



Deliverable report for

YOUNG_ADULLLT

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1. Description of task

Task 6.1: Developing a common framework for the analysis (months 9-12):

The WP leader (GU) and core partners (WWU, UNIGE) develop an analytical framework, informed by the research framework prepared in WP2, for interrogating the regional governance of the skills supply and demand in the functional regions under study (two in each country). The research framework includes guidelines and procedures for

- first a content analysis of policy documents (Bowen, 2006) on the regional governance of the skills supply and demand, focusing on structures and actors involved in the design and delivering of education and training programmes, the availability of information about the current and future demand of skills and its use to guide policy planning and skills development, the systems of quality-assurance and evaluation of the provision of education and training, the coordination between the institutions responsible for guiding and supporting the transitions of young people in different educational and labour market situations, the mechanisms for identifying and developing the skills needs of young people at risk of un(der)employment, the cost-sharing arrangements between the public and the private sector in the funding of education and training, and the financial incentives for employers investing in young talent attraction and skills development of their workforce;
- second, the research framework includes guidelines and procedures for qualitative research through semi-structured interviews (ca. N=50) with policy actors (Ritchie & Spencer, 2002) in different positions within the vertical and horizontal organization of governance activities: policymakers across different areas of government (including education, employment, science and technology, economic development, migration, public finance) and nongovernmental stakeholders (including employers, trade unions, chambers of commerce, education and training providers and professional associations).
- third, the analytical framework includes a search strategy and data extraction tools for a systemic literature review of evidence (Gough et al., 2012) on the quality and the relevance of the supply of skills of young adults, the types of match and mismatch between the supply and demand of education and skills, and the level of skills utilisation in the workplace.

Role of participants: WP leader and WP core teams produce the analytical framework; all partners are requested to give feedback to the analytical framework developed by the WP leader.

Task 6.2: Carrying out the national analyses in each partner country (months 13-19):

Each partner country will apply the analytical framework when carrying out:

- a. the content analysis of policy documents;
- b. the semi-structured interviews with policy actors and;
- c. the systematic review of evidence on skills supply and demand.

National Reports will present the results from these analyses and will provide theoretically informed and policy relevant insights on the policy orientation of the actors involved in the governance of skills supply and demand, the level of coordination of these governance activities, and the types of match/mismatch between the skills development and the skills utilisation in their country and regions. Role of participants: Each participant partner conducts research at national/regional level and prepares a National Report under the guidance of the analytical framework.

2. Description of work & main achievements

2.1. Activities

The overall objective of the WP6 is to analyse how countries and functional regions (FRs) govern the relationship (match and mismatch) between the supply and demand of skills and support the transitions of young people across the education, training, and labour market systems. Research concerning this WP involves: 1) identifying structures and main actors involved in the governance of skills system, 2) evaluating the level of coordination between the governance activities across different areas and scales of government, 3) systematizing comparative evidence on the quality and relevance of the skills developed and used by young people, 4) develop a typology of European modes of governance of the relationship between the skills supply and demand.

In order to attain these objectives the work involving WP6 for the first year concentrated in developing a working paper proposal with the theoretical approach and work to be developed by national partners. Different versions of the working paper were first discussed with the core partners (UNIGE & UNIZG) and the Coordinator (WWU) and later with the rest of partners. After taking into account the feedback received from all partners, the final version of WP6 proposal has been used as the guidelines involving the work on WP6.

To facilitate the attainment of the different objectives of the WP6 national reports three milestone activities were set. All partners had to conduct them and upload their pieces of work on the internal project server used by the Consortium. GU team was providing a work-in-progress example of the work to be done for each milestone activity and providing individual and general feedback to all partners for each activity. The three milestone activities referred to the three objectives mentioned above: 1) identifying structures and main actors involved in the governance of skills system, providing short descriptions on their activities and cooperation with other actors 2) evaluating the level of coordination between the governance activities across different areas and scales of government by identifying the actors' policy orientations and mechanisms of coordination, and, 3) systematizing comparative evidence on the quality and relevance of the skills developed and used by young people by document analysis.

These milestone activities were used as a starting point to write the first draft of the national reports. All partners submitted a first draft of the national reports at the end of July 2017. The GU team provided feedback by mid-August. Each national partner introduced the feedback as deemed appropriate and submitted the final submission of the national report by mid-September, so that the GU team could work on Deliverable 6.1.

Presentations and further discussions on the work to be done and the organisation by milestone activities took place during the consortium meetings in Porto (November 2016) and in Granada (June 2017), as well as in the coordination meeting with all empirical WPs within the project (January 2017).

2.2. Executive Summary

Theoretical Framework

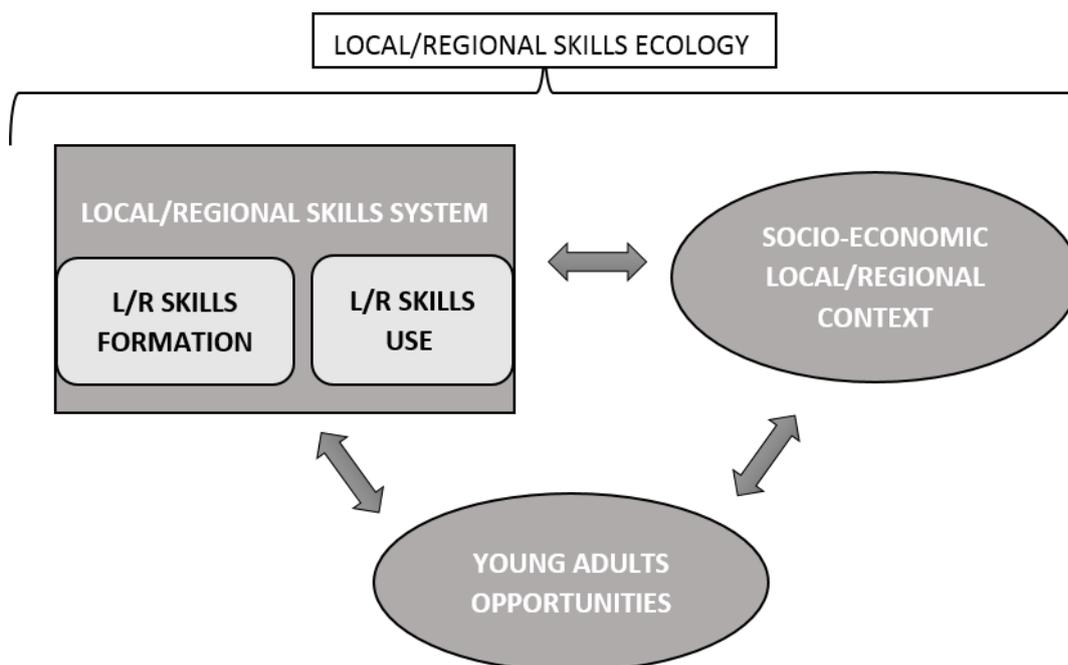
The main objective of WP6 is **describing and understanding the governance of the supply and demand of skills within and across the functional regions** under study in the YA project. We will refer to it as the governance of the local *skills ecology*. In order to do so, it is *first* necessary to identify the main actors and institutions involved in the skills system and the activities in which they are involved, being the main focus on actors, institutions and activities relevant to young adults and LLL policies. The *next step* following the identification

of actors and institutions and their activities is assessing the policy orientations which drive these actors and institutions to the activities they develop. The *following step* is identifying and understanding the forms of coordination (if existent) among these actors to pursue their activities. *Finally*, it is important to frame these actors and institutions, their activities and forms of coordination in a given socio-economic and institutional framework. This contextualisation will help us assessing to what extent the context influences the governance of the skills system and vice versa, as well as acknowledging similarities and differences across FRs.

In this initial framework it is important to describe and differentiate two relevant terms: the **skills system** (constituted by the *skills formation market* and the *skills use market*) and the **skills ecology**. As shown in Figure 1 below, the skills system is constituted by two markets: the skills formation and the skills use market. In each one of these markets there is a supply and demand for skills. Local, national and supranational actors and institutions might be involved either in one or in both markets and develop their activities, which jointly constitute the skills system.

Skills systems are framed in a **local/regional socioeconomic context**, which is likely to differ from one region to another and across countries. The skills system is not impermeable to its context, which is also likely to vary across time. Therefore, the local/regional context is likely to affect the actors and institutions and their activities. Conversely, these actors/institutions and their activities might also have an influence in shaping the local/regional context.

The combination of the local/regional skills system into the local/regional context constitutes the **local/regional skills ecology**. Thus, **the interest of this WP6 resides in understanding the local/regional governance of the skills system and assessing to what extent it is influenced by the local/regional socio-economic context**. The cross-regional comparison will give as a result different types of governance of local/regional skills ecologies and their consequences for young adults' lives and opportunities.

Figure 1: Skills system, context and skills ecology

Regional/local governance of supply and demand of skills across Functional Regions

The main objective of WP6 is describing and understanding the governance of the supply and demand of skills within and across the FRs under study in the YOUNG_ADULLLT project. We will refer to it as the governance of the local skills ecology. In order to do so, we have first identified the main actors and institutions involved in the skills system and the activities in which they are involved, being the main focus on actors, institutions and activities relevant to young adults and LLL policies. Afterwards, we have assessed the policy orientations, which drive these actors and institutions to the activities they develop. The following step has been identifying and understanding the forms of coordination (if existent) among these actors to pursue their activities. Finally, we have framed these actors and institutions, their activities and forms of coordination in a given socio-economic and institutional framework. This contextualisation has helped us to assess to what extent the context influences the governance of the skills system and vice versa, as well as acknowledging similarities and differences across FRs.

Below it follows a summary of each national report providing the main findings regarding the governance of the supply and demand of skills across the FRs under study.

Austria: The two regions of Vienna and Upper Austria differ very much regarding their economic structure. The regional context has an impact on the regional skill systems. However, even though the context is quite different there are more similarities than differences between the two skill systems. The differences we found between the skills systems in Vienna and Upper Austria concern the specific skills demanded and supplied, rather than the actors involved in the system or the relations among them. The main actors identified influencing the skills system are more or less the same in Vienna and Upper Austria, the only relevant difference is that in Vienna there is an additional one working in the field of funding further vocational education. However, this task is covered by the regional administration in Upper Austria.

The two regions differ in terms of the educational structure of its population, reflecting the demand and supply of skills; while in Vienna the share of young adults with high-level and low-level qualifications is higher than the Austrian average, medium-level skills are the most common in Upper Austria. The differences in skills formation and use between the two

regional systems can be found for the formal education system. Concerning skills formation in LLL programmes for young adults in vulnerable situations, skills formation is very similar, as the problems faced in the two regions do differ rather in quantity than in quality. The most pressing problems identified in both regions are counteracting the individual and social problems connected to young adults' early exit from the education and training system and the related consequences. Formal skills formation is strongly influenced by the skills use, i. e. the economic structure and the labour market demands. In LLL programmes, however, we see that skills formation is only partially influenced by specific skills demands. In both regions there is a strong focus on vocational skills in LLL programmes for young adults. This similarity can be explained by the target group of most LLL measures, namely young adults with low-level skills, rather than with the respective regional economic context. No main differences were detected in public commitment to regular skills formation in Vienna and Upper Austria.

In terms of coordination between different actors, the decentralized organizational structure of actors in Upper Austria has led to better coordination networks than in Vienna.

The characteristics of young adults with difficulties entering the labour are the same in both regions. Particularly young adults with low-level skills and low formal educational attainments face a higher risk of unemployment. However, there are differences in quantity between the two regions regarding this social problem. Other individual factors negatively influencing labour market integration are lack in motivation and lack in practical experience. The assessment of the situation depends very much on the respective actor. Most interviewees however agreed, that a lot of young adults would lack basic skills, soft skills, learning skills and more generally life skills. One of the main reasons for the difficulties young adults face upon entering the labour market are due to economic structural changes and connected changes in the availability and the forms of employment. Most LLL programmes for young adults are second-chance or nonstandard apprenticeship trainings. It could be argued that formation via these programmes fills gaps created by a conjuncture of structural economic conditions and the deficits of the education system.

Bulgaria: The values describing the economy and labor market of the regions of Plovdiv and Blagoevgrad are similar in terms of unemployment, employment and activity rates for young adults. Many of the problems related to the qualification of the young adults are common and they are related to insufficient practical training, lack of practical experience, insufficient funding from the municipal budget for various activities aimed at raising the qualification and practical experience of young adults. In this direction, the dual training is crucial for Bulgaria and the selected functional regions, and it should be introduced as quickly as possible.

Some of the commonalities in both regions are the legal framework, which identifies the Ministry of Labour and Social Policy (MLSP) as the main responsible for governance of skills anticipation and provision of annual reports on the labour market needs based on employer surveys and official data from national agencies. Another commonality is the role of stakeholders. The National Network for Competence Assessment (NNCA) cooperates with employers, trade unions, experts and practitioners in different economic sectors, including substantial stakeholder engagement. Stakeholders involvement is important both at the national and regional level. Employer organisations are actively involved at the planning stage of policies relating to higher education and VET.

Many of the education issues regarding the skills supply and demand that exist at national level are also manifested at regional levels. The reason for this is that the system of Bulgarian education is centralized. Secondary education – as curricula and structure, is centrally managed, which means that training is conducted on identical standards in all schools in the country, regardless of regional specificity. Centralization in higher education is weaker, but it is still present through the accreditation system of universities and higher education institutions. From this point of view, many things are repeated at both national and regional level. Key themes that come to the forefront of the skills supply and demand analyses referring to the secondary and higher education in both regions are: the mismatch between demand and supply of specialties in secondary vocational and tertiary education, the recent tertiary graduates are usually employed, but a significant part of them tends to

undertake placements below their qualification, the education is theoretical and inconsistent with modern expectations, there is a shortage of education programs which prepare students for competences required in the labour market, Insufficient opportunities to acquire practical experience, Career Centers at universities have insufficient, insufficient links with graduate students and educational institutions not flexible enough.

The differences between the two functional regions are reflected in the development of the economy, the labor market, and the opportunities that are provided as regional infrastructure as prerequisites for employment and in the shares of material deprivation and poverty. The ITC sector is very well-developed in the Plovdiv FR and it attracts a big part of young specialist in the region. Plovdiv is also part of the pilot project on dual training, which allows the inclusion of VET students in a real work environment and the creation of professional qualities. Another difference is that a Regional Competence Assessment Center has been established in Plovdiv, while there is none in Blagoevgrad. Another difference between the two FRs is the number of vocational centers that train young adults over 16 years of age. Vocational training centers are designed to meet the specific needs of the regions. Therefore, they provide different courses depending on the region.

Croatia: The responsibility for the connection of institutions responsible for skills formation and skills use markets lies with the regional authorities. Their role is to ensure the availability of educational institutions which will properly answer to the labour market needs. The regional and local authorities are also responsible for the implementation of national legislation and policies at the local and regional level. Relative abundance of educational possibilities in both Croatian functional regions (and in skills formation) does not automatically ensure their relevance for the labour market (the skills use markets). Participants in interviews in both functional regions highlighted the importance of relation among actors and institutions at various levels of responsibility (national, regional and local) for skills formation and skills use markets.

The differences between the two functional regions of Istria and Osijek Baranja County largely stem from differences in the social and economic conditions in the eastern and the northern costal part of Croatia. Social and economic opportunities are more favourable in the northern coastal area compared to the eastern part of the country. Istria County is situated in the northern costal part and due to its geographical position and the less noticeable war consequences, the labour market is more diverse and developed compared to the Osijek-Baranja County. The largest number of positions in Istria is offered in occupations relating to tourism. During the tourist season, the demand for workers in Istria is significantly greater than the supply.

Generally, it is possible to conclude that the current system of vocational education and training in Croatia does not ensure the acquisition of competences needed in the labour market, because the education supply and education programs are not adjusting to the new developments and circumstances fast enough. Currently, they are neither based on the market needs analyses, nor are the employment rate indicators and/or the education continuation rate of the pupils who completed vocational education followed up. Insufficient real qualifications and competences or the absence of the labour market need for available qualifications, nevertheless, factually leads to aggravated employability, thus diminishing national and individual potentials for growth and progress. The vocational education system is facing a big the challenge of continuing adjustment of the education supply and student-centred teaching methods. The content of most of the existing curricula and teaching programs is outdated and offers insufficient possibility of acquiring contemporary knowledge, skills and competences, because the dynamics of their modernization does not follow the development of new knowledge and technologies. For society, skills represent a major component of its productivity, competitiveness and innovation. An important dimension of labour market instabilities is the mismatch of supply and demand of different skills at the sectoral, regional and occupational levels. This is due to slow adjustment of skill structures in periods of rapid structural change that characterizes the post transition economy. Skill mismatches may be caused by ineffective signalling of labour market demands to education and training providers and to individuals, but they are very often a consequence of a lack of

responsiveness on the part of education and training providers to information about skills demand. Istria is not unique in having a relatively high interest for adjusting (matching) educational output with dynamic trends on the labour market. Croatia does not have a system of labour market information on occupational trends. Thus, it is impossible to specify which kinds of future requirements and unmet demands are commonly perceived.

Finland: The differences between the Southwest Finland and Kainuu regions largely stem from differences in the economic and social conditions. Life opportunities available to young people are more versatile in Southwest Finland than in Kainuu, where youth unemployment rates are higher and also the level of well-being of young people is lower than in Finland on average. There are much fewer educational opportunities available for compulsory school graduates in Kainuu than in Southwest Finland. The risk of dropping out of the standardized life trajectory is hence much more significant in Kainuu than in Southwest Finland. Furthermore, the labour market in Southwest Finland is much larger and more versatile than the labour market in Kainuu. It is more likely for young people to find employment in the open market than in Kainuu. In Kainuu, the negative population development trend is intensified by young people moving out of the region for jobs or education. One of Kainuu's main challenges, therefore, is to find a way to get people to move to Kainuu from elsewhere in Finland or from abroad.

However, despite the above mentioned differences, there is a mismatch in the demand of skills supply and demand in both regions. In Kainuu, due to a both limited higher education opportunities and young people's willingness to move away from the region without coming back, there is a demand for highly educated experts. In addition there is a demand for workers in the metal and wood industries. In Southwest Finland, there is a demand for engineers and workers in marine-, metal- and automobile industries. What is common for the both regions is that one reason for the mismatch between skills supply and demand is, at least according to the views of interviewed experts, the low-attractiveness of the traditional male-dominated industries among young people. Even though there is a shortage of labour for example in metal industry, young people's occupational aims and wishes are targeted at the fields, where employment prospects are worse, media being an example of these fields. The above-mentioned differences are reflected in regional LLL-policies as follows: while in Kainuu the social and youth policies are emphasized the most, in Southwest-Finland the focus is more on educational and labour market policies.

The differences between the regions in co-operation between the actors and institutions involved in skills formation seem to rise from practical factors like the size of the region and severity of the youth unemployment as a problem. In a smaller region, with smaller number of actors involved in education and employment issues, it seems to be easier to coordinate policies, programmes and projects related to training and tackling marginalization. One should also bear in mind that the number of persons in the target group (youth at risk, the marginalized/disadvantaged/unemployed) makes a difference for coordination of policies and measures.

In Finland the degree of public commitment to skills development for young adults is very high regardless of the region or municipality. Employers' commitment to skills development for young adults is based on the apprenticeship system, personnel training and informal workplace learning. The employer-provided personnel training is very common form of adult and lifelong learning in Finland.

What comes to the level of coordination, we can conclude that in many cases vertical coordination is quite strong, but at the same time horizontal coordination is weaker. Projects in a given region are not very well informed of each other. They mostly concentrate on carrying out their own function without having spontaneous interaction with each other. State wide policy programmes are implemented and monitored from above to make sure that the policy aims, decided by the government, will be met.

Germany: The descriptions and analysis of the Rhein-Main and Bremen FRs show that both regions are facing profound challenges regarding the diversity within the region. However, the descriptions also show clearly that the two FRs are sufficiently different in terms of their

economies, labour market developments, population and education structures to make contrasting cases, as selected and defined in the National Report on LLL policies.

The FR Rhein-Main is undergoing rapid economic changes that increases the demand for high skilled workers in a strong and dynamic labour market, while also requiring a low- or non-skilled workforce. FR Bremen faces very dynamic changes in its structure because of the economic and demographic trends in the region. With the recent structural change of the economy, the FR Bremen demands now different occupations related to the economic activities such as logistics, automotive, energy and aerospace.

Both regions have great challenges regarding lifelong learning. In the case of Bremen, the main challenges are related to the unemployment of young adults and the resulting social issues. The FR Rhein-Main will require the implementation of LLL policies with focus on further and continuing education. The two FRs display similarities for instance regarding the emphasis, in particular by the employers, on communication skills (presentation, nonverbal, writing, etc.) and command of German language (for immigrants and refugees) as a prerequisite to enter the labour market. Moreover, in both regions it is possible to see the impact of the federal agenda led by the Federal Institute for Vocational Education and Training.

The comparison of the local governance of skills systems in FR Rhein-Main and FR Bremen shows similarities and differences when contrasted with the analytical approach. The similarities are related mainly to the strong links between private companies, public sector and (public and private) educational providers. This seems to come together with more public/private commitment to skills formation and use: both public and private sector are highly involved in skills formation and share its funding. Due to the federal political system, regional actors are quite independent, however, do not enjoy complete autonomy, but are required to coordinate their actions with other actors.

Social and economic differences between the two FRs can be observed concerning the models of governance. While the state ministries in the FR Rhein-Main played an important role in the set-up of the OloV structures by funding and facilitating actors to develop a coherent strategy, the high labour market orientation and its booming market within Rhein-Main, yet the lack of trainees seems to be a strong motivation for the actors to get involved. In the FR Bremen the focus seems to be more on the young adults themselves as becomes obvious with the recently founded Youth Jobcenter, answering to a social development. Thus, regional variations between the FRs could be foreseen in so far as to the different trend of sector orientation – labour market driven in FR Rhein-Main and social policy driven in FR Bremen – meaning different kinds of actors taking on a predominant role in the coordination process.

Italy: Milan is depicted as the main business city in Italy, and Genoa is figured as a static ex-industrial area with a non-dynamic social fabric (especially considering the labour market and the entrepreneurship). Regarding the young people's conditions, we highlight better educational opportunities, training and employment in Milan than in Genoa, which presents high levels of youth unemployment and a downhill rate of youth engagement. Regarding the policy recommendations, profound differences over the two approaches exist. Milan implements more participatory policy programmes, especially for young people; offers more highly qualified job opportunities; has more medium and large enterprises; is more innovative in social policies. Milan is towed to Genoa. Genoa has been rooted for a long time in traditional policies, especially regarding training, education and lifelong learning strategies. Genoa is changing since the new local government is introducing models of funding dedicated to training initiatives basing on the actual resulting employment; moreover, it is focusing on activating a technical-professional training supply chain parallel to the university one toward the dual system's development.

