value of **developing entrepreneurial spirit** should be given greater consideration. The free movement of workers and encouraging the **mobility of the workforce** should be a

more recognised element in promoting labour markets. More and better information on labour markets, their trends and skill requirements should be available, together with **better guidance and support services** for the job seekers.

c) *Education and training closer to real life*

3.11 The EESC calls for the **reintegration of education and training into real life**, bringing it closer to both the public needs and the habits of the new generations of learners. Innovative forms of education should provide opportunity for effective investment in education and bring learning opportunities closer to enterprises.

3.12 A shift is needed **from course-based provision towards learning outcomes-oriented training and vocational qualifications.**

3.13 Working and learning increasingly overlap in the knowledge society. All forms of **workplace learning** should therefore be encouraged. **Enhancing individual motivation to learn** as well as companies' commitment to motivating workers to learn should be priorities in this respect.

4. **Background to sector and transversal councils<sup>(5)</sup> at different levels**

4.1 The purpose of sector and transversal<sup>(6)</sup> **councils** is to gain an insight into the probable development of the situation regarding **employment and skills** needs, in order to provide input into the shaping of policy. The work of the councils may be limited to analysis, or it may also include the adaptation and implementation of policy.

4.2 These councils operate in an organised and continuous way and also provide a platform for various stakeholders who are involved in the management of the councils. The main stakeholders include public bodies, institutions and authorities, social partners, educational and training institutions and research institutes.

4.3 Sector councils may be organised at various geographical levels. Their objective is to study changes in the demand for skills of a single occupation or industrial sector, or a well defined group of these. In some cases national sector councils may have regional branches.

<sup>(5)</sup> On the basis of the feasibility study (see footnote 4).

<sup>(6)</sup> If all the employees and all the firms in a given area are covered by the activities of the council, it can be described as 'transversal' (cross-sectoral).

4.3.1 In the opinion of the Dublin Foundation, the regional or sectoral level is crucial to the concept of the councils. The foundation stresses that councils at national and European level should act in accordance with the subsidiarity principle. In order to facilitate communication between the bodies managing regional/sectoral councils, it is important to try to take advantage of possible synergies, for example with regard to monitoring and academic research.

4.4 Some councils at national level deal with initial vocational education and training (IVET) and others with continuing vocational education and training (CVET). In some countries, they can deal with both, which produces a synergy effect and makes it possible to avoid duplication.

4.5 Councils analysed in the feasibility study have the same general objective: to improve the balance on the labour market between supply and demand in quantitative (jobs) and qualitative (skills and competences) terms. There are, however, differences in the way in which this general objective is achieved, and also between those councils which concentrate on IVET, on the one hand, and those which deal with CVET, on the other hand (this concerns countries where training is split into IVET and CVET).

4.6 In the majority of Member States the main objective of the **national transversal** (cross-sectoral) **councils** is the identification, quantitative analysis and anticipation of long-term trends on the labour market and putting forward proposals for action in response to emerging trends.

4.7 In many cases **transversal councils** focus not only on quantitative but also on qualitative issues. The members of such councils, for example Denmark's Advisory Committee on Education and Training, advise the education minister, on the basis of labour market trends, not only on matters relating to the definition of new skills and the merging or elimination of existing qualifications, but also on general aspects of vocational education such as the coordination of training programs.

4.8 In some countries regional transversal councils have the same objectives as their national counterparts. They provide research institutes with regional data enabling them to estimate the number of future jobs, and skills needs. It is interesting to note that some regional transversal councils do their best to match future qualitative skills needs with current quantitative data on the number of young people entering IVET.

4.9 The main objective of national sector councils dealing with IVET is to ensure that new workers entering the labour market are equipped with appropriate basic skills.

4.10 The main objective of national sector councils dealing with continuing vocational training is to raise the level of skills of those already on the labour market. To this end the councils define the

training needs of workers and either provide training themselves or finance courses run by external providers.

4.11 National or regional councils differ in the **tasks** they perform. The following are examples of the tasks carried out by sector and transversal councils:

- analysing quantitative labour market trends;
- analysing qualitative labour market trends;
- proposing policy to address quantitative shortfalls;
- proposing policy to make good qualitative shortcomings;
- proposing an updating of the process for acquiring qualifications and certification;
- promoting cooperation between firms and VET providers;
- implementing (quantitative and qualitative) programmes and activities to address shortcomings.

4.11.1 Only a few sector councils in the Member States carry out all these tasks. Virtually all sector and transversal councils carry out analyses of quantitative and qualitative labour market trends. A rather smaller number of sector and transversal councils also prepare policy proposals. The majority of them carry out or commission research.

4.11.2 It is much more common for the councils to analyse qualitative labour market trends and draw up proposals for policies, for example policies aimed at developing outline vocational teaching programmes, and to sketch out ways of overcoming qualitative shortcomings. Many councils are involved in supporting cooperation between firms and VET providers.

4.11.3 Some national councils implement programmes and activities aimed at reducing the skills gaps on the labour market. Regional transversal councils in the new Member States in particular formulate proposals for policies to correct qualitative shortcomings.