Generally, social policies in Milan invest more in activating young people emphasizing the choice of individuals, trying to build a quasi-market environment, leaving to the policies' recipients the responsibility to choose how to improve their employability. GFR had traditionally a more centralized design of social policies, where the main stakeholders defined the interventions to be done, the ways to do it and the subjects that can implement it.

This difference implies a greater effort, in Lombardy and in MFR, on guidance, to make aware YA about the opportunities they can enjoy, improving self-awareness, but also providing more responsibilities. Moreover, MFR, thanks to the greater vitality of supply, can favour proactivity among YA. The opposite situation occurred in the past in GFR, where the weaker labour supply and the greater importance of skill market, joint with the greater distance from a quasi-market environment, can favour a more passive behaviour of YA. It will be interesting to observe if the recent changes in policies will produce changes in expectations and behaviour of stakeholders (particularly, YA).

Generally, MFR is more innovative and competitive than GFR: this FR is going to adopt policies closer to the MFR ones, but within a different socio-economic context. Regional and Municipal government (now right wing as in MFR) seek to use models coming from Lombardy. However, Liguria used to have a strong consociational tradition. Main actors are Regional Government and supply system, while in MFR the leading role of the regional government is so strong that can afford the direct involvement of YA and citizens through Dote Unica, strengthening participative policies with stakeholders. In this frame Lombardy Region tries to match a market model with the institutional coordination model.

The current trends show a growing orientation towards market regulation, more advanced in MFR than in GFR. What is unclear is whether the partial failure of institutional coordination systems, above all perceived in GFR, is due to the fast socioeconomic change or to the conservatism of the operators.

Portugal: In both functional regions the main institutions and actors involved in the governance of the skills ecology are mainly public schools, ruled by the Ministry of Education, and public training centres, ruled by the Ministry of Labour, Solidarity and Social Security. In spite of this similarity, a difference can be found when higher education is concerned. In VdA Region there are six higher education institutions (HEI) while in the AL Region the only private HEI closed in recent years due to a lack of students. However, some of the professional schools in AL region provide professional higher education in cooperation with polytechnic institutes.

Both regions have intermunicipal communities (the CIM-AVE and the CIMAL), as a result of the administrative organization of the country, and local development associations (the ADRAVE and ADL). Both institutions are key elements in managing the EU funding and monitoring its use. Besides these roles, CIMs have special responsibilities concerning the diagnosis of regional skill needs and the identification of the priority areas of education and vocational training.

In both regions the public commitment to the skills development of the young adults is very high. Employers are involved in skills formation markets in several ways: by offering apprenticeship and internship vacancies, taking part in the boards of professional schools and being members of training centres advisory boards. In VdA the employers' involvement is higher than in AL region because of their active engagement in the focus group for the SANQ report under the CIM-AVE coordination.

In both regions policy orientations of the actors and institutions involved in governance of the skills ecology is labor market oriented. The informants referred that the education and training provision must answer to the regional labor market needs. However, some of them criticize this functional perspective emphasizing on the one hand the humanistic dimension of education and training system, and on the other hand the heterogeneity of the companies.

The engagement of around 50 institutions in the regional deepening skills diagnosis is crucial for the definition of the education and training provision in the region but it will have little influence in what is taught in the courses. The almost total incapability to influence what is taught in the courses is a complaint in both regions. Several informants referred the ANQEP's resistance to accept changes in curricula in order to make them more adequate to the local skills needs. Despite the ANQEP's attempts to promote skills needs diagnosis at the regional level, its role in the definition of courses' curriculum remains highly centralized and untouchable. This is a rather important issue, once it affects not only the courses delivered under the Ministry of Education's supervision but also the ones provided by the Ministry of Labor, Solidarity and Social Security, through the the IEFP training centres.

The problems affecting young people in both regions have a quite different nature. They are related with the gap between young adults' professional expectations, the social status of the jobs offered, the work conditions and the wages. Low salaries, precariousness and work schedules make it difficult to socialize with peers and the enjoyment of leisure activities.

Scotland: Glasgow City Region (GCR) and Aberdeen City & Aberdeenshire Region (ACAR) present really different realities for young adults. GCR is characterized by a polarized young population in terms of educational attainment and labour market outcomes, being young adults from the most deprived areas from Glasgow City the ones most disadvantaged and struggling to attain qualifications and employment.

It is pretty obvious that the formal mapping of actors and institutions involved in the skills system are very similar in both regions. For the past years, the Scottish approach to policy making has been planning national strategies and policies at the national level that would be enacted at the regional one. This way, national policies could be adapted and tailored to the regional context and needs. This regional implementation is carried on by local and regional actors such as local authorities, regional educational institutions (schools, colleges and universities) and the regional services of Skills Development Scotland (SDS), the skills agency of the Scottish Government. Chambers of commerce and local and regional employers, third organisations and skills formation providers are also part of the picture in both regions.

However, the power of these actors and their forms of coordination really differ in GCR and ACAR. On the one hand, in GCR SDS seems to be the most powerful actor, which is present all over the skills system, has resources and partnerships in place, moves forward national policies enactment in GCR. The main mechanisms of coordination seems to be the Regional Skills Assessments (RSA) produced by SDS, based on the regional labour market needs and skills gaps to address. The regional actors try to direct their actions and activities to meet the goals proposed by SDS.

On the other hand, in ACAR neither SDS nor the local authorities seem to be the most powerful actors. Although the formal skills system is the same as in GCR none of the aforementioned institutions seems to have the power in the regional skills agenda. The oil and gas sector is the main influencer and the one steering the regional skills agenda, setting the needs and demands of the sector. The rest of actors try to feed the sector with skills formation and linkages to it. The strong economic power of the sector somehow explains its power. So, the main form of coordination among actors is via the oil and gas sector. So, it seems that the regional socioeconomic context really plays a role in the governance of the skills system in both Scottish regions.

Regardless of these differences, both Scottish regions have in common that the skills agenda is mainly planned in two ways: first, in trying to fulfil labour market needs in terms of skills by sector and level; second, in treating as key transitions for youth the one from school to further education and to the labour market later on. The actors and institutions in the two regions are very much influenced by the national policies, especially DYW and MA, which can be considered a specific initiative/strategy of the policy.

Even if the two regions have been affected by economic crisis (2008 and Brent Crude Oil Price) the institutional reaction has not been the same. While GCR has a long tradition of supporting disadvantaged youth in different life domains, ACAR institutions were not ready to support people who were in a vulnerable situation, even if to a lesser extent than in GCR. There was a lack of resources and expertise to confront an unforeseen situation.

Spain: In Girona and Malaga FRs there are two very different dynamics of planning, provision and funding of skills formation arisen from the institutional division between Education and Employment. The division is already present at the State level and is reproduced at the regional and local levels. The consequences of this gap in the two FRs are quite similar and can be summarised by the lack of coordination between the formal educational and the non-formal and employment related training systems. Despite both of them respond eventually to the European Qualifications Framework, their orientation and interventions are autonomous and, at the regional and local level, are conditioned by their

own institutional and structural characteristics and traditions.

MFR and GFR skills formation and use markets are both characterised by a pre-eminence of informal vertical and horizontal coordination mechanisms among actors rather than for the presence of stable spaces of communication. In this regard, however, it is important to stress that the SOC political strategy is progressively promoting decentralisation and closer collaboration among local agents through changes in the way of funding local initiatives. Additionally, it seems to be also establishing vertical coordination mechanisms to improve its response to regional particularities and needs. Conversely, Andalusia is carrying on a process of centralisation to strengthen the control over the resources due to the detection of massive fraud in the skills occupational formation provision. This situation has led to the predominance of informal coordination spaces at the local level above more institutional ones. In this sense, political orientation in both regions diverge.

The rigidity of the CNCP has been pointed by experts in both regions as a crucial problem when trying to improve the fit of the training activities to the needs of the labour market. This rigidity is also present in the lack of autonomy of the Autonomous Communities, the regions and the localities regarding Active Labour Market Policies. In this sense, public administration don't look able, from the State level, to deal with all the regional particularities but, on the other hand, it does not appear as trying to improve its adaptation by means of decentralisation and autonomy policies.

The economic crises has had in the two regions the effect of increase the demand of training from the youth. Thus, the demand of vocational training from both the Education and the Employment sub-systems has grown. However, young adults in both regions have problems to access to the labour market not only because of their professional qualification but also because of their lack of professional experience. In this sense, the Youth Guarantee Scheme, which intends to provide training or professional experience to youngsters, has been underdeveloped in the country at least in the second of its aims. In fact, the gap between the potential and the actual beneficiaries has been highlighted in the two regions.

Youth unemployment rates are defined as an important problem in both regions and by many different actors and documents. Despite of the differences between MFR and GFR, there is a central similarity regarding the broad understanding on how these rates have to be reduced. This is, on the one hand, it is recognised that the economic crisis is financial and speculative. However, on the other, solutions are placed at the individual level: increase people training, adaptability, confidence or motivation. For instance, both regions together with the Spanish administration have been promoting strategies of fighting unemployment by training and not by intervening on the labour market conditions.

Both regions seem to be affected by what we have presented as 'market of training courses' stimulated by the particular structure of their funding. Bureaucratic survival of some private and public providers in the two regions has been grounded on this structure for a long time and changes, even when promoted by high range agencies (as in the case of GFR), face large resistance. In this sense the importance of the organisations' inertia do not has to be underestimated.

Conclusions: The brief summaries for each country denote a series of similarities and differences across regions and countries. The number of institutions involved in the skills formation and skills use system are quite similar across regions and countries, but their policy orientations, power and activities are quite diverse. While in some countries, the regional actors are more powerful, in others the national/central actors are the ones in charge. What is common to most regions is the recognition that the regional socioeconomic context plays a key role in the governance of the skills system and the implications for young adults. The existing types of skills gaps and (mis)matches quite differ across regions within and between countries, affecting the available opportunities for young adults in each region. Given the wide and rich results presented in the nine national reports, we can conclude that the framework applied to describe and analyse the regional governance of the skills supply and demand has been useful and adequate.

3. Deviations from the Work plan

There have been two slight variations from the work plan:

The first one is that the preparation of the WP6 proposal started three months in advance (July 2016 instead of November 2016), as the GU team considered a good literature review of the subject crucial for the quality of the work in WP6.

The second one is that WP6 was supposed to make an in depth use of the empirical material of WP4 and WP5. However, the overlap of the fieldwork of the three WPs made it challenging to use the material in the analyses of WP6. All national teams have put in their highest endeavors to meet this challenge for the national report.

4. Performance of the partners

All partners have fulfilled their tasks satisfactorily. They have generally provided good quality outputs and have met the important deadlines.

5. Conclusions

The Full Assembly deems this deliverable to be fulfilled satisfactory.

Annex – National Reports



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Comparative Analysis Skills Supply and Demand**

National Reports

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Work Package 6

Comparative Analysis Skills Supply and Demand

Austria National Report

University of Vienna (UNIVIE)

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Project Coordinator:	Prof. Dr. Marcelo Parreira do Amaral (University of Münster)
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Executive summary

In this report, we analysed the skills supply and demand as well as their governance for the two Austrian regions of Vienna and Upper Austria. Contextual information on the economic and social structure of the two regions served as analytical background. Considering the regional structural specifics, we started by identifying the most relevant actors involved in the governance of the skills system, subsequently described the functions of these actors within the system and it is regulated. We continued by analysing the actors policy orientations and the forms of coordination they engage. In the last part of this report we assessed the quality of skills available in the two regions.

The main results are the following: The two regions of Vienna and Upper Austria differ very much regarding their economic structure, with Upper Austria being one of the centres of industrial production in Austria and the strong relevance of the service sector in Vienna. However, even though the context is quite different, we still found more similarities than differences between the two skill systems. The differences we found between the skills systems in Vienna and Upper Austria concern the specific skills demanded and supplied, rather than the actors involved in the system or the relations among them. In terms of skills supply the share of young adults with high-level and low-level qualifications is higher than the Austrian average, while medium-level skills are the most common in Upper Austria. The demand of skills is in both cases defined by the economic structure of the region. But looking only at skills formation in LLL programmes for young adults in vulnerable situations, also skills formation is very similar in the two regions, as the problems faced in both cases do differ rather in quantity than in quality. The most pressing problems identified in both regions are individual and social problems connected to young adults' early exit from the education and training system and the related consequences. We think that formal skills formation is strongly influenced by skills use. In LLL programmes, however, we see that skills formation is only partially influenced by specific skills demands. Many programmes rather reflect the importance of dual VET within the Austrian education system. The focus therefore is more on facilitating access and completion of dual training, rather than focussing on specific skills.

Based on the number of available regular apprenticeship positions in Vienna and Upper Austria, we can say that private commitment to skills formation is higher in Upper Austria. Regarding LLL programmes, however, we could not detect any major differences in the degree of public and private commitment to skills formation. In terms of coordination between different actors, we think that the decentralized organizational structure of actors in Upper Austria has led to better coordination networks than in Vienna. The decentralization in the case of Upper Austria, increases the complexity of governance processes. We could find more established networks among different actors as well as among the different local sub-organizations of one type of actor.

Even though the educational structure of young adults in Vienna and Upper Austria differs, the characteristics of young adults with difficulties entering the labour are the same in both regions. Particularly young adults with low-level skills and low formal educational attainments face a higher risk of unemployment. Other individual factors negatively influencing labour market integration are a lack in motivation and lack in practical experience as well as a lack in basic skills, soft skills, learning skills and life skills. However, there are differences in quantity between the two regions regarding this social problem. In Vienna, with its higher share of young adults exiting the education system at an early stage, the number of young adults in unemployment is much higher. Skills deficits can partly be explained by the structural features of the Austrian education system. However, attempts to explain

unsuccessful labour market integration of young adults one has look beyond skills formation and keep in mind structural economic changes that translate into a scarcity of jobs and changing forms of employment as well.

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1 Introduction

The main objective of WP 6 is to describe and understand the governance of the supply and demand of skills within and across the functional regions under study in the YOUNG_ADULLLT project. The project refers to the regional supply and demand of skills within the regions specific context as the regional *skills ecology* and to the demand and supply of skills formation and skills use as the regional *skills system*. Each partner country describes and analyses the governance of the skills system in the two functional regions under study, which will allow further comparison of cases. In the present case, the national report for Austria provides an analysis for the functional regions of Vienna and Upper Austria. These are the two functional regions selected for in depth analyses across the whole YOUNG_ADULLLT research project.

In order to describe and understand the governance of regional skills in Vienna and Upper Austria, four main tasks are performed:

1. Identifying and mapping the actors, institution, structures and their main activities relevant to the regional governance of the skills system
2. Analysing the main actors' policy orientations (interests, frames of reference), as well as their power to influence skills formation, LLL policies and activities for young adults
3. Understanding the level and forms of coordination of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults
4. Reporting and assessing evidence on the quality and the relevance of the skills developed and provided by young adults in the workplace and society

The work of WP 6 complements and has been developed in coordination with the rest of empirical working packages. However, one of the main differences is that the unit of analysis in WP 6 is the region. WP 3 (*Policy Mapping, Review and Analysis*) focused on policies targeting young adults, WP 4 (*Quantitative Analysis of Young Adults' Living and Social Conditions*) on young adults and WP 5 (*Qualitative Research with Young Adults*) on young adults participating in the policies under study. Although WP 6 does not focus on specific policies but on the overall pool of available skills in the regions, the work undergone in WP 3 has facilitated the identification of main actors involved in the regional skills systems.

The work developed in WP 4 has been crucial to frame and contextualise the socio-economic context of the regions under study. Previous work on skills supply and demand tends to focus on national averages, ignoring regional and local differences. Gathering data that considers regional characteristics facilitates the understanding of different forms of governance of the regional skills system. Finally yet importantly, the empirical material gathered in WP 5 and the analyses developed in parallel to the current work for WP 6 have served as a way to contextualise the opportunities of young adults in each region. The interviews conducted with policy makers, practitioners and young adults involved in the policies mapped in WP 3 have further facilitated the understanding of the regional resources, objectives and priorities in terms of skills. The work currently developed in the WP 6 national report also aims at feeding and facilitating the tasks of WP 7 (*Regional Case Studies*) and WP 8 (*Comparative Analysis and Reporting*).

In this initial framework, it is important to describe and differentiate two relevant terms: the skills system (constituted by the two sub-systems of *skills formation* and the *skills use*) and

the skills ecology (see figure 1). In each one of these sub-systems there is a supply and demand for skills. Local, regional, national and supranational actors and institutions might be involved either in one or in both sub-systems and develop their activities, which jointly constitute the skills system.

Skills systems are framed in a regional and national socioeconomic context, which is likely to differ from one region to another and across countries. The skills system is not impermeable to its context, which is also likely to vary across time. Therefore, the regional context is likely to affect the actors and institutions and their activities. Conversely, these actors/institutions and their activities might also have an influence in shaping the local/regional context.

The combination of the regional skills system into the regional context constitutes the regional skills ecology. Thus, the interest of this WP 6 national report resides in understanding the regional governance of the skills system in Vienna and Upper Austria, assessing to what extent it is influenced by its regional socio-economic context.

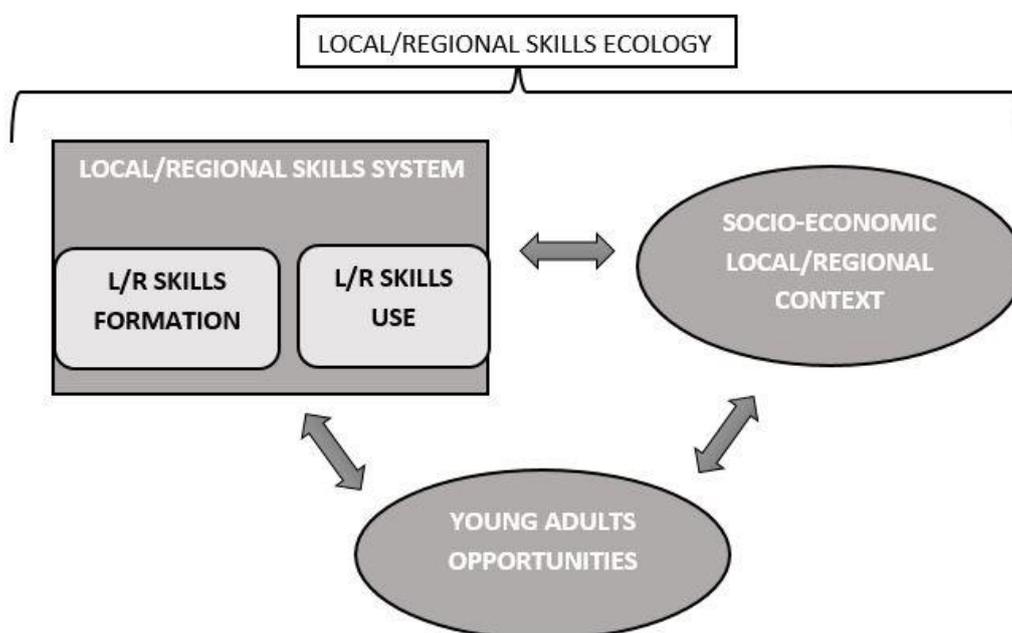


Figure 1: Skills system, context and skills ecology

The definition and use of the term skills itself and how it is understood in this report has to be clarified before continuing. Some of the definitions for 'skills' provided by Merriam Webster are: 'the ability to use one's knowledge effectively and readily in execution or performance' and 'ability that comes from training or practice' (Merriam Webster online dictionary). In comparison to the definitions of 'competence' or 'capability', among others defined as 'the ability to do something', with 'skills', the focus is on knowledge acquisition through practice and its application. Skills are applicable on more specific actions. The term itself is connected to the discourse on 'human capital'. The term 'human capital' denoting the on the labour market exploitable characteristics of people, implying a reduction of humans to their economic exploitability (Ribolits 2006). This is also how the term 'skills' is used in this report. The focus is on skills that are useable on the labour market, 'acquired' through formal and non-formal education and training. This report does not talk about competences and capabilities that young adults informally learned by engaging in social interaction, by just being part of society. And it is not about the broad range of competences and capabilities

that are needed for society to 'work', like for example democratic competences. Throughout reading this report it has to be kept in mind that the application of the term 'skills', as an analytical concept, implies a problematic notion of human competences and capabilities, which are not going to be solved within this report.

Even within this already narrow notion of skills, we have to be more specific before continuing. The objective of WP 6 is to provide insights into the skills systems of the regions selected. Considering the topic of the YOUNG_ADULLLT project, namely LLL policies, and the target group of young adults in vulnerable situations, this report predominantly focusses – at least where we talk about skills formation – on skills formation of young adults in vulnerable situations via LLL policies and the governance of this specific part of the skills system. These are two limitations of this report, which is structured as follows.

This report is organised in eight main sections. Following this introduction, the methodology used to develop the analyses is described and discussed (section 2). Then the analyses for Vienna and Upper Austria are presented. These analyses include information on socio-economic and labour market context of the regions (section 3), the mapping of the main regional and local actors, institutions and structures involved in the skills system (section 4), descriptions of the skills systems (section 5), an analysis of the governance of skills (section 6), the assessment of the quality and use of skills at the regional level (section 7). The implications for young adults in the region are derived from these analyses and presented together with a comparison and the conclusions in section 8.

Initially it was planned to present the results for the two regions separately to facilitate the cross-country comparison of regions. However, in the course of the analysis we found, that the governance of the skills systems in the two Austrian regions under study are quite akin. To prevent repetition, we have decided to present the results together. However, we will point to the particularities of both regions at the end of each section and sub-section. The main difference between the skills systems of the two regions are due to their economic structure. This very much translates into a specific educational structure in both regions. Considering LLL policies for young adults in disadvantaged situations, however, the specific programmes implemented and the governance of the same do not differ that much. Anyway, we will give specific attention to the economic structure of both regions.

2 Methodology

The main intention of WP 6 is identifying the institutional actors involved in the supply and demand of skills and understanding how they govern, manage and coordinate their activities as well as understanding the implications for young adults. To attain WP 6's main objective of describing and understanding the governance of the supply and demand of skills within and across the regions under study, the work to be done involves the four specific objectives, previously mentioned in the introduction section.

As within the rest of the WPs constituting the YOUNG_ADULLLT project, the main theoretical frameworks driving the analyses are the Life Course Research (LFR), the Cultural Political Economy (CPE) and the Multi-level Governance framework (GOV). Although WP 6 includes the three theoretical perspectives, the GOV and the CPE perspective are central to the analytical approach employed. The GOV framework plays a key role in identifying relevant institutional actors involved in the regional activities influencing young adults' skills formation and skills use. It also contributes to the understanding of the interplay among institutions involved at different levels of governance (task 1). However, the interactions

among institutional actors are not random. The CPE framework can help to understand institutional actors' activities. Institutions usually detect and consider problems when some changes are experienced at the local, regional, national or supranational level (variation). The activities/policies institutions decide to take part in (selection) and promote (retention) are based on the creation of a target group and the problematisation of the situation of this target group. In this sense, the WP 6 national report takes into account the CPE approach when considering the nature of the activities related to LLL for young adults and the policy orientation (interest, frames, incentives) of the institutions involved (task 2), as well as the (in)existence of coordination and their various forms (task 3). Finally, the way in which institutions interact and decide to place specific activities/policies for young adults and coordinate them is likely to influence young peoples' lives. Therefore, from a LCR perspective, the governance of the regional skills system is likely to influence the expectations, opportunities and lives of young adults. The (mis)match between young adults' skills, expectations and ambitions and the opportunities available in their region also influences their lives (task 4).

The empirical evidence to attain these objectives comes from different sources. The main ones are the semi-structured interviews with representatives from key regional institutions involved in the governance of the skills system and grey literature on skills in the region. In the following (table 1, 2 and 3), the experts interviewed for Vienna and Upper Austria and the documents revised are listed. Concerning the selection of experts for interviewing, we draw on the actors and institutions identified as most relevant in the governance of the skills system in Vienna and Upper Austria (see section 4). For Vienna we identified twelve and for Upper Austria eleven institutional actors or types of actors, we consider most influential. The research framework for WP 6, however, did not foresee to interview representatives of all the actors identified. We made a selection of five interview partners respectively, based on the insights we had into the field of skills governance at the very beginning of us working on the topic. We were not able to include the perspectives of all actors involved in skills formation. In particular, we did not include the view of young adults' representatives on skills formation. Reading this report, this has to be kept in mind.

Table 1: Interviewees for Vienna

Institution
Municipality of Vienna (Stadt Wien)
Vienna Employment Promotion Fund (Wiener Arbeitnehmerförderungsfond, WAFF)
Vienna Public Employment Service (Arbeitsmarktservice, AMS)
Federal/Vienna Chamber of Labour (Kammer für Arbeiter und Angestellte, AK)
Vienna Chamber of Commerce (Wirtschaftskammer Wien, WK)

Table 2: Interviewees for Upper Austria

Institution
Upper Austrian Administration (Amt der oberösterreichischen Landesregierung)

Upper Austrian Forum for Adult Education (Erwachsenenbildungsforum Oberösterreich)
Upper Austrian Public Employment Service (Arbeitsmarktservice Oberösterreich)
Upper Austrian Chamber of Labour (Arbeiterkammer Oberösterreich)
Institute for Business Development (Wirtschaftsförderungsinstitut, WIFI)

Table 3: Documents reviewed

Austria

Schmid, Kurt; Winkler, Birgit; Gruber, Benjamin (2016b) Skills for the Future. Zukünftiger Qualifizierungsbedarf aufgrund erwarteter Megatrends. Analysen und Befunde auf Basis der IV-Qualifikationsbedarfserhebung 2016. ibw-Forschungsbericht Nr. 187, Institut für Bildungsforschung der Wirtschaft (ibw), Wien.

Schmid, Kurt; Winkler, Birgit; Gruber, Benjamin (2016a) Skills for Today. Aktueller Qualifikationsbedarf und Rekrutierungsschwierigkeiten. Analysen und Befunde auf Basis der IV-Qualifikationsbedarfserhebung 2016. ibw-Forschungsbericht Nr. 185, Institut für Bildungsforschung der Wirtschaft (ibw), Wien.

Lassnigg, Lorenz; Skriner, Edith; Bock-Schappelwein, Julia; Horvath, Thomas (2013) Analyse der Datengrundlage zum künftigen Qualifikationsangebot und –bedarf in Österreich. Projektbericht. Im Auftrag der Kammer für Arbeiter und Angestellte für Wien. AK Wien, Wien.

Vienna

Arbeitsmarktservice Österreich (2017a) AMS-Qualifikationsstrukturbericht 2015 für das Bundesland Wien. Arbeitsmarktservice Österreich, Wien.

Schneeberger, Arthur; Petanovitsch, Alexander (2010) Bildungsstruktur und Qualifikationsbedarf in Wien. Trendanalysen und Zukunftsperspektiven. ibw-Forschungsbericht Nr. 159, Institut für Bildungsforschung der Wirtschaft (ibw), Wien.

Upper Austria

Arbeitsmarktservice Österreich (2017b) AMS-Qualifikationsstrukturbericht 2015 für das Bundesland Oberösterreich. Arbeitsmarktservice Österreich, Wien.

Schneeberger, Arthur; Dornmayr, Helmut; Petanovitsch, Alexander; Nowak, Sabine (2012) Fachkräftebedarf der Wirtschaft in Oberösterreich. Trends und Perspektiven. ibw-Forschungsbericht Nr. 168, Institut für Bildungsforschung der Wirtschaft (ibw), Wien.

The semi-structured interviews have been transcribed and their content has been analysed based on the CPE and GOV approach. Information gathered in the interviews has been used to improve the mapping of actors and institutions, to better know and understand their policy

orientations, interactions and forms of coordination with the rest of actors.

The grey literature on skills formation and use in the respective regions deemed relevant has been systematically reviewed. Information on the quality and use of available skills at the regional level and the way it is assessed by the most relevant institutional actors within the skills system (e.g. positive, desired, negative....) has provided relevant information for assessing the quality and use of young adults skills in the regional skills system.

In addition to the interview's transcriptions and the grey literature, other sources of empirical evidence to attain the objectives of this WP 6 national report have been the WP 3 Austrian national report on *Policy Mapping, Review and Analysis*, the policy documents reviewed in WP 3, the websites of the main institutions involved in the regional skills system in each region and the informal contact with key informants from the studied institutions. Interviews conducted within WP 5 with policy makers, street-level bureaucrats and young adults have also served as background information to support and contrast information available in the rest of empirical material. Quantitative indicators from WP 4 have been used to provide contextual information on the two regions of Vienna and Upper Austria.

Table 4 below summarises and links the objectives of the national report with the main research questions, the theoretical approaches and the empirical evidence and methodology used to answer the questions.

Table 4: Links between objectives, questions, theory, evidence and methods

Objectives	Questions	Theoretical framework	Empirical Evidence	Main methodology
1. Mapping of actors and institutions	Which are the actors and institutions involved in the governance of the skills ecology?	GOV	Policy documents Websites Interviews	Content Analysis
2. Policy orientations	What is the perception of actors of the main economic and social challenges of the region? Which is the degree of public and employers' commitment to skills development of young adults in the region? Which are the policy orientations of the actors and institutions involved in the governance of the skills ecology?	CPE	Interviews Policy documents	Content Analysis
3. Level and forms of coordination	Which is the relationship between the local and national authorities regarding LLL and skills activities? How do actors and institutions coordinate	GOV CPE	Interviews Policy documents Interviews WP5	Content Analysis

	<p>their activities? Which mechanisms do they use?</p> <p>Which actors have an influence in what is taught in LLL courses in the region?</p> <p>Which actors influence the decision of which skills are considered as relevant/needed at the local level?</p>			
<p>4. Types of skills (mis)match</p>	<p>To what extent are young adults affected by the types of (mis)matches taking place in the skills formation and use markets?</p> <p>How do they affect their lives' opportunities and outcomes?</p>	<p>LCR</p> <p>CPE</p>	<p>Grey literature</p> <p>Interviews</p> <p>WP 4 indicators</p>	<p>Content Analysis</p>

3 Contextual information

In this section we provide some contextual information that serves as frame to better understand the results presented in the subsequent sections. We start with a basic description of the Austrian education system and Austrian labour market policy and continue with the description of the socio-economic context for Vienna (section 3.2) and Upper Austria (section 3.3).

Austria is populated by slightly more than eight and a half million inhabitants and characterized by a strong de-facto federalism. This implies that in many policy areas, for which the regional states are responsible, regions show differences that are not expressed by aggregated data at national level. In descriptions that follow, we used data collected for WP 4. Data was collected at national (NUTs 0) and regional (NUTs 2) level according to six dimension of living conditions of young adults agreed upon in the WP 4 research guidelines. Eurostat online databases at aggregated national and regional level and micro data from different surveys (LFS, EU-SILC, PISA, PIAAC) were used as sources. The main corpus of data was complemented by data collected at the regional level, coming from different sources and made available by *Statistik Austria*.

3.1 Education and labour market policy in Austria

The Austrian education system is characterized by the early tracking of pupils. The first division into tracks takes place after the fourth grade (at the age of ten), at the beginning of lower secondary education. The two tracks at this stage are New Secondary School (*Neue Mittelschule*, NMS) and the lower cycle of Academic Secondary School (*Allgemeinbildende höhere Schule – Unterstufe*, AHS). At the beginning of upper secondary education, the system is made up of four main tracks. After completing lower secondary school, roughly, 80 % of youngsters of each age cohort enter the VET system. Out of these 80 %, 37 % enter dual apprenticeship training and 43 % start a school for intermediate vocational education (*Berufsbildende mittlere Schule*, BMS) or a college for higher vocation education (*Berufsbildende höhere Schule*, BHS). The VET system is highly diverse with many different programmes and with a range of options for students to access tertiary education upon completion. Social partners¹ play an important role in the development and management of the VET system. The remaining 20 % of each age cohort, that do not enter the VET system, participate in the upper cycle of Academic Secondary School. In 2013, the public expenditure on the education system in Austria was equivalent to 5.6 % of the national GDP, but the expenditure per student in vocational programmes was higher than for general programmes (16,554 against 13,260 US dollars), confirming the relevance of vocational education and training in Austria.

¹ In the Austrian context, the expression “social partners” refers to institutionalized interest representatives which are strongly involved – formally and informally – in political decision making. Representation takes mainly place based on the status within the labour market or within the education system. Membership in some of the interest organizations is legally binding while it is voluntary in others. In what follows, if not stated differently, we use the term “social partners” to refer to the Chamber of Labour, the Federation of Trade Unions, the Chamber of Commerce and the Federation of Industries.

The various branches and school types within the formal Austrian education system are managed and funded by different institutional actors. Education policy in general is part of the purview of the federal administration, i.e. mainly the Ministry of Education. However, all types of compulsory schools, are managed by regional administrative bodies, while AHS, BMS and BHS are managed on federal level. Particularly the municipalities play a minor role within the organization and management of the school system and the single schools themselves take only around one third of the decisions taken within the educational system (OECD 2016). Besides the Ministry of Education, the second relevant institutional actor on federal level is the Ministry of Science, Research and Economic Issues, among others responsible for tertiary education and – together with the Chamber of Commerce – for the administration of the dual apprenticeship system. Private actors play a crucial role in apprenticeship training. Besides, however, the share of private actors' involvement in the formal education system is rather low. Austria has been classified as “coordinated market economy” (Hall and Soskice, 2001). In terms of skills this implies the following: “Because coordinated market economies typically make extensive use of labour with high industry-specific or firm-specific skills, they depend on *education and training systems* capable of providing workers with such skills.” (ibid: 25, emphasis in original) This means, that the VET system and in particular dual VET plays a comparatively important role within this type of economy.

The Austrian labour market displays, according to OECD data, an intermediate degree of employment protection, as the relative index (measuring the procedures and costs involved in dismissing individuals or groups of workers and the procedures involved in hiring workers on fixed-term or temporary work agency contracts) remained stable in the last years, being up to 2.37, less than countries like Germany, Italy or Portugal, but more than Finland, Spain and United Kingdom. The Austrian expenditure on labour market policies was equal to 2.26 % of its GDP in 2015. In detail, 0.58 % of GDP was devoted to active measures that aim to improve the employability of LMP target groups. Within this amount, the largest share is invested in the funding of training activities, covering 0.46 % of GDP. In the same year, the amount of resources invested in labour market services was equal to 0.18 % of GDP.

3.2 Socio-economic contextualisation for Vienna

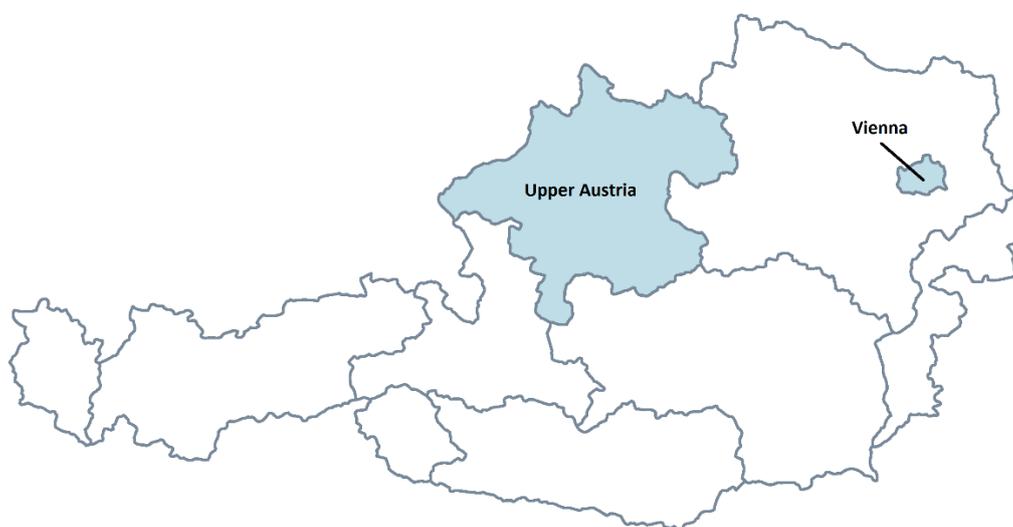


Figure 2: The two Austrian regions of Vienna and Upper Austria

The region of Vienna is situated in the Northeast of Austria (see figure 2). Vienna is the capital and the largest city in Austria, with 1.8 million inhabitants, making up around 20 % of the Austrian population and accounting for more than 25 % of value creation in the country. The leading role of Vienna in the Austrian economy is confirmed by the high GDP per capita (44,700 euro per inhabitant, as opposed to 36,900 in Austria). Real GVA at NUTs 2 level has been continuously growing in the last years, at a faster pace than the Austrian average. Approximately 86 % of the Viennese gross product is created in the tertiary sector and approximately 14 % in the secondary sector. The structure of the Viennese economy is characterized by the growing number of people employed in the service sector (currently around 85 %), especially in sub-sectors like accommodation and gastronomy, finance and insurance services, knowledge-intense corporate services, education and teaching as well as health and social services (Eichmann et al., 2015; Stadt Wien, 2015). Moreover, as the capital of Austria, Vienna offers a relative high amount of jobs in the public administration (7.5 % of total employment). Expenditure in research and development is high with respect to the national and European average, especially in the government sector (205 million in Purchasing Power Standard were invested in the region of Vienna, on a total of 390 million in Austria in 2013). The percentage of researchers in the economy reaches the notable peak of 2.33 % in the region of Vienna, while employment in education is continuously growing and was equal to 8.7 % in 2014. Finally, people employed in the health sector and in social work make up almost 11 % of total employment.

The youth population is relatively larger in the Vienna region with respect to the Austrian average, as people aged 20 to 24 and 25 and 29 account for 7.3 % respectively 8.5 % of the total population. This is also related to an increasing number of migrants and refugees coming to Vienna. The crude rate of net migration rose up to 21.6 % in 2015. The demographic structure of the region is strongly connected with migration dynamics, as more than 40 % of the population has a migration background². Young people show an increasing participation in the education system, particularly at the higher levels: The rate of students in tertiary education, as percentage of the population of 20 to 24 years old was equal to 151.4 % in 2012. Conversely, the role of dual education in Vienna appears limited with respect to the Austrian average. During the school year 2013/2014, Viennese pupils in their last compulsory school year (9th year, age 14-15) were distributed over the different school types as follows: 37 % attended academic secondary school (upper cycle), 29 % colleges for higher vocational education, 15 % schools for intermediate vocational education and 13 % pre-vocational school, preparing for apprenticeship training.

As for educational attainments, the percentage of low-educated 30 to 34 years-old, having a lower secondary qualification as highest educational attainment (ISCED 0-2), increased after 2014, reaching a peak of 17.3 % in 2016. The percentage of early school leavers among 18-24 year olds, on the other hand, is comparatively low (9 % in 2014) in European perspective, but higher than the Austrian average. Higher education attainment (ISCED 5-8) is the most widespread qualification in the region among those aged 30 to 34, with no gender difference (48.8 % for males and females), while the rate of young adults having an upper secondary non-tertiary degree as maximum qualification is 37.2 %. This data confirms the strength of the higher education sector in the Vienna region. Lower activity rates of youth (working or actively searching for a job) also confirm that young people tend to spend more time in education, especially at the tertiary level.

² Meaning that a person herself or both her parents are born outside of Austria.

Looking at young people in the labour market, the Viennese context is generally marked by better conditions than the European average. However, the transition between education and the labour market seems to pose some specific challenges. The rate of young people aged 15 to 24 out of education and not employed (NEET) was equal to 11.1 % in 2015, higher than the Austrian average (7.5 %). Similar dynamics are confirmed if we look at youth unemployment: young people in Vienna face more risks of exclusion from the labour market than their Austrian peers, as the unemployment rate of those aged 15 to 24 peaked up to 19.4 % in 2012 and was equal to 18 % in 2015. Young males in Vienna appear to be particularly at risk, as their unemployment rate is 21.9 %, above the EU27 average of 21 %, and strongly rising after 2012. Conversely, after a peak of 18 % in 2012, the share of young women unemployed has fallen to 14.1 % in 2015.

On the one hand, due to the structure of the Viennese economy, the demand for high-level and medium-level skills in Vienna is quite high, as we will point out in the course of the report. On the other hand, young adults' educational attainments tend to polarize on the lower and the higher end of the spectrum. This leads to specific challenges in matching young adults' skills levels with existing and future skills demands, for the young adults themselves as well as for institutions engaged in the matching processes. The main existing challenge (that is likely to increase in importance) is to enable young adults' continuing participation in the education system and thereby increasing the likelihood of attaining medium-level or high-level skills and educational qualifications. However, the early tracking within the Austrian school system, its double structure and the segregation this creates at lower secondary level currently provides an institutional obstacles in meeting this challenge.

3.3 Socio-economic contextualisation for Upper Austria

Upper Austria is located in the North of Austria (see figure 2) and it is the third largest Austrian federal state in terms of its population. The regional capital of Linz is the third largest city of Austria. Upper Austria is one of the major centres of industrial production in Austria, covering around 25 % of the Austrian industrial production, particularly steel production and automotive supply. In 2010, 5.5 % of the gross product was made in the primary sector, 30.3 % in the secondary, and 64.3 % in the tertiary sector. In 2013, around 6 % of the workforce was employed in the primary sector, 30 % in the secondary and 64 % in the tertiary sector. GDP per capita was slightly above the national average in 2015 (37,700 euro per inhabitant) and the regional GVA is gradually increasing since 2006.

Employment in the public administration covers 6.2 % of total employment, the shares of employment in education and in health and social work cover 5.7 % respectively 9 % of total employment. In all these indicators, the region performs slightly worse compared to the national average. As for innovation in the economic system, expenditure for research and development in the business enterprises sector is much higher than the Austrian and the EU average (in PPS per inhabitant at constant 2005 prices: 910.5 euro in 2014), while the investment of the government sector in research and development is far below the Austrian average (10.1 euro per inhabitant in 2014 for a total of 16 million in PPS). The percentage of researchers in all the sectors of the economy is 1.59 %.

As far as young people are concerned, the structure of the population closely resembles the average Austrian profile: people aged 20 to 24 and 25 to 29 account for 6.3 % respectively

6.5 % of the total population. Moreover, approximately 17 % of the population has a migration background and migration dynamics are becoming way more relevant in the region: the net migration rate has grown to 10.8 % in 2015.

Participation in the education systems appears to be connected to the regional structure of the labour market, and to the features of the job demand expressed by a strong industrial production. Data shows that young people participate particularly strongly in upper secondary education (ISCED 3-4), while the rate of higher education students (ISCED 5-8) among the total population aged 20 to 24 is quite low (40.4 % in 2012). With respect to Vienna, vocational education and the dual apprenticeship system play a more prominent role in structuring the transition from school to work in Upper Austria. Coherently, having an upper-secondary non-tertiary degree as maximum qualification is the most common situation among people aged 30 to 34 in Upper Austria (57.6 % in 2015), especially among men (59.9 %). On the one hand, secondary education appears to be quite comprehensive among young adults, as only 7.8 % of the population aged 30 to 34 in 2014 was made up by low-educated. However, 8 % of young people aged 18 to 24 were early leavers from education and training in 2014. On the other hand, only 33.1 % of those aged 30 to 34 have a tertiary education degree. Here, women tend to be more educated than men (34.6 % against 30.4 %).

In Upper Austria, young people tend to spend less time in education, especially vocational education, thus entering the labour market earlier. This is confirmed by the high labour market activity rate of those aged 15 to 24 (62.9 %) and by the high employment rate of the same age group (57.3 % in 2015). Looking at these indicators, Upper Austria ranks very high among all the regions analysed within the YOUNG_ADULLLT project. As far as unemployment risks of young people are concerned, the link between the upper secondary vocational education sector and the industry-oriented economic structure proves to be quite strong in Upper Austria. The NEET rate, measuring the percentage of young people aged 15 to 24 out of education and not employed, is very low with 5.9 % in 2015. The matching between job offers and demands is quite favourable with respect to the overall Austrian situation, as youth unemployment for young people of 15 to 24 years old was equal to 9 % in 2015, 9.5 % for men and 8.5 % for women, even if showing some increase after 2008, probably due to the impact of the economic crisis.

Due to the specific economic structure in Upper Austria young adults face specific challenges and are confronted with specific skills demands. Experts on the Upper Austrian skills system in particular stressed that the *changing economic structure* is posing challenges for young adults with low-level skills. Whereas in earlier decades a sufficient number of unskilled jobs was available, this number has already decreased substantially and is further decreasing because of increasing skill demands in almost all occupational profiles. Corresponding to higher skill demands, participation in education and training among the Upper Austrian population is also increasing. This means that the number of people with low-level skills has also decreased. However, the situation for people with low-level skills has gotten more difficult; particularly, because job opportunities and opportunities for occupational upward mobility for people with low-level skills have decreased. We can say that the problems connected to low-level skills profiles has decreased in quantitative terms, but has increased in qualitative terms. For young adults this implies, that entering the labour market via unskilled jobs makes it more and more likely to stay at this occupational level and not being

able to improve one's position on the labour market. This development points to the importance of young adults acquiring medium-level and high-level skills before entering the labour market.