4.12 The tools used by the various councils are closely matched to their objectives and tasks. Data on quantitative and qualitative labour market trends are particularly important to the councils. The general trend is for these data to be collected and analysed by external organisations, with the exception of cases where the structure of the council incorporates, for example, a labour market observatory.

4.12.1 A distinction should be drawn between the collection and analysis of labour market data on the one hand and the adoption of political decisions on how to react to labour market trends on the other.

4.13 The management boards of sectoral councils currently operating in the EU and elsewhere include representatives of employers (usually in a management role), employees and, in certain cases, representatives of training suppliers and government (local authorities in the case of a regional council). Either a small board is established (with a view to strengthening the decision-making process) or quite a large board, with a view to making it as representative as possible. As a rule, members of the council board must come from industry and enjoy considerable prestige in the sector and credibility.

4.13.1 In assessing the management of councils, it is stressed that the council's agenda should not include matters relating to labour relations, which are the domain of the sectoral dialogue committee. At the same time, by taking on many of the other very significant issues for employers and employees, the council's activities help to relieve tensions which emerge in social dialogue.

4.13.2 Sectoral councils often cooperate within the framework of an organisation. In Canada this role is fulfilled by the Alliance of Sector Councils, where information and tools are exchanged and joint procedures are planned, for example with regard to development of national vocational standards.

## 5. Detailed comments

*Labour market observatories as an important basis for the effective operation of sector councils*

5.1 There are various labour market observatories operating in the Member States at national, sectoral and regional level. Sometimes the structures of observatories function within existing employment councils or operate under a different name.

5.1.1 These observatories:

- monitor labour market trends and policies,
- collect, analyse and interpret data,
- pass on data to users in accordance with their needs.

5.1.2 Linking these observatories together in national and international networks is of key importance. The observatories cannot work in isolation from each other in a European and global market which is characterised by flexibility.

5.1.3 Each observatory, as a forecasting tool for anticipating changes in the labour market more effectively, will develop and become more important if, while concentrating on its own objectives, it maintains regular, systematic contacts with other observatories.

5.2 The task of employment and skills observatories is to provide strategic information to various participants in change. Apart from the social partners and government bodies these include small and medium-sized enterprises, training institutions, local authorities, employment services and business support services.

5.3 A labour market observatory's activities should include:

- identifying training priorities and ensuring more effective interaction between the development of skills and job creation;
- monitoring labour market changes and needs;
- analysing labour and education statistics;
- providing information services and a service for facilitating the transition from education or training to work, the main aim of which is to:
  - monitor educational and training pathways leading to employment,
  - identify changes and reciprocal dependencies between supply and demand in economic sectors and various occupations;
  - coordinating research and surveys as well as helping to promote innovation and development policy;
  - disseminating information on employment and skills among various target groups.

5.4 An observatory may provide systematic analyses of the labour market at national, local and sectoral level. It carries out comparative analyses at sectoral level and examines the need for various occupations and specialisations at regional, local and sectoral level with a view to pinpointing future demand for skills.

5.5 Observatories may carry out the following tasks, supporting or complementing the operation of sector and transversal councils for the labour market and skills:

- carrying out and analysing forecasts of social and economic changes at national, sectoral and regional level, thus making it possible to identify and define new jobs emerging in sectors or regions which are particularly at risk;
- updating the definitions of traditional sector patterns with a view to more effective adaptation of employee skills;
- encouraging the development of partnerships in the area of change and innovative activities by;
- setting up networks bringing together other observatories and stakeholders,

- developing continuing training strategies,
- providing vocational counselling services,
- drawing up training programmes with the involvement of firms, sectors and local employment initiatives.

5.6 Labour market observatories bringing together various stakeholders should also participate in the debate between interested parties, for example sectoral and transversal employment councils, on the development of the European, national, sectoral, regional and local economy. The observatories play a particularly important role in identifying new jobs and in understanding new economic activities, employment patterns and skills.

5.7 As regards current relations between sectoral councils and labour market observatories, in several EU countries (e.g. France and Sweden) there are sectoral labour market observatories which identify training needs in the sector on behalf of national CVET

sectoral councils (in France the observatory carries out such research on behalf of the Commission for Sectoral Training Funds <sup>(7)</sup>).

5.7.1 At the request of regional horizontal councils, regional labour market observatories in certain Member States identify those sectors which are growing or declining. The result of this identification process is a broadened and consistent type of information which is taken into consideration by regional authorities, the social partners and training providers in the discussion on types of IVET and VET courses for which there is a need in the range offered by regional training institutions.

5.7.2 In the case of planned ESCs, in the Committee's view the role of European observatories that cooperate with them could be played by the Dublin Foundation (Eurofound) Cedefop, especially in the course of pilot projects. In future, ESCs could cooperate with supranational network structures of labour market observatories.

Brussels, 17 February 2010.

*The President*  
*of the European Economic and Social Committee*  
Mario SEPI

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<sup>(7)</sup> On the basis of the feasibility study (see footnote 4).