4 The main actors involved in skills supply and demand in Vienna and Upper Austria

After providing a short description of the respective socio-economic contexts, this section presents an overview on the main actors and institutions involved in the governance of the skills system in Vienna (section 4.1) and Upper Austria (section 4.2). The main actors identified can be located at local, regional or national level. As pointed out in the introduction of this report, the two regions under study show a high degree of similarity regarding the governance of their skills systems. This implies among others, that the main institutional actors involved are more or less the same in both regions. This is not only true for the ones that can be located on national level, but also for the regional ones. For example: the Chamber of Commerce is an important institution within the governance network of the skills system in Vienna and of the skills system in Upper Austria. Reflecting the federal organizational structure of the Chamber of Commerce, the regional office for Vienna is involved in the skills governance in Vienna and the regional office for Upper Austria is involved in the skills governance in Upper Austria.

4.1 Description of the main actors in Vienna

For Vienna, we identified the following twelve most relevant institutional actors and/or types of institutions that are involved in the governance of the regional skills system. A brief introduction to each one of them follows. A more standardized description of each of these institutions and their engagement in skills formation and use is available in the annex.

> Young Adults

Young adults in the age range between 18 and 29 years made up 17.9 % of the Viennese population at the beginning of 2017 (Statistik Austria 2017). Young adults are represented by interest representatives according to their status in the labour market respectively their status in the education system. The first of the two relevant representative bodies according to participation in education is the Federal Students Representation (Bundesschülervertretung, BSV), representing students in the three main tracks of upper secondary education: academic secondary school, colleges and schools for vocational education and part-time vocational schools (dual system). BSV is composed of nine regional sub-organizations. The Austrian Tertiary Students Federation (Österreichische Hochschüler*innenschaft, ÖH) represents students in tertiary education and is organized at federal and university level. Besides, the Federal Youth Representation (Bundesjugendvertretung, BVJ) functions as representative body for children, youth and young adults up to the age of 30 years.

> Federal Ministry of Education

The Ministry of Education (Bundesministerium für Bildung, BMB) is of special interest for the YOUNG ADULLLT project as besides being responsible for the administration of the Austrian school system it funds and coordinates programmes and measures in the fields of inclusive learning and basic education for adults. Some of these programmes have a special focus on the target group of young adults between 18 and 29 years of age. Besides, the ministry of education is one of the main actors in developing and coordinating the implementation of

national strategies like the Austrian strategy for lifelong learning or the strategy aiming at the reduction of early school-leavers. Education policy – and therefore also the ministry of education – traditionally is a field in which the Social Democratic Party has a strong influence.

> *Ministry of Science, Research and Economic Affairs*

Within the scope of the YOUNG ADULLLT project, the ministry's purviews of 1) funding universities and 2) administrating the dual apprenticeship system are of specific interest. Regarding the administration of the apprenticeship system the Ministry of Science, Research and Economic Affairs (Bundesministerium für Wissenschaft, Forschung und Wirtschaft, BMWFW) engages among others in the education of trainers, guaranteeing quality standards in dual education, job information and coaching for apprentices, the disbursement of social benefits for apprentices and funding for training firms. The ministry does this in close cooperation with the Austrian Chamber of Commerce. This ministry traditionally belongs to the sphere of influence of the conservative Austrian People's Party.

> *Ministry of Labour, Social Affairs and Consumer Protection*

Like in the policy field of education, the influence of the Social Democratic Party is also strong in the field of social policy. Of specific interest in the context of the YOUNG ADULLLT project is the service department (Sozialministeriumsservice, SMS) of the Ministry of Labour, Social Affairs and Consumer Protection (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, BMASK). The main tasks of the service department is to foster labour market inclusion for people with disabilities, health issues or other forms of disadvantages. The department coordinates and funds various programmes and measures in this field that are directed towards employees on the one hand and employers on the other hand. Among these measures are five labour market programmes for youth and young adults – coordinated by the Network for Professional Assistance (Netzwerk für berufliche Assistenz, NEBA) – youth coaching, production school, vocational training assistance, work assistance and job coaching.

> *Municipality of Vienna*

Within in the municipality the most relevant departments involved in the governance of the skills system are the ones for education, social affairs, and the city school council. The municipal department for education is responsible for the administration, coordination and funding of non-formal education for all age groups. The municipal department of social affairs is mainly responsible for the administration of care institutions and the needs-oriented minimum income. Among others, the department aims at reducing the number of people dependent on minimum income subsidies and therefore commissions and funds projects that foster labour market integration. The city school council is responsible for the management of all types of schools in Vienna.

> *Social partners: employers' representatives*

The Chamber of Commerce (Wirtschaftskammer, WK) and the Federation of Industries (Industriellenvereinigung, IV) are both employer representatives and represent the interests of private companies in all sectors of the economy. Among others, the Chamber of Commerce is involved in the administration of the dual apprenticeship system and has a function as education and training provider via a University of Applied Sciences (FH Wien) and the Institute of Business Promotion (Wirtschaftsförderungsinstitut, WIFI). Both employer representatives have departments working on education policy and are represented in the PES and in the WAFF.

> *Social partners: employees' representatives*

The Chamber of Labour (Arbeiterkammer, AK) and the Confederation of Trade Unions (Österreichischer Gewerkschaftsbund, ÖGB) are both employees representatives and represent the interests of the employed population (except self-employed) in all sectors of the economy. This implies also the representation of young adults participating in the labour force. Among others, the Chamber of Labour has a department working on education policies and provides education via its Institute for Professional Promotion (Berufsförderungsinstitut, BFI) and its affiliated University of Applied Sciences. The both social partner's federal and regional organizations for Vienna are combined into one organizational unit, i. e. these units are federal and regional representatives at the same time.

> *The public employment service*

The public employment service (Arbeitsmarktservice, AMS) is responsible for the placement of jobless people in vacant positions, the disbursement of unemployment benefits and supporting further qualification or re-qualification of unemployed people. Furthermore, the public employment service provides counselling services and labour market information for job seeking persons. The PES has a regional office for Vienna and 13 local offices all over the city, each of them responsible for claimants resident in specific districts if they are 22 years or older. Additionally, Vienna has one PES office for youth and young adults up to the age of 21 years.

> *Vienna employment promotion fund*

The Vienna Employment Promotion Fund (Wiener Arbeitnehmerförderungsfonds, WAFF) provides information, counselling and funding in the field of further education. Its services are mainly directed towards people in employment and companies. Its aim is to foster employment and reduce the risk of unemployment by means of attaining further qualifications. The fund was set up by the Viennese trade unions and the Chamber of Labour. Today, employers and employees interest representatives as well as the municipality and the PES are represented in the board of the fund. The WAFF also coordinates the disbursement of the European Social Fund (ESF) for Vienna.

> *Formal education system: upper secondary and tertiary education*

The Austrian school system is characterized by the comparatively short time of compulsory schooling (9 years), its early tracking, and the importance of its vocational track. In 2016, Vienna had the following number of different upper secondary school types: 93 academic secondary schools (upper cycle), 25 part-time vocational schools (dual system), 61 colleges and schools for vocational education, 10 schools for teacher education and 48 schools health care VET schools (Statistik Austria, 2016). Universities and universities of applied sciences are the main providers of tertiary education. Vienna hosts 10 public universities, 5 private universities and 4 universities of applied sciences of which one is associated with the Chamber of Labour and one with the Chamber of Commerce.

> *Adult education providers*

For profit and non-profit providers of adult education offer courses in a broad range of subjects and cover a broad range of educational levels. The Chamber of Commerce and the Chamber of Labour both have an affiliated adult education institution. Their offer focuses predominantly on VET and the transmission of work-place related and directly exploitable skills. Courses range from basic education to very specific vocational education, foreign language learning and arts. Besides, the 18 non-profit adult education centres (Volkshochschulen, VHS) closely affiliated with the municipality of Vienna have a broader offer, including among others VET, basic education, foreign language learning, arts and health education. A large number of smaller adult education offers education and training

commissioned and funded by the PES.

> *Social enterprises and NPOs*

Social enterprises are private non-profit organizations offering transitional work places for disadvantaged jobless people like long-term unemployed, drug addicts or former inmates. Social enterprises combine on-the-job training for lower skilled tasks with social work and guidance. The main task of social enterprises is to offer occupational programmes that support their clients (re-)integration into the first labour market. Around 60 social enterprises are members of the Viennese umbrella organization for social enterprises “arbeit +”.

4.2 Description of the main actors in Upper Austria

For Upper Austria, we identified the following eleven most relevant institutional actors and/or types of institutions that are involved in the governance of the regional skills system. A brief introduction to each one of them follows. A more standardized description of each of these institutions is available in the annex.

> *Young Adults*

Young adults in the age range between 18 and 29 years made up 15.1 % of the Upper Austrian population at the beginning of 2017 (Statistik Austria 2017). Young adults are represented by interest representatives according to their status in the labour market respectively their status in the education system. The first of the two relevant representative bodies according to participation in education is the BSV, representing students in the three main tracks of upper secondary education: academic secondary school, colleges and schools for vocational education and part-time vocational schools (dual system). BSV is composed of nine regional sub-organizations. The ÖH represents students in tertiary education and is organized at federal and university level. Besides, the BVJ functions as representative body for children, youth and young adults up to the age of 30 years.

> *Federal Ministry of Education*

The ministry of education is of special interest for the YOUNG ADULLLT project as besides being responsible for the administration of the Austrian school system it funds and coordinates projects in the fields of inclusive learning and basic education for adults. Some of these projects have a special focus on the target group of our project, young adults between 18 and 29 years of age. Besides, the ministry of education is one of the main actors in developing and coordinating the implementation of national strategies like the Austrian strategy for lifelong learning or the strategy aiming at the reduction of early school-leavers. Education policy – and therefore also the ministry of education – traditionally is a field in which the Social Democratic Party has a strong influence.

> *Ministry of Labour, Social Affairs and Consumer Protection*

Like in the policy field of education, the influence of the Social Democratic Party is a strong one in the field of social policy. Of specific interest in the context of the YOUNG ADULLLT project is the SMS. The main tasks of the service department is to foster labour market inclusion for people with disabilities, health issues or other forms of disadvantages. The department coordinates and funds various programmes and measures in this field that are directed towards employees on the one hand and employers on the other hand. Among these measures are five labour market programmes for youth and young adults – coordinated by the NEBA – youth coaching, production school, vocational training assistance, work assistance and job coaching.

> *Ministry of Science, Research and Economic Affairs*

Within the scope of the YOUNG ADULLLT project, the ministry's purviews of 1) funding

universities and 2) administrating the dual apprenticeship system are of specific interest. Regarding the administration of the apprenticeship system the ministry engages among others in the education of trainers, guaranteeing quality standards in the dual education, job information and coaching for apprentices, social benefits for apprentices and funding for training firms. The ministry does this in close cooperation with the Austrian Chamber of Commerce. This ministry traditionally belongs to the sphere of influence of the conservative Austrian People's Party.

> *The public employment service*

The public employment agency is responsible for the placement of jobless people in vacant positions, the disbursement of unemployment benefits and supporting further qualification or re-qualification of unemployed people. Furthermore, the public employment agency provides counselling services and labour market information for job seeking persons. The PES has a regional office for Upper Austria and 17 local offices all over the region, each of them responsible for claimants resident in specific districts.

> *Social partners: employers' representatives*

The WK and the IV are both employer representatives and represent the interests of private companies in all sectors of the economy. Among others, the Chamber of Commerce is involved in the administration of the dual apprenticeship system and has a function as education and training provider via WIFI. Both employer representatives have departments working on education policy and are represented in the boards of the PES. In comparison to Vienna, the IV's importance in general is higher in Upper Austria, due to the importance of industrial production in this region.

> *Social partners: employees' representatives*

AK and ÖGB are both employees representatives and represent the interests of the employed population (except self-employed) in all sectors of the economy. This implies also the representation of young adults participating in the labour force. Among others, the Chamber of Labour has a department working on education policies and provides education via BFI and the adult education centres affiliated with the Chamber.

> *Upper Austrian administration*

Upper Austria consists of 442 municipalities and 14 districts. Within the regional state administration, the most relevant departments involved in the governance of the skills system are the ones for education, economic affairs, social affairs, and the regional school council. The coordination of the Upper Austrian "Pact for Work and Qualifications", bringing together AMS, SMS, WK, IV, ÖGB, AK and the regional school council, is coordinated by the Upper Austrian administration.

> *Formal education system: upper secondary and tertiary education*

The Austrian school system is characterized by the comparatively short time of compulsory schooling (9 years), its early tracking, and the importance of its vocational track. In 2016, Upper Austria had the following number of different upper secondary school types: 49 academic secondary schools (upper cycle), 28 part-time vocational schools (dual system), 100 colleges and schools for vocational education, 7 schools for teacher education and 64 schools health care VET schools (Statistik Austria, 2016). Universities and universities of applied sciences are the main providers of tertiary education. Upper Austria hosts 3 public universities, 3 private universities and 2 universities of applied sciences.

> *Adult education providers*

For profit and non-profit providers of adult education offer courses in a broad range of subjects and cover a broad range of educational levels. The Chamber of commerce and the Chamber of labour both have an affiliated adult education institution (WIFI and BFI). Their

offer focuses predominantly on VET and the transmission of work-place related and directly exploitable skills. Courses range from basic education to very specific vocational education, foreign language learning and arts. Besides, the 16 non-profit adult education centres closely affiliated with the Chamber of Labour have broader offer, including among others VET, basic education, foreign language learning, arts, health education. The major non-profit adult education providers are part of the umbrella organization "Adult Education Forum Upper Austria".

> *Social enterprises and NPOs*

Social enterprises are private non-profit organizations offering transitional work places for disadvantaged jobless people like long-term unemployed, drug addicts or former inmates. Social enterprises combine on-the-job training for lower skilled tasks with social work and guidance. The main task of social enterprises is to offer occupational programmes that support their clients (re-)integration into the first labour market. Around 40 social enterprises are members Upper Austrian umbrella organization "Social Platform Upper Austria" and the federal umbrella organizations "arbeit +".

5 Description of the skills system in Vienna and Upper Austria

In the previous section we have provided an overview on the main actors and institutions engaged in the governance of the skills systems in Vienna and Upper Austria. This section serves to locate these actors identified and described within the skills system. As discussed in the introduction of this report, the skills system is composed by the skills formation system and the skills use system. The position of the actors and institutions identified and their relations are visually represented in figure 3 and figure 4. The main objective of this section is to relate the main actors and institutions directly involved in the skills systems and to explain their role(s) within this system. We first present the configuration of the skills formation system, second the skills use system and subsequently the connection and mediation between formation and skills use system. Due to the focus of the YOUNG ADULLLT project on LLL policies for young adults in vulnerable situations, we concentrate on skills formation and use of this specific target group within the skills system. As pointed out in the previous section, the actors involved in the governance of the skills system in Vienna and Upper Austria are more or less the same. We also see strong similarities in terms of position and relations of these actors within the two skills systems. Therefore we present the results for the two regions in this section together. However, we will explicate the differences at the end of the section.

5.1 Actors involved in the skills formation systems

All institutional actors briefly portrayed in the previous chapter are involved in the skills formation systems. The most important actors on the demand side of the skills formation system are young adults. Young adults are represented according to their status on the labour market respectively in the education system by different interest representation organizations. The Federal Youth Representation engages among others in campaigning for the advancement and fostering of formal and non-formal learning and education opportunities and the rights of young NEETs. As students' representatives BSV and ÖH are involved in the development of curricula in schools and universities. As part of the labour force, young adults are represented by the Chamber of Labour and the unions or, if self-employed, by the Chamber of Commerce. However, particularly young adults in vulnerable

situations, e. g. young adults in unemployment, do not have an own representative organization, although there are organized groups of unemployed aiming at the advancement of their collective interests. Reasons for the demand in skills formation range from enhancing ones opportunities on the labour market to individual self-fulfilment, but will be in most cases a difficult to disentangle combination of motives.

Other actors on the demand side of the skills formation system are local/regional authorities and employers. Local and regional authorities have an interest in fostering young adults' skills formation and therefore are also represented on the demand side, even though they do not have a direct skills demand. Their interest in skills formation is manifold. First, young adults with high-level skills are less likely to be dependent on social benefits as their risk of becoming unemployed is lower in comparison to young adults with low-level skills. As the second social security net is administrated and funded by the regional state (i. e. in the case of Vienna by the municipality) upskilling of young adults is considered a strategy of reducing public spending for social security at local/regional level. Second, a labour force with high-level skills might be one component in attracting capital, which subsequently increases the municipality's tax base. Beyond these rather specific interests connected to the public budget, it is likely that local and regional authorities also have an interest in reducing social conflicts and fostering prosperity. Assuming there is a connection between the skills level of the population and prosperity as well as a connection between prosperity and social conflicts, enhancing skills formation opportunities and the skills level of the population might be one way to achieve these objectives. Besides and apart from skills demands directly linked to the labour market, local and regional authorities are also likely to have a skills demand for "civic skills", relevant for community and democracy building.

Employers, besides engaging in skills supply, also have a skills demand. Employers have a demand in young adults' skills formation as they are in need of qualified workers and employees. Their skills demand can mainly be located within the skills use system. However, it is hard to draw a definite line between the skills demand side within the skills formation system and the skills demand side within the skills use system. Employers' indirect skills demand within the skills formation system results from their skills demand within the skills use system, and is in particular a demand for vocational skills. Partly, they cover their skills demand themselves through their engagement in apprenticeship training via the dual VET system. Partly, adult education providers affiliated with their interest representatives cover employers' skills demands. Specifically regarding high-level skills, however, employers depend very much on the actors on the skills supply side, in particular upper secondary schools and tertiary education institutions.

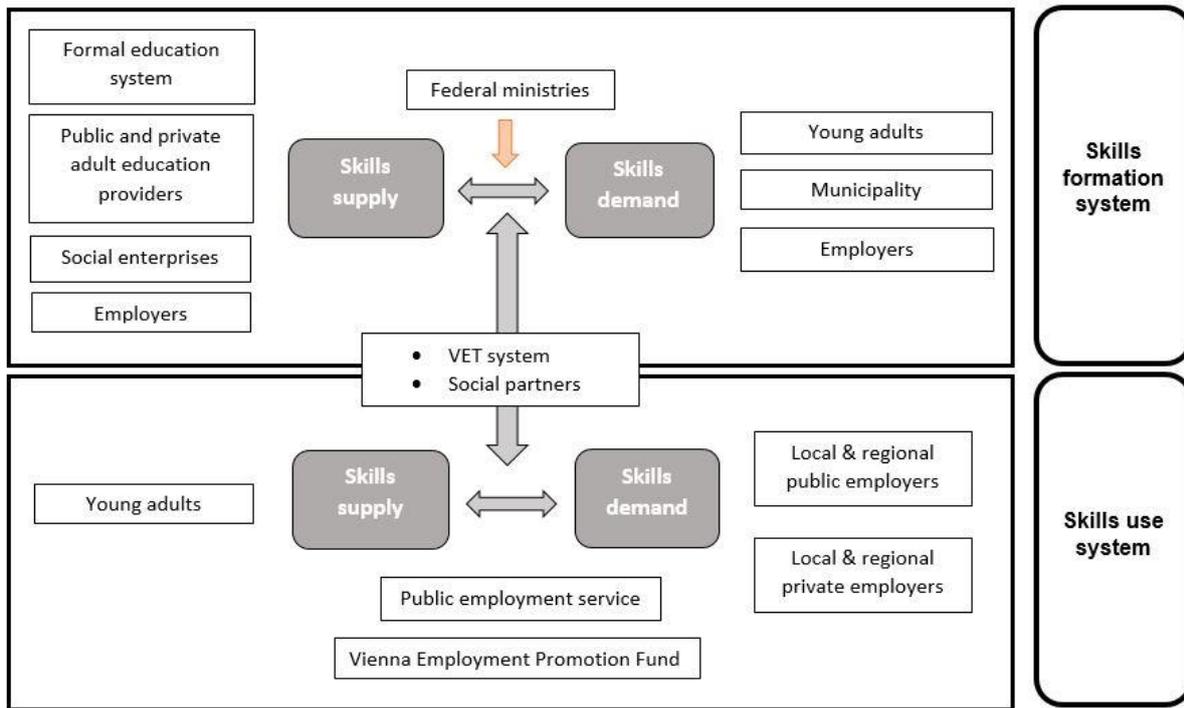


Figure 3: The Viennese skills system

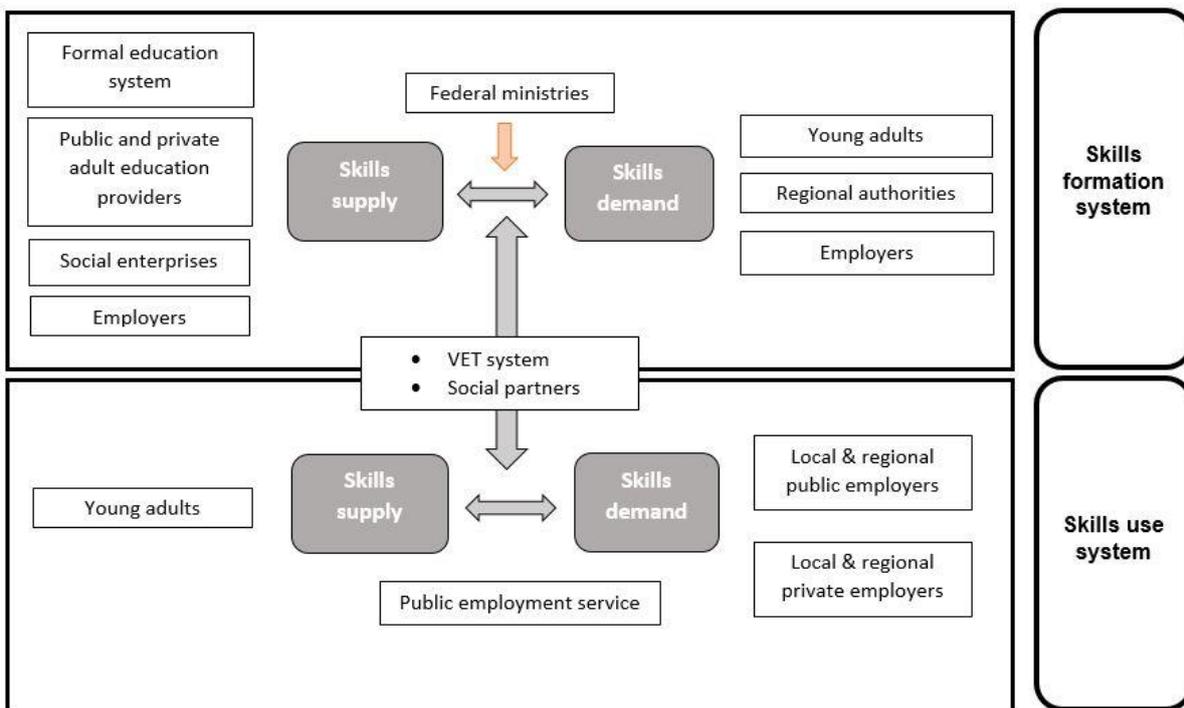


Figure 4: The Upper Austrian skills system

The most important actors on the supply side in the skills formation system are the various types of comprehensive and vocational schools within the formal education system at upper secondary level and the tertiary education institutions. The type of skills conveyed within the education system ranges from comprehensive and humanistic knowledge to vocational skills and from more general to very specific skills, depending very much on the respective type of educational institution.

Regarding further education and training adult education providers play an important role. To a large extent, particularly when considering the project’s target group of young adults in

vulnerable situations, their customers are PES customers. We have not located the PES within the skills formation system, as we consider the PES being mainly responsible for the matching between skills supply and demand within the skills use system. The PES is responsible for the implementation and administration of labour market policies. To fulfil this task the PES commissions and funds training courses subsequently carried out by adult education providers. The PES assigns its clients to these courses. One could say, that the PES is part of the skills formation system. However, the PES does not provide skills formation itself and it only does so to increase matching within the skills use system. Adult education providers also cover a very broad range of skills conveyed, ranging from basic skills like reading, writing and calculating to very specific vocational skills. Also within the context of PES commissioned courses the range is quite broad and encompasses German language skills, application skills, basic ICT skills but also much more specific skills, depending partly on the skills and qualification profile of the respective client. However, in general we can say, in accordance with the qualification structure of unemployed people and the primary objective of the PES, that PES commissioned adult education providers to a large part convey rather basic vocational skills.

For more disadvantaged client groups the PES works together with social enterprises that offer a combination of employment, on-the-job vocational training and social assistance. Employment in a social enterprise – the 2nd labour market – can be permanent or transitional with the integration into the first labour market as underlying objective. Skills conveyed by social enterprises are on the one hand vocational skills but on the other hand – maybe even more important – what we could call “life skills”. Employment in social enterprises is very much about (re-)establishing a daily routing, getting accustomed to working life and the training of social skills.

Finally, yet importantly, employers play an important part on the supply side of the skills formation system. They do so on the one hand via regular employment and informal on-the-job training. On the other hand, as the dual VET system consists of a combination of in-company and school-based training, employers play a crucial part in skills formation by training apprentices. The skills conveyed by regular employers, however depending on the individual's specific position, are mainly specific vocational skills.

Mediation between the skills demand and supply side within the skills formation system mainly takes place via public administrative bodies at national and regional level, namely the various ministries involved in skills formation and various departments within the regional administration respective the municipality. This involves mainly the organization, administration and funding of skills supply. The specific matching responsibility differs according to the type of skills. The three federal ministries listed in section 3, cover different types of skills in this respect. The BMB is mainly responsible for formal education at upper secondary level, covering comprehensive and vocational skills convey via the school system. For primary and lower secondary schools, responsibility lies with the regional authorities. The BMASK is among others responsible for the implementation of labour market policies for disadvantaged young adults. The skills that are targeted in these policies can be labelled as basic vocational and life skills. While the BMWFW, responsible for tertiary education and the apprenticeship system, engages in the mediation between demand and supply for high-level and vocational skills. The main responsibility for mediation between demand and supply lies with these ministries. However, on regional and local level, the school councils, the regional SMS offices, and the regional WK offices play an important role as well.

However, processes of political negotiation and decision-making precedes this process of mediation between the demand and supply side. Figure 3 and 4 do not capture very well antagonisms between the different actors on the demand side of the skills formation system. However, we consider it important to point out that the specific skills demands of these actors can overlap or differ, as the specific skills demand is based on particular interests, which can be convergent or divergent. For Vienna, we found such a conflict for example between the Chamber of Commerce and the Chamber of Labour. The first one, representing companies' skill demands and campaigning for a stronger specialization of apprenticeship occupations, while the latter, representing young adults' skills demands, pledging for broader occupational profiles.

The differences we found between the skills formation systems in Vienna and Upper Austria concern the specific skills demanded and supplied, rather than the actors involved in the system or the relations among them (The specific skills available in the two regions is however subject of section 7.). Although, it is hard, again, to draw a definite line between the skills formation and the skills use system. Skills demand, as reflected in participation in education and training of young adults, differs between Vienna and Upper Austria (as explicated in section 2). Young adults in Vienna tend to have a high-level or low-level skill profile, while medium-level skill profiles are underrepresented. While more or less the opposite is true for Upper Austria: young adults tend to have medium-level skill profiles, with high- and low-level skill profiles being underrepresented. At the same time skill supply differs. For example, in Vienna there are much more tertiary education institutions, while the Upper Austria has a higher offer for apprenticeship training positions. We think that skills formation is strongly influenced by the skills use, i. e. the economic structure and the labour market demands. This means that the specific dynamic within the system of skills formation can only be understood by understanding the skills use system. We turn to the skills use system in the subsequent section.

5.2 Actors involved in the skills use systems

The second half of the figure on the skills system depicts the skills use side, i. e. the labour market. The only actor on the supply side of the skills use system is the labour force, in our case the young adults within the labour market or trying to enter the labour market. Young adults supply the skills they have acquired within the skills formation system by participating in formal and non-formal education and training or previous employment.

On the skills demand side of the use system we find public and private employers who exploit young adults' skills in form of paid employment. Which type of skills employers demand is dependent on the specific business segment they are located in and from a systemic point of view, the economic structure of the respective region.

The main mediating institutional actor between supply and demand sides within the skills use system is the PES, with its major objective of matching the skills supply with the skills demand. The PES' matching strategy is twofold. First, it aims at placing unemployed young adults in vacant positions. With this approach, the PES tries to bring together skills supply and demand. Second, it encourages and/or forces young adults to acquire the skills demanded by employers or very often also just the necessary application skills to succeed in finding employment. With this approach, the PES not only mediates supply and demand within the skills uses system but also influences the skills formation system to increase the matching in the skills use system. Therefore, we can say, that the PES engages in the skills

formation system due to a mismatch between supply and demand in the skills use system. However, the PES does not engage in matching efforts directed towards the skills demand side, i. e. trying to match the demand with the skills available. The skills demand of employers is to a large extent determined by macro-economic developments on the one hand and the position of the single employer within the economy on the other hand. To a certain degree employers' skills demands can be influenced by public authorities via increasing public investments, company subsidies or tax reliefs.

Apart from the specific skills supplied and demanded within the skills use systems, which is due to the socio-economic context of the two regions, the most important difference between is that in the Viennese skills use system there is another important actor, which is not part of the Upper Austrian skills system. The Vienna Employment Promotion Fund's function within the Viennese skills use system is partly similar to the PES' function, as this institution funds further vocational education and through this engages in the matching between skills supply and demand. However, the big differences are that the fund's target group are employees and their involvement in further education can be considered voluntary (which is not always the case for the PES' target group) and the WAFF does not commission courses, but only funds them individually. This means that, different from the PES, the WAFF does not directly engage in the offer available on the supply side of the skills formation system. Although there is also a variety of funding schemes for further vocational education for Upper Austrians, there is no comparable organization having counselling and funding as its main and almost only task area. The tasks covered by the WAFF in Vienna are covered by the regional administration in Upper Austria. This is also true for the coordination activities both actors are strongly engaged in. The regional administration in Upper Austria coordinates the activities of the "Pact for Work and Qualification" and the WAFF does the same for the "Vienna Qualifications Plan", both aiming at the upskilling of their respective populations, putting among others particular focus on young adults with low-level skills and qualifications. As being part of these qualification networks and in their function as coordinators, both actors also have an influence on the skills formation systems as well as on the integration of the skills formation and the skills use system.

5.3 Matching between the skills formation and the skills use system

Matching activities do not only take place between the supply and demand side within both sub-systems of the skills system but also between the skills formation and the skills use system as such. The most important institutionalized mechanism in this regard is the VET system, providing vocational skills with a high degree of immediate exploitability. The VET system, broadly defined as all forms of vocational skills education and training, is part of the supply side within the skills formation system. The skills conveyed via the VET system primarily correspond to the skills demand in the skills use system, thus linking the two sub-systems. The social partners by their engagement in apprenticeship boards, on national and regional level, dealing with the development of the dual apprenticeship system, sustain this link. There they influence the development of dual VET by negotiating occupational profiles and developing respective curricula. The social partners' influence, however, goes much beyond this. Every major commission or board dealing in particular with vocational but also comprehensive education includes social partners' representatives. Besides, the social partners, as pointed out in section 3, also influence labour market policies through their representation in PES boards on local, regional and federal level. We consider the influence exerted by the social partners as influence of the skills use system exerted on the skills

formation system, i. e. labour market actors influencing the education and training system.

The other group of relevant institutional actors influencing the integration of the skills formation and skills use system are the three federal ministries listed in section 3 (education, labour, economic affairs), respectively the corresponding departments within the regional and municipal administration. We think that the role of administrative bodies with the skills system is changing, moving from mediating skills demand and supply within the skills formation system towards matching between the skills formation and the skills use system (symbolized by the red arrow in figure 3 and 4). This is for example reflected in the organizational set-up of the BMWFV, combining higher education and economic policy. We think that this is because of a larger dynamic of economization in which principles of economic rationality are applied to ever more societal sub-fields, reflecting shifting power structures between those fields.

For both regions, the geographical reach of the actors involved in the governance of the skills system fits very much with the functional region. This is mostly because of our selection of regions. The functional regions selected for Austria coincides with the borders of the regional states. We chose to analyse regional states, as the main research target of the YOUNG_ADULLLT project are policies. Due to the rather strong federalism in Austria, a critical number of policies in the field of LLL are decided upon and implemented at regional state level and are also just accessible for people residing in the respective regional state. Extending our unit of analysis beyond regional state boundaries would have created a complexity very unlikely to be made sense of within the scope of this project. The strong Austrian federalism is also reflected in the organizational structure of the actors involved in the skills system. Therefore their geographical reach coincides with the boundaries of the regions analysed.

In terms of coordination between the actors involved in the overall governance of the skills system, we could not identify any major gaps. Gaps, however, exists in the coordination of specific LLL programmes and measures directed towards young adults, as some of our interview partners pointed out. Their concern was, that the LLL measures provided are too diverse and partly too narrow concerning their target group definitions. While the offer in general has been classified as broad and extensive, it is also much dispersed, leaving the actors unaware of the entire range of already existing programmes. This concern was expressed for LLL programmes in Vienna and Upper Austria. This parallelization of LLL programmes – according to our interview partners – would have to be replaced by good coordinated broader measures in which the diverse needs of a variety of target groups could still be met. However, interview partners also assumed that particular actors would not be interested in intensified cooperation and coordination as they have an interest in protecting their sphere of influence, which might be threatened by increased cooperation. Nevertheless, for both Vienna and Upper Austria some serious attempts to bundle resources have been made, particularly with the “Vienna Qualifications Plan” and the “Pact for Work and Qualification” bringing together the main actors involved in the skills system with the aim of reducing the number of people – and particularly young adults – with low-level skills.

The differences detected between Vienna and Upper Austria are the following: First, the organizational structure of actors involved in the skills system in Vienna and Upper Austria differs, due to the geographical features of the regions under study. Vienna is much smaller in geographical terms and organizational structures of the main actors are therefore more centralized. While organizational structures in Upper Austria show more decentralization. This is particularly true for administrative units and the social partners that have local sub-

organizations, which is not the case in Vienna. Additionally, in Vienna, for some of the actors within the skills system, their regional organizational units are at the same time their federal units. This is the case for the Chamber of Labour and the Trade Unions Federation.

The decentralization in the case of Upper Austria, by adding the local level, increases the complexity of governance processes. We did not encounter any specific information on the challenges this implies for the governance of the Upper Austrian skills system, which might be because we did only conducted interviews with experts operating at regional level. However, we could find more established networks among different actors as well as among the different local sub-organizations of one type of actor. Two of these networks, which do not exist in Vienna, are the umbrella organization of adult education providers, the “Upper Austrian Forum for Adult Education” and the “Youth Networks” coordinated by the Chamber of Labour. Youth Networks exist in all Upper Austrian districts and comprise all social organizations and enterprises working with youth and young adults in the respective districts. They serve as platform for networking and information exchange for these organizations. It is likely, that the reason for the implementation of these networks is the aforementioned higher complexity to be deal with in governance processes in Upper Austria as well as the difficulties concerning cooperation due to the geographical dispersion of actors involved in the skills system.

6 The regional governance of skills in Vienna and Upper Austria

In the previous section, we have described the skills systems in Vienna and Upper Austria. The descriptions of the main actors’ roles within the skills systems serves as a starting point to further analyse the governance of skills in both regions. We will do so by analysing the main actors’ policy orientations and the level and forms of coordination of these actors regarding skills policies. In the previous section, we have looked at both, actors on the skills formation and actors on the skills use side. However, in this chapter the focus is on skills formation, although some of the actors involved in the skills formation system are also part of the skills use system.

6.1 The main actors’ policy orientations

In this first sub-section, we are going to identify the main policy orientations of the main actors involved in skills formation system in Vienna and Upper Austria. We do so by first looking at the specific content and type of skills formation and how it is decided upon. Subsequently, we deal with payment and funding of skills formation. In the last part of this sub-section, we explicate the degree of public and private commitment to skills formation.

6.1.1 Skills formation in content and type

Based on ten interviews conducted with representatives of main actors involved in the governance of the skills systems in Vienna and Upper Austria we can say that vocational skills play the most important role in lifelong learning programmes for young adults. Again, it has to be stated, that we mainly looked at skills formation opportunities for young adults in vulnerable situations. Basic skills, learning skills and soft skills, however, have also been identify as very relevant. Besides, not only skills, but also the formal recognition of skills is a much debated topic.

Vocational education and training forms the largest part of the Austrian education system. Particularly – but not only – for young adults with low-level learning skills. This importance is reflected in the orientation of the vast majority of LLL programmes and skills conveyed via them. This is true for Vienna and Upper Austria alike, even though VET, and in particular dual VET, has relatively more importance in Upper Austria while participation of young adults in formal VET in Vienna is lower than the Austrian average. The focus on directly exploitable skills in LLL programmes coincides with what has been said in the previous section, namely, that the skills formation system is influenced strongly by the skills use system.

We also have pointed out that the main actors engaged in matching of the demand and supply side with the skills formation systems tend to move towards matching activities between skills formation and skills use. This means, that not only the actors directly related to the labour market advocate for a strong focus on vocational skills in LLL programmes, but increasingly also actors with “a broader perspective”. Take for example the adult education centres, typically providing “popular education” based on the social-democratic idea of easily accessible further education for the masses. These centres have transformed from popular education centres with a very broad course offer to adult education providers, working to a substantial part on behalf of the PES and taking over “repair work” as the interviewee from the Chamber of Labour for Vienna put it. Some interview partners³ stressed that they consider the strong alignment of LLL programmes with labour market needs problematic. They underlined education’s function for personal development and democratic participation and pledged for balanced adult education that would do justice to all of the three areas.

VET plays an important role in the Austrian education system, as we have pointed out. Many LLL programmes for young adults are strongly connected with the regular dual VET system. In the sense that they deal with preparing for participation in dual VET, preventing drop-out, making dual VET more accessible by offering shortened apprenticeships etc. (We have pointed to the strong dual VET character of LLL policies in Austria in the national report for WP 3). As dual VET forms the basis for many LLL policies, we consider it relevant to give some information on the content and type of skills formation in dual VET.

Which skills are conveyed via dual apprenticeship training is regulated by approximately 250 specified occupational profiles. The adaptation and development of these occupational profiles is the main regulatory mechanism through which skills formation in dual VET is influenced. Adaptation and development of occupational profiles is mainly driven by the skills needs of private companies, represented by the Chamber of Commerce and the Federation of Industries. However, occupational profiles are elaborated or revised in the federal and regional advisory committees on vocational training⁴, equally composed by employers and employees representatives. The interviewee from the AK Vienna was critical about the fragmentation of occupational profiles that had been taking place over the last decades, as training according to very narrow occupational profiles limits young adults’ options on the labour market and therefore increases their vulnerability. As the driving motivation behind this fragmentation, she saw employer’s interest of reducing labour costs. The interviewee from the WAFF added that the recent trend, however very slowly, goes in the direction of broader occupational profiles again, because of adapting to employer’s recent requirements. Another issue mentioned by the interviewee from the AK Vienna was quality assurance in dual VET. Whereas assuring quality standards in schools is well established, quality assurance in dual VET falls short. This, however, is mainly a problem in Vienna, due to the

³ Interview partners from the municipality of Vienna, WAFF, the Viennese PES and the Adult Education Forum Upper Austria.

⁴ Bundesberufsausbildungsbeirat (BBAB), Landesberufsausbildungsbeirat (LBAB)

characteristics of training companies. It is mainly smaller trade, craft and service businesses engaging in dual VET in Vienna. Due to their size, they are often not able to cover the respective full occupational profile and train their apprentices accordingly. This means that upon completion of their apprenticeship, trainees might not be able to pass the final examination and/or not possess the skills covered by the respective occupational profile. A proposed solution to this issue – training in company networks – has been opposed by now, as employers do not want to do without apprentices' cheap labour force. Political representatives on the other hand have been reluctant to imposing quality controls, as they fear that even more companies might withdraw from engaging in apprenticeship training.

Almost all our interview partners referred to the publically funded supra-company apprenticeship programme⁵ and measures providing the opportunity to attain an apprenticeship qualification within a reduced time span, eligible for unskilled workers older than 18 years with work experience in the respective field, as the most important LLL programmes for young. The importance of ÜBA is derived from an increasing lack of company-based apprenticeship positions since the 1990s (particularly in Vienna) and the training companies increasing expectations towards apprentices, which leaves young adults with low-level skills often without apprenticeship position. In the second case, the problem to be tackled is twofold: first, the high labour market vulnerability of young adults without upper secondary or higher education and second, the higher labour market demand for skilled labour. Another approach – workplace-based qualification⁶ – also reflects the strong vocational orientation of LLL programmes. Companies that are not able to cover their workforce demands – this is particularly but not exclusively common in the health and care sector – address unemployed persons, potentially interested in re-training, via the PES. The principle here is the same as in dual VET, combining in-company training with theoretical learning in courses; however, attaining an apprenticeship certificate is not always the objective. A concrete skills demand by the respective company is translated into a concrete training, funded by the PES. In most cases, these companies take over the trainees upon completion of their training.

In 2010, 33 % of all attempts to take the final apprenticeship examination in Vienna were made via special VET qualification programmes. The number of participants in special apprenticeship training is high, due to labour market demands and available public funding schemes. A further increase in special apprenticeship training is very likely and desirable as a 2008 company survey showed that 30 % of companies had recruitment difficulties at the level of apprenticeship qualification. Besides, companies expressed the need for more public financial support for longer CVET programmes (Schneeberger et al. 2010).

The interviewee from the WAFF, however, pointed out that attaining an apprenticeship certificate was more than just a formal approval of the acquisition of skills related to the occupational profile. Beyond that, it is proof that the respective person took an effort, hung on, has learned to learn and has acquired certain basis qualifications. These skills are often as much valued by employers as the specific vocational skills acquired. This is also reflected in common hiring practices, as holding an apprenticeship certificate – as such, not for a specific profession – is in ever more cases the minimum standard for entering a job, even for low-level skills jobs, e. g. cleaning jobs. Although there is a strong focus on vocational skills formation, we can say, based on the importance of second-chance programmes for attaining formal education or training certificates, that it is not only the attainment of skills, but as well, the formal recognition of skills that is of high importance. The acquisition of skills alone is not

⁵ Überbetriebliche Berufsausbildung (ÜBA)

⁶ Arbeitsplatznahe Qualifizierung (AQUA)

enough, as if skills are not formally certified, they often “do not really count”.

In terms of content, LLL programmes provided and funded correspond with labour market demands, particularly when funded by the PES. Hereby, the structure of the respective regional economy is decisive. In Vienna, the service industry and particularly administration, management, trade and tourism are relevant economic sectors. The interviewee from the WK Vienna concluded that because of the relevance of the service economy, there is a particular demand for soft skills. He listed courtesy, punctuality, reliability, the ability to work in a team, empathy, intercultural competences and foreign language skills as examples. However, interviewees from Upper Austria also stressed the importance of soft skills, although the service economy is not as important as in Vienna. Social skills and language skills seem to become more important across all sectors of the economy, as job profiles change. Additionally, almost all the interviewees stressed that young adults would have to learn “how to learn” and this specific skill would have to be included in each curriculum, as the ever faster adaptation to new job requirements will affect all branches and high and low skilled equally. Besides vocational skills and soft skills, it is particularly basic skills that are taught in LLL programmes for young adults. This is mainly done in measures targeting young adults without lower-secondary school certificate. For young refugees and migrants in Vienna, particularly German language courses are offered. The problem here is that little information is available on the skills demands of this specific group of young adults. As long as this is not the case, it will be very hard to supply them with skills formation that matches their demands.

For both regions, we see a strong focus on vocational skills in LLL programmes for young adults, corresponding with the importance of VET in the Austrian education system. We think, that this similarity can be explained by the target group of most LLL measures, namely young adults with low-level skills rather than with the respective regional economic context. Although the specific vocational skills conveyed do correspond strongly to employers’ demands. Also for both regions, the importance of soft skills, learning skills and basic skills has been stressed as well as the formal certification of attained skills. We think that there might be a difference in the quality of skills conveyed in dual apprenticeship training via the training firms due to quality standards that are easier to assure in larger companies, which are more often to be found in Upper Austria. Due to the educational profile of the Viennese population and a high share of migrants and refugees living in this region, the supply of German language and basic skills courses is of particular relevance, although matching this demand is also a challenge in Upper Austria. Overall, we do not see any larger differences in skills content and type conveyed in LLL measures in Vienna and Upper Austria.

6.1.2 Payment and funding of skills formation

Skills formation supply within the formal education system is predominantly funded publically. This includes all kinds of upper secondary schools, colleges and public universities. Beside, private schools exist, but are comparatively irrelevant within the Austrian school system. For universities, students pay tuition fees only if they are from third countries or if they have exceeded the minimum study duration without attaining their diploma. Private universities cannot receive public funding from the federal state, but regional states and municipalities may opt if they want to engage in the funding of private universities. The costs for in-company training as part of dual VET is mainly covered by the respective training companies. However, training companies can apply for a variety of funding schemes and apprentices’ insurance costs are covered with public money.

Education and training offers by adult education providers are regularly accessible by private coverage of costs. Although, various funding opportunities for individuals exist. The municipality (for Vienna via the WAFF) or the regional administration as well as the AK and WK administrate the main general accessible funding schemes for further education. The PES funds further education and training for people without employment. The PES commissions courses with adult education providers or covers the costs for trainings that have not been commissioned but are considered helpful for increasing the respective person's chances on the labour market. Besides, for the time of course participation, the PES covers the basic living expenses⁷. Additionally, the Ministry of Education, the Ministry of Labour and Social Affairs as well as the ESF fund a large share of the LLL programmes under study in this project.

For Vienna, the interviewee from the AK Vienna pointed out that federal funding for adult education in Vienna was insufficient. For some time the relevant actors thought, that the shortages in skills formation supply would diminish, due to demographic developments, i. e. a decrease of younger age cohorts. This, however, has proven to be wrong as Vienna's population is growing and Vienna is hosting a relevant share of young refugees coming to Austria since 2015. The representative of the Chamber of Labour stressed, that the budget for sufficient funding would be available but that it was a political decision to withhold it and that instead of engaging in constructive problem solving the ones in charge politically rather fuel conflicts currently. In her opinion, the missing comprehensive integration policies and the rather hostile public discourse and practices against refugees and migrants would also influence their feelings of belonging, their motivation to build up something, to develop a perspective and to hold on to it. Which in turn will influence the way in which this group will engage in education and training and subsequently the labour market.

We could not detect any relevant differences in payment and funding of skills formation between the regions of Vienna and Upper Austria. However, in Vienna, there is a separate organization, the WAFF, responsible for funding of further vocational education on individual level. While in Upper Austria individual funding is administrated by the regional administration.

6.1.3 Degree of public and private commitment to skills formation

Private actors engaging in skills formation are companies and private adult education providers. First, companies engage in skills formation in their role as employers through which they provide the opportunities for an informal on-the-job acquisition of skills. Second, companies engage in skills formation as they engage in regular dual apprenticeship trainings. Third, companies engage in non-regular apprenticeship training and workplace-based qualification, if they have a specific skills demand that cannot be met on the labour market. Particularly, the third option is a rather attractive way of engagement in skills formation for companies as workplace-based qualification is very much tailored to the current skills demands of the company. Training does not take as long as apprenticeship training and usually companies take over the trainees upon completion of their training. Besides, this kind of training takes place in cooperation with the PES, covering the expenses for additional education, not taking place within the company.

However, companies' engagement in regular dual apprenticeship training has been

⁷ Deckelung des Lebensunterhalts (DLU)

decreasing since the 1990s. Particularly in Vienna, there is a rather large shortage in company-based apprenticeship positions, mainly due to Vienna's economy, in which the industrial sector is smaller than in other Austrian regions. But the number of apprenticeship positions has decreased throughout Austria. This shortage is partly covered by publically funded supra-company apprenticeship positions. However, the reputation of supra-company apprenticeships is not as good as the reputation of company-based apprenticeships and apprentices have more difficulties entering the labour market upon completion of their training. However, for apprenticeship training as well as for other forms of young adults' skills formation via LLL programmes there is rather high public commitment. Vienna and Upper Austria both implemented an education and training guarantee, guaranteeing young adults up to the age of 21 the possibility to engage education and training beyond compulsory school. In most cases, this means providing a spot in a supra-company training programme. Besides, in 2017 an education and training obligation up to the age of 18 has been implemented on federal level. Considering this legal framework, public actors have to commit to providing skills formation supply themselves, if this supply is not met by private actors. However, as mentioned already in the previous section – referring to our interview partner from the AK Vienna – there is a lack in public commitment to skills formation when it comes to young asylum seekers and refugees, potentially threatening their overall social integration. Based on the number of available regular apprenticeship positions in Vienna and Upper Austria, we can say that private commitment to skills formation is higher in Upper Austria. This is due to Upper Austria's economy, where due to the high share of industrial production, larger companies, that are more likely to hire apprentices, play an important role. Regarding LLL programmes, however, we could not detect any major differences in the degree of public and private commitment to skills formation.

6.2 Mechanisms and levels of coordination

The focus of the first part of this subsection is on coordination activities between the various actors engaged in the skills system and the governance of the same. We have already touched upon this topic in some of the preceding sections. The second part of this subsection is on the coordination activities between the different levels – federal, regional, local – of governance of the skills system.

6.2.1 Coordination between different actors

As pointed out in the previous section, private actors play an important role in skills formation via regular apprenticeship training and via non-regular vocational training and education. As employers with certain skills demands, private actors, do not directly engage in negotiation and coordination activities on skills formation. Rather, private actors' interests are represented via the Chamber of Commerce and the Federation of Industries. Direct cooperation between private actors, i. e. companies, and public actors takes mainly place via the PES. Specific skills formation programmes and funding schemes are set up in cooperation with companies if they report major lay-offs in advance or in case of very specific skills needs.

The social partners have a particularly strong influence in the dual training system as well as formal VET and non-formal VET in general. The cooperation between the social partners has been labelled "intensive, but basically constructive" and characterized by "naturally given differences in interests" (WK Vienna). However, the quality of cooperation would very much

depend on the respective issue. For the representative of the AK Vienna it was particularly the discussion on ensuring quality standards in dual apprenticeship training that caused tensions.

There is a strong intertwining between public organizations as their boards in most cases are made up of representatives of the respective other organizations. In Vienna, for example, the board of the WAFF is made up of representatives of the municipality, the PES, and the social partners. The board of the PES is made up of representatives from the social partners, and the administration (i. e. on federal level some ministries and on regional level municipal departments). Cooperation and coordination foremost serve the purpose of bringing together the different pieces of information on a specific subject matter, as each actor involved – according to their primary field of action – holds information on different aspects of the specific topic. The gathered information – together with political decisions regarding funding – in the end influences the specific skills formation offers provided. Particularly, the interview partners have mentioned cooperation with schools and the city school council as being a crucial issue. Currently, they saw the city school council's performance rather critical, as according to some interviewees it would not fulfil its tasks properly.

For Vienna and Upper Austria in particular, the WAFF and the regional administration have taken over certain coordination tasks in the fields of education, lifelong learning, labour market policy and integration. These efforts have among others translated into the "Vienna Qualification Plan" and the "Pact for Work and Qualification". Additionally, in Upper Austria, the Chamber of Labour organizes "Youth Networks" on district level, in which all relevant organizations working with youth and young adults exchanges experiences keep each other updated on recent developments in the field. The adult education providers in Upper Austria are also organized in a regional umbrella organization, while a similar network for Vienna does not exist. However, the Viennese organizations are part of the federal network.

Institutional cooperation, in the WAFF's understanding, should lead to the implementation of corresponding legal frameworks in the long run. The interviewee from WAFF mentioned that building up efficient cooperation networks would be very demanding, yet alone the management of information flows was difficult and that a general overview on the much diversified lifelong learning programmes for young adults was almost impossible to obtain. In general, it has been stressed by some of the interviewees that one of the major problems concerning LLL programmes for young adults in Vienna and Upper Austria is their huge variety and high degree of fragmentation. Even the most relevant actors in this field stated that they miss an overview on which organizations are offering what. They expressed the need for standardization and better coordination between programmes and adult education providers.

Differences between Vienna and Upper Austria are reflected in the stronger network structures in Upper Austria, with specific "Youth Networks" and a regional umbrella organization for adult education providers. Besides, both regions show strong networks and coordination activities regarding their skills strategies and social partnerships arrangements are well established in both regions as well.

6.2.2 Coordination between different levels

Allmost all institutional actors – public authorities, interest representatives, the PES and adult education providers – have rather strong organizational structures at the federal, regional and local level. However, this is particularly true for Upper Austria, while in Vienna, the situation seems to be more "undefined". For both regions, we see, that the most comprehensive LLL programmes for young adults in vulnerable situations are federal ones.

Regional programmes do also exist, but in most cases not in the scope of federal programmes. The most relevant programmes are decided upon at federal level or are the result of attempts to standardise different regional programmes and overcome parallel structures. For Upper Austria we find strong institutional mechanisms of coordination between the different governance levels. Not only for the administrative units at different level but particularly also for the social partners or adult education providers, organized in regional and a federal umbrella organization. Even though a large share of LLL programmes are federal programmes, the regional actors play a decisive role, as they are responsible for the regional coordination and the adaptation to the regions circumstances. Regional actors are the ones directly engaging with the local institutions carrying out the programmes in the end and reporting back to federal level.

In Vienna, the situation, however, is slightly different, due to partial overlaps between federal and regional organizational structures and Vienna's geographical features. This means that in the organizational set-up of actors, the regional level in some cases does not exist and coordination directly takes place between the federal and the local. In Vienna, the federal, regional and local is much closer and more entangled than in other Austrian regions. As aforementioned, we think that due to the missing necessity to coordinate a variety of actors at different level, particularly at regional and local level, less coordination networks have been established in Vienna in comparison to Upper Austria. Parallel structures and an unsystematic offer in LLL programmes, as criticized by some of the interviewees, might be a result of missing network structures and respective coordinating activities. Although this is not so much a problem of coordination between different levels, but rather between different actors.

However, even though the federal and the regional level partially overlap in Vienna, federal programmes and policies often do not fit the Viennese context. This is due to the rather special case of Vienna in terms of education and labour market indicators. This means that the issues to be tackled related do the labour market and the education system in Vienna differ to the ones in other Austrian regions, mainly in intensity. As the major lifelong learning programmes are decided upon on the federal level this poses some extra challenges for the region of Vienna. Meaning, that certain federal policies may make sense for other Austrian regions, but do not for the Viennese context. Education system reforms that would be of specific importance for Vienna are regularly blocked by other regions. This has been the case in postponing the first tracking to the start of upper secondary school and extending compulsory schooling up to the age of 18. Early tracking produces quite different results in Vienna than in other regions that show a lower concentration of socioeconomically disadvantages and simple-skilled people. Due to the Viennese population structure, educational stratification – inherent in the Austrian education system – is intensified. As the problematic features of the Austrian education system translate in heavier social problems in Vienna, also more effort and money has to be spend on “fixing” these problems. This means that for the Vienna region – when implementing LLL programmes – it is mainly about receiving sufficient federal funding and being able to provide a critical amount of spots in LLL programmes. Therefore, the relationship between the federal and the regional level is characterized by negotiations for resources that correspond with the scope of the problem in the region.

Regarding regional LLL programmes, a strong fragmentation between the different regional states exists. For example regarding programmes to acquire an apprenticeship qualification for adults and the recognition of non-certified skills. Almost all interviewees addressed the

establishment of a common federal framework for the recognition of non-certified skills as one of the current major challenges.

7 Assessment of the quality and use of skills

In this section we assess the type, quality and use of young adults' skills on the labour markets in Vienna and Upper Austria. Building on the information provided by previous working packages (WP 3 and WP 4), secondary data and grey literature (e. g. reports, statistical outlooks) at the regional level and the interview data collected we first describe the type and quality of skills available to be used on the labour market at regional level. We then assess which are the difficulties employers are facing in using workers' skills and which are the detected regional skills (mis)matches. From a regional perspective we will also assess to what extent the regional labour market is attracting and/or retaining young adults' skills and which characteristics can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills. While the previous two sections mainly dealt with the skills formation system, this section deals with the skills use system.

7.1 Type and quality of skills

For Austria in general it can be stated that the number of apprentices has declined substantially in the last years due to demographic developments and the continuing trend among youth and young adults to engage in upper secondary schooling (instead of training). However, the number of young adults with dual apprenticeship certificate is supposed to rise due to the non-regular attainment of apprenticeship certificates, which is on the rise. As mentioned before there is a trend towards upper secondary schooling. The number of youth and young adults attaining university entrance qualifications is rising proportionally, but not so much in absolute numbers. It is also expected that up to 2025 in higher education the amount of students will rise in the fields of medicine, architecture and construction, bio sciences, informatics and law. Numbers are likely to go back in economics, administration, social and behavioural sciences as well as in health and social work studies (AMS 2017a).

The Vienna skills structure is characterized by a strong polarization, i. e. a large share of young adults with low-level skills, a large share of young adults with high-level skills and a rather small share of young adults with medium-level skills. In 2008, the highest educational attainment of 21 % of 20 to 24 year olds was compulsory school. The Austrian average was below 15 %. At the same time 52 % of this age group had attained a university entrance qualification while the Austrian average was 41 %. This disparity is due to a variety of factors, including the economic and employment structure, a concentration of universities and a substantial brain gain from other Austrian regions and from abroad, but at the same time a relevant share of immigrants with low-level skills. The high share of young adults with upper secondary university entrance exams and tertiary degrees is due to internal and external immigration. The Viennese school system itself does not produce higher rates of upper secondary education participation itself (Schneeberger et al. 2010). Migrants' skills levels are very heterogeneous though, meaning that a relevant share of immigrants has rather low-level skills. The Austrian school system, namely its early tracking mechanisms and a limited offer in all-day schools, hinders sustainable integration as well as educational and social upward mobility of children with parents with low-level skills. The combination of a high share of

children with parents with low-level skills and the segregating school system produces the much bemoaned high share of youth with insufficient basic skills and the large share of drop-outs from the education system after the completion of lower secondary school (Schneeberger et al. 2010).

The educational structure in Upper Austria is changing towards a stronger engagement in upper secondary and tertiary education. In 2010, 82 % of the Upper Austrian population held an educational attainment above compulsory schooling, of these, 57 % had completed dual VET, 13 % upper secondary school, and 12 % tertiary education. In comparison to 2001, there has been a strong decrease in people with not more than compulsory schooling, a slight decrease for people with dual VET certificate and an increase in all other types of educational participation (Schneeberger et al. 2012).

7.2 Skills (mis-)matches

A 2017 report published by the PES on the Viennese qualification structure shows that the most relevant occupational fields are economic services, information and communication services, finance and insurance, public administration, trade as well as health and social services. In these branches the employment growth rates are expected to be the highest in the near future. Besides, tourism, research, life sciences, creative industries and the automotive sector play an important role in the Viennese economy. The Viennese occupational structure is stronger characterized by the importance of high-skilled occupation than in other Austrian regions. In the future, the demand for occupations on academic level will particularly increase; foremost for technical and natural science-based occupations. Very much demanded are IT, electrical engineering and machine construction graduates. However, the report also states a large demand for graduates from full-time vocational schools (BMS) but expects a decline in demand for medium-skills occupation, particularly the ones accessible via dual apprenticeship certificate (AMS 2017a).

According to Schneeberger et al. (2010) Viennese companies were confronted with recruiting problems for positions with high, medium and low skill profiles in the recent past. Particularly the companies expressed their dissatisfaction with the general low level of basic skills and missing German language skills. Besides, a higher demand for soft skills, like the willingness to learn and team work abilities was expressed. The authors state that service jobs for people with low-level and medium-level skills levels will not decrease. They conclude, however, that the required minimum skills and qualification level even for occupations with low-level skill profiles is rising. A vacancy analysis conducted in 2009 showed that 56 % of job offers were in business, wholesale, retail trade, and tourism and only 10 % in technology and IT. The shortage in technology related professions is a relational one, because the demand for business-related occupations is much higher but so is the respective supply. According to Schneeberger et al. (2010) in 2010, the demand for university graduates having diplomas in business studies, technology and law was the highest.

An analysis of shifts in the occupational structure in Upper Austria between 2001 and 2010 shows a growth for professions with tertiary education, technology professions, non-technical intermediate professions and distributive and personal services. In the crafts and trade sector, no changes were detected, while a decline for industrial occupations (like operators and assemblers) as well as for unskilled workers was visible. Employment in service occupations increased at all levels of qualification (Schneeberger et al. 2012). An analysis of job advertisements indicates a high demand in the field of technology, science and research. However, due to the speed of technological changes serious forecasts are difficult to make

for employment opportunities in this field. Anyway, because the demand for technological skills is high across a broad range of sectors and branches, companies have expressed a shortage in technological skills at VET college and higher education level. Schneeberger et al. (2012) conclude that a lack in technological skills might impede future economic growth in Upper Austria. Besides, this report states a need for skills for information and consulting activities. For the service sector, the authors predict increasing employment rates for unskilled and semi-skilled workers. They point out, however, that the required skills level upon job entrances has increased. Communication skills, teamwork ability, customer orientation and sound basic skills are minimum requirements for jobs with low and medium-level skills profiles (Schneeberger et al. 2012).

The demand for people with apprenticeship certificate is a continuing one in Upper Austria. Companies experienced most difficulties in recruiting people with apprenticeship qualification. Besides, recruitment problems for staff for on-the-job training was reported. The demand for technical skills is also visible in reported recruitment problems in this field, where technicians with VET college certificate were as hard to find as higher education graduates. (Schneeberger et al. 2012). For the dual VET system, the implementation of new occupational profiles was discussed in the fields of healthcare and care for the elderly, environmental technology, security and surveillance, IT and media. Regarding participation in standard dual apprenticeship training a strong decline until 2020 is expected. Keeping in mind the continuing demand for skills at apprenticeship level, the importance of non-formal VET and non-formal apprenticeship training will increase. One of the most often expressed complaints by apprenticeship training companies was the insufficient level of basic skills of compulsory school graduates (Schneeberger et al. 2012).

A 2017 report published by the PES on the Upper Austrian economic and qualification structure shows that Upper Austria experiences economic growth in the export-oriented real-asset industry and the construction sector and less growth in the service sector. The relevance of industry in the region is above the Austrian average, while the relevance of the service sector is below Austrian average. Important occupational fields are metal production, machine and vehicle production and real-asset production which all show above-average occupational shares. Even though industry plays a very important role in Upper Austria, structural change has already and will further increase the relevance of the service sector, among others translating into a change in labour market demands. In the service sector, public administration, retail trade and health services are the most important occupational fields. Currently, about 75 % of jobs in Upper Austria can be accessed with qualifications at medium skills level. Occupation at this skills level is predicated to just grow slightly, while high skills occupation at tertiary education level gain importance (AMS 2017b).

As we could learn from the interviews conducted the discussion on skills matches and mismatches is a much politicised issue in Vienna and Upper Austria. Organizations and actors affiliated with employers tend to argue that there is not only a lack in people with high-level but also with low-level skills. On the other hand, employees' representatives argue that the problem is not so much a lack in skills supply but rather the unattractive working conditions. Regarding the supply of high-level skills, however, both sides stated that there would be temporarily shortages sometimes. However, considering the high share of unemployed people with low-level skills, a shortage in low-level skills, as detected by employers' representatives, is very unlikely. The interviewee from the WK Vienna, stated that a lot of companies were complaining about decreasing skills levels of young adults. However, he assessed this statement critically and pointed out that it is not so much the skills profile of youth and young adults that has changed but rather the job requirements and

employers' expectations. Employer's expectations have among others been labelled "exaggerated" as employers would often demand skills that are not necessary to carry out the tasks specified in the job profile. The representative from the AK Vienna noted that employers' increasing demands would have to be evaluated critically as they are an expression of ongoing "struggles about redistribution".

One of the problems that is less controversial than all interviewees stressed is a lack in basic skills. Including reading, writing, and basic calculating skills. Additionally, migrants and refugees often lack German language skills. Besides basic skills all interviewees stressed that it would also be social skills youth and young adults would lack. All interviewees draw a connection between the lack of basic skills and the shortcomings of the school system. For the future, the interview partners pointed out that it would be particularly relevant to possess digital skills and learning skills.

Excursus: Skills demand in Austria

A CEDEFOP report from 2015, sketching the Austrian skills supply and demand up to 2025, forecasts job growth predominantly in business and other services, public sector services, and the distribution and transport sector. Based on an increasingly ageing labour force, CEDEFOP expects that job opportunities between 2015 and 2025 provided by replacement demand will be nine times higher than by expansion demand. According to CEDEFOP, most job opportunities based on expansion demand will require high-level qualifications (ISCED 5 and 6), while job opportunities based on replacement demand will require medium-level qualifications (ISCED 3 and 4) (CEDEFOP 2015). Regarding the Austrian qualification structure, changes will affect the share of the labour force with high-level and low-level skills. Until 2025, the percentage of highly skilled employees will increase up to 25.9 % (2013: 22.9 %) while the percentage of low-skilled employees will decrease to 14.5 % (2013: 16.6 %). Current trends indicate that by 2025 around 30 % of Austrian 30-34 year-olds will have high-level qualifications.

Schmid et al. (2016b) analyzed what consequences mega trends like digitalization, automatization and increasing globalization have on skills demands in Austria. The authors speak of an increasing demand for higher qualifications, as tasks broaden and get more complex, and an increasing relevance of soft skills, as the importance of teamwork and project-based work increases. Specialist skills alone are often not sufficient anymore. The demand for higher qualifications, however, is complex and does not imply a sole demand for tertiary qualifications. Anyway, what can be stated is a decreasing demand for low-level skills, particularly for technical occupations. In general and across skills level, mega trends are likely to translate into changes in skill demand. The authors have identified the following four categories of skills for which the demand is likely to increase: 1) methods skills (i. e. institutional knowledge, technical skills, IT and e-skills, specialist skills, being in command of implementing complex tasks etc.), 2) contribution skills (i. e. a combination of specialist and business skills, innovation skills, readiness to take responsibility, readiness to learn, etc.), 3) social skills (i. e. skills for working in teams, communication skills, leadership skills, stress resilience, etc.), 4) foreign language skills and intercultural competences (i. e. the readiness to work abroad, knowledge about foreign markets and customers, etc.). These skills are likely to gain importance throughout all skills levels. However, their importance increases with skills level; the higher the skill level, the higher the importance of the aforementioned skills. Currently, in some cases, deficits in skills have been identified for specialist skills and occupation related skills, command of English, e-skills, soft skills and creative skills. Besides,

employers think that the willingness to travel and to take over new tasks is underdeveloped among employees. However, the authors state that on an aggregate level no real skills shortages could be identified (Schmid et al. 2016b).

In another report, Schmid et al. (2016a) conducted a survey on skills demand and recruitment problems among Austrian companies on behalf of the Federation of Austrian Industries. According to this report, the demand for high-level skills has increased over the past few years and is also likely to further increase in the near future. Medium-level skills form the backbone of employment. However, the demand for medium-level skills is stable and is likely not to increase. The authors found that two thirds of the companies had experienced recruitment difficulties related to insufficient competences of applicants and the small number of applicants. These difficulties increased with the level of skills demanded. With “insufficient competences” companies referred to a lack in specialist knowledge, formal qualifications and soft skills. As reasons for small numbers of applicants companies named the geographical location of the company, competition on the labour market and lacking attractiveness of the company as employer. Furthermore, companies reported dissatisfaction about limited labour force mobility, i. e. the unwillingness to commute longer distances, conflicts with applicants about salary levels and working hours and a general lack of commitment to work. In terms of occupational field, recruitment difficulties were mainly encountered for STEM skills and particularly for people in command of skills bundles, e. g. a combination of technical and management skills.

The results from the two aforementioned reports have to be assessed critically, as they represent the employers’ view. Complaints about insufficient willingness to commute long hours or “exaggerated salary demands” only make sense from the employers’ point of view. The same has to be kept in mind when employers complain about skills shortages and the like. Additionally, due to data constraints, reliable diagnoses concerning a shortage in specialist skills are hard to make. A 2015 study for Austria (Fink et al. 2015) concludes that shortages are *likely* in the occupational groups of medics, pharmacists, and for care related occupations. Shortages for graduate nurses are *possible*. This is reflected by a low number of applications per vacancy and decreasing unemployment rates for these occupational groups. Shortages in academic specialists are also likely for the occupational groups of architects, graduate engineers and related occupations. In the higher technical occupations, shortages are likely for materials engineering as well as for safety and quality inspectors. Signs of possible shortages are also visible for metal working occupations and machine mechanics. In other occupational fields, like computer science, finance, retail and administration a shortage in specialists could not be detected. For computer scientists it is likely to be the case that the demand for specific skills in this field cannot be met, due to the high pace of technological change in this field (Fink et al. 2015).

Lassnigg et al. (2013) compared various skills demand forecasts for Austria and came to the following conclusions. On the skills supply and demand side with the skills use system, the authors see a continuing trend towards higher formal qualifications. However, for the supply side the actual dimension of this trend is uncertain and on the demand side, the demand for high-level skills is accompanied by a demand for low-level skills, likely to lead to a stronger polarization of demand. On sector level, predictions about employment developments are ambiguous. Austria’s occupational structure is characterized by the high importance of medium-level qualification (particularly apprenticeship qualifications). Tertiary qualifications, however, will get more important in the future, as university graduates will benefit from the economic structural changes taking place. On the medium-skills level, demand for typical occupations in production will decrease, while demand will increase for service and office

occupations. However, more relevant than changes of the economic and occupational structure will be a change of occupational profiles themselves. Increasing skills requirements take place at the expenses of people with low-level skills but also people with vocational school certificates. A shortage in specialists is likely, although not due to a lack in specific qualifications and skills but due to demographic developments. The percentage of children, youth and young adults is declining, while the percentage of older people is increasing. This shift will among others translate into “a fight” for the young in the different tracks of the education system. Tensions are predicted, as the young will be needed on the labour market but the demand for high-level skills increases, which only can be met by longer participation in the education system.

Due to shifts in the age structure of the population, future labour market demand mainly will be replacement demand and not so much expansion demand. The aforementioned demographic developments increase the need for migrant labour. It is likely that immigration to Austria will increase and that the number of children with migration background in schools will increase too. Lassnigg et al. (2013) conclude, that the handling of immigration and the integration of immigrants will be the most decisive question in the further development of the education system and subsequently the labour market. Stronger efforts towards integration are necessary, as negative consequences of shortcomings in educational integration are already clearly visible in Vienna and are likely to emerge in all other Austrian regions in the near future as well, if not counteracted.

Because of structural economic changes (technological development, competition and deregulation) a job growth is foreseen in jobs with high-level skills profile and jobs with low-level skills profile, while the middle segment is expected to shrink. However, the demand for high-level skills will be higher. Low-level skills will be mainly demanded for unskilled labour in the service sector. Medium-level skills demand for production activities will decrease as well. An increase is expected in office and service jobs as well as in the field of reproductive activities (i. e. household connected services) due to an increase in women’s labour market participation. Regarding high-level skills it is particularly software engineering, engineering, management and the health sector that will experience increasing demands (Lassnigg et al. 2013). As pointed out before, it is more likely that job profiles itself and the particular job requirements will change instead of a shift in demands for professions. Changes are expected across all occupation and skills levels, towards increasing demands for a combination of multiple skills and complex skills packages (Lassnigg et al. 2013). The interviewee from WAFF pointed out that it was one of the biggest challenges to reach and motivate those people, who would need further education and training the most, i. e. people with simple skills. As further education and training will gain more importance this challenge also will. Due to demographic developments, i. e. a decrease in younger population segments, employers will depend stronger on older employees. Here, a skills mismatch might occur if their vocational skills and qualifications are not updated on a regular basis.

A topic already touched upon earlier, is the mismatch between skills level, the attainment of formal qualifications and level of occupation. Austrian employees in general show a high level of formal over-qualification, with 22 % working in occupations below their formal education level. In the case of migrants, it is even 33 % (Lassnigg et al. 2013). The interview partners from the PES in Vienna and WAFF underlined, that creating opportunities for professional advancement and employing people according to their skills and qualifications is becoming a more pressing issue. Considering the shrinking demand for low-level skills, it would be important to “reserve” these remaining jobs for people who do not have the capability to reach a medium or high skills level. Fostering professional upward mobility by

employing according to the level of formal qualification and encouraging further education and training for those who have the therefore necessary abilities, will alleviate the increasing pressure the lower segment of the labour market is likely to face.

7.3 Attraction and retention of skills

Vienna, the by far largest city in Austria and in its role as administrative, economic and educational centre is attracting many young adults from within Austria, from neighbouring countries and beyond. However, there are two opposing trends regarding the level of skills Vienna is attracting. On the one hand, Vienna is experiencing a “brain gain”. 32 % of the migrants moving to Vienna from other EU member states had a university degree while it was 10.5 % among the native population. Additionally, many young adults from other Austrian regions with upper secondary qualifications come to Vienna to study. On the other hand, 61 % from non-EU countries did not have a higher qualification than compulsory school while it was 29 % among the native population (Schneeberger et al. 2010). In 2013, 20.9 % of non-Austrians living in Austria had a university degree, opposed to 15.5 % of the Austrian population and 27.7 % of non-Austrians had not completed any further school than compulsory school, opposed to 13.6 % of all Austrians. Based on this data and the numbers on emigration from Austria it can be assumed that Vienna attracts more high-level skills through immigration than it loses via emigration (Himpele 2014).

In 2016, around 110.000 people emigrated from Austria, but only around 19 % of them had Austrian citizenship. However, independently of citizenship, people with higher educational attainments tend to be more mobile. Still, between 2013 and 2015 on average only 0.5 % of Austrians with tertiary degree emigrate. Natural scientists were the most likely to leave the country with 0.7 %. Non-Austrians with tertiary degree are much more mobile. Three years after attaining their degree in Austria, 64.3 % of Germans, 55 % of EU citizens (without Austria and Germany) and 45 % of non-EU citizens emigrated from Austria. In comparison to only 4.8 % of Austrians. Also among graduates, the ones with higher degrees are more likely to migrate. Independently of citizenship, the chances to emigrate are the highest for PhD graduates and higher for master graduates than for bachelor graduates (Pesendorfer 2017).

Generally we can say that the urban centres, Vienna for Austria, and regional urban centres for Upper Austria, attract in particular high-level and low-level skills. Beyond, however, we did not encounter a lot of information on the attraction and retention of skills in the interviews conducted.

7.4 Young adults’ characteristics

The main difference between employed and unemployed young adults in Vienna and Upper Austria is their formal level of education and training and the attainment of respective certificates. The risk of facing unemployment decreases with higher educational qualifications. Particularly, young adults with compulsory school as their highest educational attainment face a high unemployment risk. Other individual factors negatively influencing labour market integration that have been mentioned by our interview partners was a lack in motivation (PES Vienna, WIFO Upper Austria) and lack in practical experience (AK Upper Austria, WK Vienna).

However, it was also pointed out that limited contracts, reflecting the trend towards labour market discontinuity, is negatively influencing young adults’ sustainable integration into the

labour market (WK Vienna, AK Vienna). This does affect young adults throughout all skills levels. Other structural factors hindering labour market integration for young adults that have been mentioned was the general economic development and an increasing pressure on the labour market due to migration from other Austrian regions and especially the free movement of labour due to the EU's Eastern enlargement (WAFF). The interviewee from WAFF stressed that labour market integration for young adults was partly also difficult for the ones with high-level skills and that to a certain degree it was also a myth that higher-level skills would automatically translate into higher chances on the labour market.

Even though the educational structure of young adults in Vienna and Upper Austria differs, the characteristics of young adults with difficulties entering the labour are the same in both regions. Particularly young adults with low-level skills and low formal educational attainments face a higher risk of unemployment. However, there are differences in quantity between the two regions regarding this social problem. In Vienna, with its higher share of young adults without compulsory school certificate or without any continuing educational attainment or training, the number of young adults in unemployment is much higher.

8 Conclusions and implications for young adults

The two regions of Vienna and Upper Austria differ very much regarding their economic structure, with Upper Austria being one of the centres of industrial production in Austria and the strong relevance of the service sector in Vienna. The regional context has an impact on the regional skill systems. However, even though the context is quite different, we still found more similarities than differences between the two skill systems. In the following we sum up the results presented in this report. We end this section with an assessment of the regional skills ecology's implications for young adults.

The main actors identified influencing the skills system are more or less the same in Vienna and Upper Austria, the only relevant difference is that in Vienna there is an additional actor, the WAFF, working in the field of funding further vocational education. In Upper Austria, this task is covered by the regional administration. The differences we found between the skills systems in Vienna and Upper Austria concern the specific skills demanded and supplied, rather than the actors involved in the system or the relations among them. The two regions differ in terms of the educational structure of its population, reflecting the demand and supply of skills; while in Vienna the share of young adults with high-level and low-level qualifications is higher than the Austrian average, medium-level skills are the most common in Upper Austria.

The differences in skills formation and use between the two regional systems can be found for the formal education system. Concerning skills formation in LLL programmes for young adults in vulnerable situations, skills formation is very similar, as the problems faced in the two regions do differ rather in quantity than in quality. The most pressing problems identified in both regions are counteracting the individual and social problems connected to young adults' early exit from the education and training system and the related consequences.

We think that formal skills formation is strongly influenced by the skills use, i. e. the economic structure and the labour market demands. The influence exerted by the skills use system is mainly on the specific profiles of apprenticeship occupations. In LLL programmes, however, we see that skills formation is only partially influenced by specific skills demands. The

structure of the formal education system, i. e. the high importance of VET and particularly dual VET, is very much reflected in LLL programmes for young adults in vulnerable situations. The focus is more on facilitating access and completion of dual training, rather than focussing on specific training occupations. For both regions, we see a strong focus on vocational skills in LLL programmes for young adults. We think, that this similarity can be explained by the target group of most LLL measures, namely young adults with low-level skills, rather than with the respective regional economic context.

We did not detect major differences in public commitment to regular skills formation in Vienna and Upper Austria. Based on the number of available regular apprenticeship positions in Vienna and Upper Austria, we can say that private commitment to skills formation is higher in Upper Austria. Regarding LLL programmes, however, we could not detect any major differences in the degree of public and private commitment to skills formation. In terms of coordination between different actors, we think that the decentralized organizational structure of actors in Upper Austria has led to better coordination networks than in Vienna. The decentralization in the case of Upper Austria, by adding the local level, increases the complexity of governance processes. We could find more established networks among different actors as well as among the different local sub-organizations of one type of actor. It is likely, that the reason for the implementation of these networks is the aforementioned higher complexity to be dealt with in governance processes in Upper Austria as well as the difficulties concerning cooperation due to the geographical dispersion of actors involved in the skills system.

Even though the educational structure of young adults in Vienna and Upper Austria differs, the characteristics of young adults with difficulties entering the labour are the same in both regions. Particularly young adults with low-level skills and low formal educational attainments face a higher risk of unemployment. However, there are differences in quantity between the two regions regarding this social problem. In Vienna, with its higher share of young adults without compulsory school certificate or without any continuing educational attainment or training, the number of young adults in unemployment is much higher. Other individual factors negatively influencing labour market integration that have been mentioned by our interview partners was a lack in motivation and lack in practical experience. Even if young adults with high educational qualification, it is a much debated and politically charged topic if unemployment is due to skills mismatches. The assessment of the situation depends very much on the respective actor. Most interviewees however agreed, that a lot of young adults would lack basic skills, soft skills, learning skills and more generally life skills.

One of the main reasons for the difficulties young adults face upon entering the labour market are due to economic structural changes and connected changes in the availability and the forms of employment. Limited contracts, reflecting the trend towards labour market discontinuity, is negatively influencing young adults' sustainable integration into the labour market. This does affect young adults throughout all skills levels. Other structural factors hindering labour market integration for young adults is an increasing pressure on the labour market due to a scarcity in jobs and migration from other Austrian regions and abroad. The second reason for having difficulties entering the labour market are a lack in skills and educational attainments beyond compulsory school. The main problems with young adults in Vienna and Upper Austria is early school-leaving and a critical share of young adults lack basic skills, soft skills, learning skills and more generally life skills. Although there is a variety of reasons, why youth and young adults leave the segregating mechanisms of the education system are likely to foster early school leaving of children and youth with low-educated family backgrounds. For youth and young adults with low-level learning skills, apprenticeship

training is of the most common educational choice. Together with a lack in apprenticeship positions, as seen in Vienna, the chances for successful labour market integration for this group decrease. Most LLL programmes for young adults are second-chance or non-standard apprenticeship trainings. In our opinion skills formation via these programmes fills gaps created by a conjuncture of structural economic conditions and the deficits of the education system.

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10 Annex

Table 5: Actors and institutions involved in the skills formation and/or use system in Vienna

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in skills formation	Involvement in skills use	Relation with other actors/intuitions	Other relevant information
Young adults and their representatives	Public (Interest representation organizations)	Federal Regional Local, i.e. school/university level	The Federal Students Representation (BSV) represents students in the three main tracks of upper secondary education from each of the nine regional sub-organizations: academic secondary school, colleges and school for vocational education and part-time vocational schools (dual system). The Austrian Tertiary Students Federation (ÖH) represents students in tertiary education and is organized at federal and university level. Besides, the Federal Youth Representation (BVJ) functions as representative body for children, youth and young adults up to the age of 30 years.	Indirectly, by representing young adults' demands in the skills formation system. Besides engagement in political decision making via the social partnership system and direct interest representation work at school/university level, e.g. the participation in curricula commissions.	No	Yes, engagement in political negotiation and decision making processes via the social partnership system	Federal Students' Representation: http://www.bsv.at/ Austrian Tertiary Students' Federation: https://www.oeh.ac.at/ Federal Youth Representation: https://www.bjv.at/

Federal Ministry of Education (Bundesministerium für Bildung, BMB)	Public	Federal	The ministry of education, besides being the main administrative organization responsible for the administration of the Austrian school system, among others, funds and coordinates projects in the fields of inclusive learning and basic education for adults. Some of these projects have a special focus young adults. Besides, the ministry of education is one of the main actors in developing and coordinating the implementation of national strategies like the Austrian strategy for lifelong learning or the strategy aiming at the reduction of early school-leavers.	Yes, the Ministry of Education is the most important institutional actor in the development of curricula and their implementation within the formal education system.	No	As the responsibilities within the Austrian school system are divided between the federal state and the regional state, the main cooperation partners of the Ministry of Education are the regional education authorities. Furthermore, the ministry funds projects in the adult education sector, among others, an initiative on basic education for adults, and cooperates with public and private adult education providers.	https://www.bmb.gv.at/
Ministry of Science, Research and Economic Affairs (Bundesministerium für Wissenschaft, Forschung und Wirtschaft, BMWFW)	Public	Federal	Within the scope of the YOUNG ADULLLT project, 1) the ministry's role in the development, management and funding of universities and 2) the management of the dual apprenticeship system are of specific interest. Regarding the administration of the apprenticeship system the ministry engages among others in the education of trainers, guaranteeing	Universities are largely funded by the BMWFW. The ministry therefore has a strong influence of skills formation in tertiary education. Regarding the dual VET system, the	No	Regarding skills formation, the BMWFW cooperates mainly with universities and the Chamber of Commerce.	https://www.bmwfw.gv.at

			quality standards, job information and coaching for apprentices, the disbursement of social benefits for apprentices and funding for training firms.	ministry influences the development of occupational profiles and the respective curricula.			
Ministry of Labour, Social Affairs and Consumer Protection (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, BMASK)	Public	<u>Federal</u> Regional (While the ministry is a federal institution and the network for professional assistance is also organized at federal level, the service department has nine regional offices, one in each Austrian regional state.)	Of specific interest in the context of the YOUNG ADULLLT project is the service department of this ministry (Sozialministeriumsservice, SMS). The main tasks of the service department is to foster labour market inclusion for people with disabilities, health issues or other forms of disadvantages. The department coordinates and funds various programmes and measures in this field that are directed towards employees on the one hand and employers on the other hand. Among these measures are five labour market programmes for youth and young adults – coordinated by the Network for Professional Assistance (Netzwerk für	Yes, the main task of the network for professional assistance is fostering labour market integration, providing support before, during and shortly after labour market entry for disadvantages people, especially youth and young adults. The network funds and coordinates programmes that aim at enhancing labour market related soft skills.	No	Besides cooperation with other administrative bodies at federal and regional level, the BMASK cooperates strongly with the PES and via NEBA with social enterprises and NGOs, who implement the respective labour market programmes. NEBA is partly funded by the ESF.	https://www.sozialministerium.at/site/ http://www.sozialministeriumservice.at/ http://www.neba.at/

			berufliche Assistenz, NEBA) – youth coaching, production school, vocational training assistance, work assistance and job coaching.				
Municipality of Vienna (Stadt Wien)	Public	<u>Regional</u> Local	<p>Within in the municipality the most relevant departments involved in the governance of the skills system are the ones for education, social affairs, and the city school council. The municipal department for education is responsible for the administration, coordination and funding of non-formal education for all age groups. The municipal department of social affairs is mainly responsible for the administration of care institutions and the administration of the needs-oriented minimum income. Among others, the department aims at reducing the number of people dependent on minimum income subsidies and therefore commissions and funds projects that foster labour market integration. The city school council is responsible for the management of all types of schools in Vienna. Besides, the Vienna</p>	<p>Yes, among others, administrative bodies of the municipality influence skills formation in the school system and the formation of labour market related skills via programmes fostering the attainment of further vocational qualifications for employed and unemployed people living in Vienna.</p>	No	<p>Relevant cooperation partners for the department of education are adult education providers and the Ministry of Education. The city school council works closely with the BMB, schools in Vienna and the WAFF. Whereas the department for social affairs collaborates strongly with the regional PES.</p>	<p>https://www.wien.gv.at/</p>

			Employment Promotion Fund (WAFF) is closely related to the municipality.				
Employers' representatives	Public (Interest representation organizations)	Federal Regional Local	<p>The Chamber of Commerce (Wirtschaftskammer, WK) and the Federation of Industries (Industriellenvereinigung, IV) are both employer representatives and represent the interests of private companies in all sectors of the economy. Membership in the WK is compulsory while it is not for the IV. Among others, the Chamber of Commerce is responsible (as quasi-administrative body) for the administration of the dual apprenticeship system. Both employer representatives have departments working on education policy and are represented in the PES and in WAFF.</p>	<p>Both organizations influence skill formation on federal, regional and local level via their involvement in the public employment agencies and via social partnership arrangements in the field of education policies. Besides, the WK has a strong influence on skills formation in dual VET, due to its administrative function in this field.</p> <p>WK is also directly involved in skills formation via its affiliated business schools, a university of applied sciences and its education provider "Wif" (Wirtschaftsförderungsinstitut, Institute for business</p>	Not directly, but as both organizations represent employers interests they represent actors who use skills.	<p>Strong cooperation with their members, i.e. private companies, the BMWFW, and employees' representatives in a broad variety of policy areas. In the field of skills formation this includes cooperation in the boards and committees of the PES, WAFF and the regional school councils.</p>	<p>https://www.wko.at/ https://www.iv.at/de/</p>

				promotion), which has a high density of local subunits throughout Austria.			
Employees representatives	Public (Interest representation organizations)	Federal Regional Local (Both social partner's federal and regional organizations for Vienna are combined into one organizational unit, i. e. these units are federal and regional representatives at the same time.)	The Chamber of Labour (Arbeiterkammer, AK) and the Confederation of Trade Unions (Österreichischer Gewerkschaftsbund, ÖGB) both represent the interests of the employed population (except self-employed) in all sectors of the economy. This implies also the representation of young adults participating in the labour force. Membership in the AK is compulsory, while it is voluntary for the trade unions. The Chamber of Labour has a department for education policies, conducting research and political work in this field. Beyond, the AK offers counselling on further education and training and small scale individual funding for further education.	Both organizations influence skill formation on federal, regional and local level via their involvement in the public employment agencies and via social partnership arrangements in the field of education policies. AK and ÖGB are for example represented in the city school council and the regional board on apprenticeship issues. Besides that, involvement in skill formation takes place via the education provider "BFI" (Berufsförderungsin-	No	Strong cooperation with the Ministry of Labour and Social Affairs; cooperation with employer representatives in committees and organizations like the public employment agencies, the WAFF, the school council etc.	https://wien.arbeiterkammer.at https://www.oegb.at

				stitut, Institute for professional promotion) which has a high density of local subunits throughout Austria and is affiliated with the Chamber of labour. One of the universities of applied sciences in Vienna is also affiliated with the AK.			
Public Employment Service (Arbeitsmarktservice, AMS)	Public	Federal Regional Local	In Austria, the public employment agency operates on the federal, the regional (nine subunits), and the local level (99 subunits). The public employment agency is responsible for the placement of jobless people in vacant positions, the disbursement of unemployment benefits and supporting further qualification or re-qualification of unemployed people. Furthermore, the public employment agency provides counselling services and labour market information for job seeking persons. The PES has a	Yes. Skills matching is one of the main tasks of the PES. In the logic of the PES unemployment is among others the result of skills mismatches. Therefore, the PES engages strongly in skills formation within the framework of active labour market policies. The PES	No	The employment agency works closely together with public and private education providers, public institutions on various levels (like the ministries mentioned above and the respective departments at regional or local level) as well as companies and social enterprises. Employees and employers representatives influence decision making on the labour market	http://www.ams.at/

			regional office for Vienna and 13 local offices all over the city, each of them responsible for claimants resident in specific districts if they are 22 years or older. Additionally, Vienna has one PES office for youth and young adults up to the age of 21 years.	commissions and funds courses and vocational training measures and is responsible for the placement of unemployed people in these measures.		policies implemented by the public employment agency at federal, regional and local level.	
Vienna Employment Promotion Fund (Wiener Arbeitnehmerförderungsfonds, WAFF)	Public	Regional	The WAFF provides information, counselling and funding in the field of further education. Its services are mainly directed towards people in employment and companies. Its aim is to foster employment and reduce the risk of unemployment by means of funding the attainment of further qualifications. The fund was set up by the Viennese trade unions and the Chamber of Labour. Employers and employees interest representatives as well as the municipality and the PES are represented in the board of the fund. Besides, the WAFF also coordinates the disbursement of the European Social Fund (ESF) for Vienna.	Yes. Supporting skills formation is the main task of the employment promotion fund. However, the WAFF only provides individual funding for further vocational education and training and does not commission or offer skills formation itself.	No	The WAFF coordinates the activities of the actors involved in the “Viennese Qualifications Plan”. This network is comprised by the WAFF, the municipality, the interest representation organizations, the PES and the city school council. The same organizations (except for the city school council) are represented in the board of the fund.	https://www.waff.at

<p>Formal education system Upper secondary and tertiary educational institutions</p>	<p>Public Private</p>	<p>Local, i.e. school/university level (Federal) (Regional)</p>	<p>The Austrian school system is characterized by the comparatively short time of compulsory schooling (9 years), its early tracking, and the importance of its vocational track. In 2016, Vienna had the following number of different upper secondary school types: 93 academic secondary schools (upper cycle), 25 part-time vocational schools (dual system), 61 colleges and schools for vocational education, 10 schools for teacher education and 48 schools health care VET schools. Universities and universities of applied sciences are the main providers of tertiary education. Vienna has 10 public universities, 5 private universities and 4 universities of applied sciences of which one is associated with the Chamber of labour and one with the Chamber of commerce.</p>	<p>Yes. According to the type of school or university the focus is on comprehensive or vocational skills formation.</p>	<p>Yes, particularly the universities themselves use managerial, scientific research and teaching skills to a relevant degree as they are major employers in the Vienna region.</p>	<p>Schools have strong connections with the city school council and the Ministry of Education. Universities have strong ties with the BMWFV and are all members in the organization "Universities Austria" (Universitätskonferenz, uniko) representing the collective interests of the universities.</p>	
<p>Adult education providers</p>	<p>Public Private</p>	<p>Regional Local</p>	<p>For profit and non-profit providers of adult education offer courses in a broad range of subjects and cover a broad range of educational levels. Courses</p>	<p>Yes. According to the type of adult</p>	<p>No</p>	<p>The major adult education providers are organized in the federal umbrella</p>	<p>http://www.veboe.at</p>

			<p>range from basic education to very specific vocational education, foreign language learning and arts. The Chamber of Commerce and the Chamber of Labour both have an affiliated adult education institution (WIFI and BFI). Their offer focuses predominantly on VET and the transmission of work-place related and directly exploitable skills. Besides, the 36 non-profit adult education centres (Volkshochschule, VHS) that offer courses on a broader range of subjects and closely affiliated with the municipality, are another important player in adult education. A larger number of smaller adult education providers offer privately accessible education and training courses and/or courses commissioned and funded by the PES, addressing job-seeking persons.</p>	<p>education provider the focus is on comprehensive or vocational skills formation.</p>		<p>organization VEBÖ and have relations with the department for adult education within the municipality, the respective departments within the Ministry of Education, the Chamber of Labour as well as the Chamber of Commerce and the PES.</p>	
<p>Social enterprises and NPOs</p>	<p>Private</p>	<p>Federal Regional <u>Local</u></p>	<p>Social enterprises are private non-profit organizations offering permanent or transitional work places for disadvantaged jobless people. Social enterprises combine on-the-job training</p>	<p>Yes, on-the-job skills formation and preparing people for the (re-)integration into the first labour market is the main task of social</p>	<p>Yes. In the case of social enterprises the formation and use of skills coincides, as they mainly</p>	<p>Social enterprises work closely together with the public employment agency, the service department of the Ministry of labour</p>	<p>http://arbeitplus.at/</p>

			for lower skilled tasks with social work and guidance. The main task of social enterprises is to offer occupational programmes that support their clients (re-)integration into the first labour market. Around 60 social enterprises are members of the Viennese umbrella organization for social enterprises "arbeit +".	enterprises.	engage in on-the-job trainings.	and social affairs and the regional or municipal departments for social affairs. Social enterprises have set up umbrella organizations at regional and federal level to better represent their common interests. Social enterprises partly also cooperate with companies.	
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Table 6: Actors and institutions involved in the skills formation and/or use system in Upper Austria

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in skills formation	Involvement in skills use	Relation with other actors/intutions	Other relevant information
Young adults and their representatives	Public (Interest representation organizations)	Federal Regional Local, i.e. school/university level	The Federal Students Representation (BSV) represents students in the three main tracks of upper secondary education from each of the nine regional sub-organizations:	Indirectly, by representing young adults' demands in the skills formation system. Besides engagement in political decision	No	Yes, engagement in political negotiation and decision making processes via the social partnership system	Federal Students' Representation: http://www.bsv.at/ Austrian Tertiary Students' Federation: https://www.oeh.ac.at/ Federal Youth Representation: https://www.bjv.at/

			academic secondary school, colleges and school for vocational education and part-time vocational schools (dual system). The Austrian Tertiary Students Federation (ÖH) represents students in tertiary education and is organized at federal and university level. Besides, the Federal Youth Representation (BVJ) functions as representative body for children, youth and young adults up to the age of 30 years.	making via the social partnership system and direct interest representation work at school/university level, e.g. the participation in curricula commissions.			
Federal Ministry of Education (Bundesministerium für Bildung, BMB)	Public	Federal	The ministry of education, besides being the main administrative organization responsible for the administration of the Austrian school system, among others, funds and coordinates projects in the fields of inclusive learning and basic education for adults. Some of	Yes, the Ministry of Education is the most important institutional actor in the development of curricula and their implementation within the formal education system.	No (only as an employer)	As the responsibilities within the Austrian school system are divided between the federal state and the regional state, the main cooperation partners of the Ministry of Education are the regional education	https://www.bmb.gv.at/

			these projects have a special focus young adults. Besides, the ministry of education is one of the main actors in developing and coordinating the implementation of national strategies like the Austrian strategy for lifelong learning or the strategy aiming at the reduction of early school-leavers.			authorities. Furthermore, the ministry funds projects in the adult education sector, among others, an initiative on basic education for adults, and cooperates with public and private adult education providers.	
Ministry of Science, Research and Economic Affairs (Bundesministerium für Wissenschaft, Forschung und Wirtschaft, BMWFW)	Public	Federal	Within the scope of the YOUNG ADULLLT project, 1) the ministry's role in the development, management and funding of universities and 2) the management of the dual apprenticeship system are of specific interest. Regarding the administration of the apprenticeship system the ministry engages among others in the education of trainers, guaranteeing quality	Universities are largely funded by the BMWFW. The ministry therefore has a strong influence of skills formation in tertiary education. Regarding the dual VET system, the ministry influences the development of occupational	No (only as an employer)	Regarding skills formation, the BMWFW cooperates mainly with universities and the Chamber of Commerce.	https://www.bmwf.wg.at

			standards, job information and coaching for apprentices, the disbursement of social benefits for apprentices and funding for training firms.	profiles and the respective curricula.			
Ministry of Labour, Social Affairs and Consumer Protection (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, BMASK)	Public	Federal Regional (While the ministry is a federal institution and the network for professional assistance is also organized at federal level, the service department has nine regional offices, one in each Austrian regional state.)	Of specific interest in the context of the YOUNG ADULLLT project is the service department of this ministry (Sozialministeriumservice, SMS). The main tasks of the service department is to foster labour market inclusion for people with disabilities, health issues or other forms of disadvantages. The department coordinates and funds various programmes and measures in this field that are directed towards employees on the one hand and employers on the other hand. Among these measures are five labour market programmes for	Yes, the main task of the network for professional assistance is fostering labour market integration, providing support before, during and shortly after labour market entry for disadvantages people, especially youth and young adults. The network funds and coordinates programmes that aim at enhancing labour market related soft skills.	No	Besides cooperation with other administrative bodies at federal and regional level, the BMASK cooperates strongly with the PES and via NEBA with social enterprises and NGOs, who implement the respective labour market programmes. NEBA is partly funded by the ESF.	https://www.sozialministerium.at/site/ http://www.sozialministeriumservice.at/ http://www.neba.at/

			youth and young adults – coordinated by the Network for Professional Assistance (Netzwerk für berufliche Assistenz, NEBA) – youth coaching, production school, vocational training assistance, work assistance and job coaching.				
Upper Austrian administration	Public	Regional	Upper Austria consists of 442 municipalities and 14 districts. The most relevant departments involved in the governance of the skills system are the ones for education, economic affairs, social affairs, and the regional school council. The regional administration manages and coordinates the activities of the Upper Austrian “Pact for Work and Qualification”	Yes, among others, administrative bodies of the administration influence skills formation in the school system and the formation of labour market related skills via programmes fostering the attainment of further vocational qualifications for employed and unemployed people living in Upper Austria.	No	Close cooperation with the actors involved in the “Pact for Work and Qualification”, namely the regional PES, the regional service department of the BMASK, the four social partners and the regional school council.	https://www.land-oberoesterreich.gv.at/

<p>Employers' representatives</p>	<p>Public (Interest representation organizations)</p>	<p>Federal Regional Local</p>	<p>The Chamber of Commerce (Wirtschaftskammer, WK) and the Federation of Industries (Industriellenvereinigung, IV) are both employer representatives and represent the interests of private companies in all sectors of the economy. Membership in the WK is compulsory while it is not for the IV. Among others, the Chamber of Commerce is responsible (as quasi-administrative body) for the administration of the dual apprenticeship system. Both employer representatives have departments working on education policy and are represented in the PES and in WAFF.</p>	<p>Both organizations influence skill formation on federal, regional and local level via their involvement in the public employment agencies and via social partnership arrangements in the field of education policies. Besides, the WK has a strong influence on skills formation in dual VET, due to its administrative function in this field. WK is also directly involved in skills formation</p>	<p>Not directly, but as both organizations represent employers interests they represent actors who use skills.</p>	<p>Strong cooperation with their members, i.e. private companies, the BMWF, and employees' representatives in a broad variety of policy areas. In the field of skills formation this includes cooperation in the boards and committees of the PES, WAFF and the regional school councils.</p>	<p>https://www.wko.at/ https://www.iv.at/de/</p>
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				via its affiliated business schools, a university of applied sciences and its education provider "Wifi" (Wirtschaftsförderungsinstitut, Institute for business promotion), which has a high density of local subunits throughout Austria.			
Employees representatives	Public (Interest representation organizations)	Federal Regional Local (Both social partner's federal and regional organizations for Vienna are combined into one organizational unit, i. e. these units are federal and regional representatives at the same time.)	The Chamber of Labour (Arbeiterkammer, AK) and the Confederation of Trade Unions (Österreichischer Gewerkschaftsbund, ÖGB) both represent the interests of the employed population (except self-employed) in all sectors of the economy. This implies also the representation of young adults participating in the labour force.	Both organizations influence skill formation on federal, regional and local level via their involvement in the public employment agencies and via social partnership arrangements in the field of	No	Strong cooperation with the Ministry of Labour and Social Affairs; cooperation with employer representatives in committees and organizations like the public employment agencies, the WAFF, the school council etc.	https://wien.arbeiterkammer.at https://www.oegb.at

			<p>Membership in the AK is compulsory, while it is voluntary for the trade unions. The Chamber of Labour has a department for education policies, conducting research and political work in this field. Beyond, the AK offers counselling on further education and training and small scale individual funding for further education.</p>	<p>education policies. AK and ÖGB are for example represented in the city school council and the regional board on apprenticeship issues.</p> <p>Besides that, involvement in skill formation takes place via the education provider "BFI" (Berufsförderungsinstitut, Institute for professional promotion) which has a high density of local subunits throughout Austria and is affiliated with the Chamber of labour. One of the universities of applied sciences in Vienna is also affiliated with the AK.</p>			
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<p>Public Employment Service (Arbeitsmarktservice, AMS)</p>	<p>Public</p>	<p>Federal Regional Local</p>	<p>In Austria, the public employment agency operates on the federal, the regional (nine subunits), and the local level (99 subunits). The public employment agency is responsible for the placement of jobless people in vacant positions, the disbursement of unemployment benefits and supporting further qualification or re-qualification of unemployed people. Furthermore, the public employment agency provides counselling services and labour market information for job seeking persons. The PES has a regional office for Upper Austria and 17 local offices all over the region, each of them responsible for claimants resident in specific districts.</p>	<p>Yes.</p> <p>Skills matching is one of the main tasks of the PES. In the logic of the PES unemployment is among others the result of skills mismatches. Therefore, the PES engages strongly in skills formation within the framework of active labour market policies.</p> <p>The PES commissions and funds courses and vocational training measures and is responsible for the placement of unemployed people in these measures.</p>	<p>No</p>	<p>The employment agency works closely together with public and private education providers, public institutions on various levels (like the ministries mentioned above and the respective departments at regional or local level) as well as companies and social enterprises. Employees and employers representatives influence decision making on the labour market policies implemented by the public employment agency at federal, regional and local level.</p>	<p>http://www.ams.at/</p>
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<p>Formal education system Upper secondary and tertiary educational institutions</p>	<p>Public Private</p>	<p>Local, i.e. school/university level (Federal) (Regional)</p>	<p>The Austrian school system is characterized by the comparatively short time of compulsory schooling (9 years), its early tracking, and the importance of its vocational track. In 2016, Upper Austria had the following number of different upper secondary school types: 49 academic secondary schools (upper cycle), 28 part-time vocational schools (dual system), 100 colleges and schools for vocational education, 7 schools for teacher education and 64 schools health care VET schools. Universities and universities of applied sciences are the main providers of tertiary education. Upper Austria hosts 3 public universities, 3 private universities and 2 universities of applied sciences.</p>	<p>Yes. According to the type of school or university the focus is on comprehensive or vocational skills formation.</p>	<p>Yes, particularly the universities themselves use managerial, scientific research and teaching skills.</p>	<p>Schools have strong connections with the regional school council and the Ministry of Education. Universities have strong ties with the BMWFW and are all members in the organization "Universities Austria" (Universitätskonferenz, uniko) representing the collective interests of the universities.</p>	
<p>Adult education providers</p>	<p>Public Private</p>	<p>Regional Local</p>	<p>For profit and non-profit providers of</p>	<p>Yes.</p>	<p>No</p>	<p>The major adult education</p>	<p>http://www.weiterbilden.at http://www.veboe.at</p>

			<p>adult education offer courses in a broad range of subjects and cover a broad range of educational levels. The Chamber of Commerce and the Chamber of Labour both have an affiliated adult education institution. WIFI with 13 locations and BFI with 25 locations in Upper Austria. Their course offer focuses predominantly on VET and the transmission of work-place related and directly exploitable skills.</p> <p>The 16 non-profit adult education centres (Volkshochschulen, VHS) closely affiliated with the Chamber of Labour have broader offer, including among others VET, basic education, foreign language learning, arts, health education. The major non-profit adult education providers are part of the</p>	<p>According to the type of adult education provider the focus is on comprehensive or vocational skills formation.</p>		<p>providers are organized in the federal umbrella organization VEBÖ and the regional umbrella organization "Adult Education Forum Upper Austria". They hold close relations with the department for adult education within the regional administration, the Chamber of Labour, the Chamber of Commerce and the PES.</p>	
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			umbrella organization "Adult Education Forum Upper Austria".				
Social enterprises and NPOs	Private	<u>Local</u> Regional Federal	<p>Social enterprises are private non-profit organizations offering permanent or transitional work places for disadvantaged jobless people. Social enterprises combine on-the-job training for lower skilled tasks with social work and guidance. The main task of social enterprises is to offer occupational programmes that support their clients (re-)integration into the first labour market. Around 40 social enterprises are members Upper Austrian umbrella organization "Social Platform Upper Austria" and the federal umbrella organizations "arbeit +".</p>	<p>Yes, on-the-job skills formation and preparing people for the (re-)integration into the first labour market is the main task of social enterprises.</p>	<p>Yes. In the case of social enterprises the formation and use of skills coincides, as they mainly engage in on-the-job trainings.</p>	<p>Social enterprises work closely together with the public employment agency, the service department of the Ministry of labour and social affairs and the regional or municipal departments for social affairs. Social enterprises have set up umbrella organizations at regional and federal level to better represent their common interests. Social enterprises partly also cooperate with companies.</p>	<p>http://arbeitplus.at/</p>



Work Package 6

Comparative Analysis Skills Supply and Demand Bulgaria National report

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Introduction

The main objective of WP6 is describing and understanding the governance of the supply and demand of skills within and across the functional regions under study in the Young-Adulllt (YA) project. The project refers to the local/regional supply and demand of skills as the local/regional *skills ecology*. Each partner country describes and analyses the governance of the skills ecology in the two functional regions under study, which will allow further comparison of cases. In the present case, the national report for Bulgaria provides evidence and analyses the functional regions of Plovdiv (PFR) and Blagoevgrad (BFR). These are the two functional regions selected for in depth analyses across the whole YA research project.

In order to describe and understand the governance of local/regional skills in PFR and BFR, four main tasks are performed:

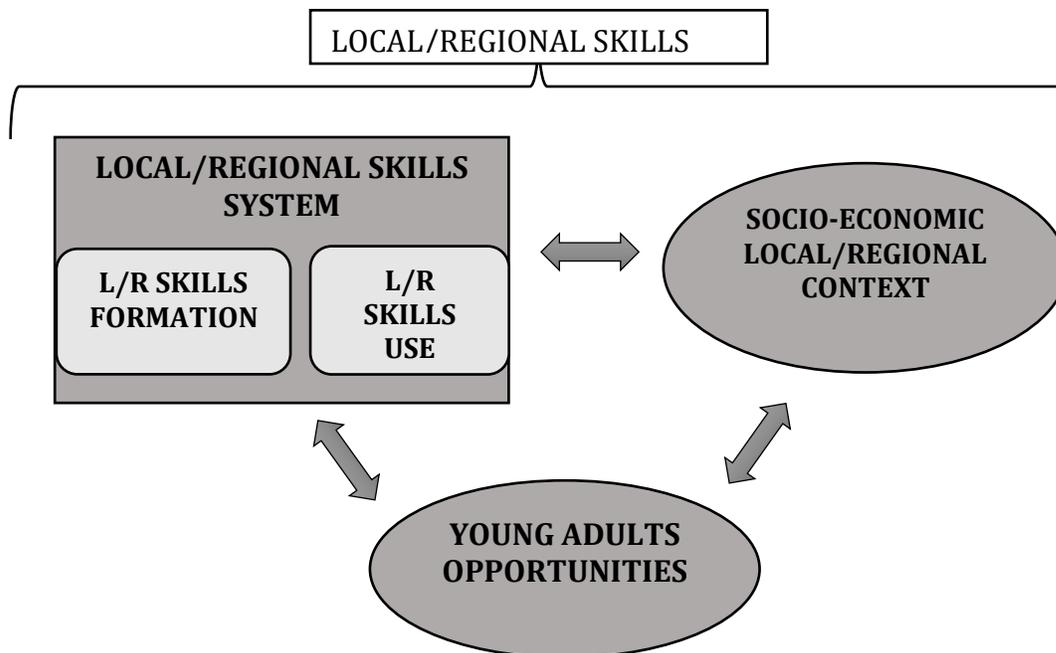
1. Identifying and mapping the actors, institutions, structures and their main activities relevant to the local governance of the skills ecology.
2. Analysing main actors' policy orientations (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults.
3. Understanding the level and forms of coordination of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults.
4. Report and assess evidence on the quality and the relevance of the skills developed and used by young adults in the workplace and society.

In this initial framework it is important to describe and differentiate two relevant terms: the skills system (constituted by the *skills formation market* and the *skills use market*) and the skills ecology. As shown in Figure 1 below, the skills system is constituted by two markets: the skills formation and the skills use market. In each one of these markets there is a supply and demand for skills. Local, national and supranational actors and institutions might be involved either in one or in both markets and develop their activities, which jointly constitute the skills system.

Skills systems are framed in a local/regional socioeconomic context, which is likely to differ from one region to another and across countries. The skills system is not impermeable to its context, which is also likely to vary across time. Therefore, the local/regional context is likely to affect the actors and institutions and their activities. Conversely, these actors/institutions and their activities might also have an influence in shaping the local/regional context.

The combination of the local/regional skills system into the local/regional context constitutes the local/regional skills ecology. Thus, the interest of this national report of WP6 resides in understanding the local/regional governance of the skills system in PFR and BFR, assessing to what extent it is influenced by their local/regional socio-economic context.

Figure 5: Skills system, context and skills ecology



The work of WP6 complements and has been developed in coordination with the rest of empirical working packages. However, one of the main differences is that the unit of analysis in WP6 is the region. WP3 (*Policy Mapping, Review and Analysis*) focused on policies targeted to young adults, WP4 (*Quantitative Analysis of Young Adults' Living and Social Conditions*) on young adults and WP5 (*Qualitative Research with young Adults*) in young adults participating in the policies under study. Although WP6 does not focus on specific policies but on the overall pool of available skills in the functional regions, the work undergone in WP3 has facilitated the identification of main actors involved in the local skills ecology and the reports and sources of information used by policy makers and practitioners to govern the local skills ecology.

The work developed in WP4 has been crucial to frame and contextualise the socio-economic context of the regions under study. Previous work on skills supply and demand tends to focus on national averages, ignoring the regional and local differences. Gathering data that considers the regional and local characteristics facilitates the understanding of different forms of governance of the local skills ecology.

Last but not least, the empirical material gathered in WP5 and the analyses developed in parallel to the current work for WP6 have served as a way to contextualise the opportunities of young adults in each region. The interviews conducted with policy makers, practitioners and young adults involved in the policies mapped in WP3 have further facilitated the understanding of the regional resources, objectives and priorities in terms of skills.

The work currently developed in WP6 national report also aims at feeding and facilitating the

tasks of WP7 (*Regional/Local Case Studies*) and WP8 (*Comparative Analysis and Reporting*).

The present report is organised in six main sections. Following this introduction, the methodology used to develop the analyses is described and discussed. Then the analyses for Plovdiv Functional Region are presented. These analyses include 1) the contextualisation of the region in terms of socio-economic characteristics; 2) the mapping of the main regional and local actors, institutions and structures involved in the skills system; 3) the identification of the policy orientations and levels and forms of coordination among actors; and 4) the assessment of the quality and use of skills at the regional level. The implications for young adults in the region are derived from these analyses. The same exercise follows concentrating in Blagoevgrad Functional Region. Last but not least, the results of the two functional regions are compared. Other emerging issues not included in the previous sections are discussed in the final section.

1. Methodology

The main intention of this WP6 is identifying the actors involved in the supply and demand of skills and understanding how they govern, manage and coordinate their activities and which the implications for young adults are. To attain WP6 main objective of describing and understanding the governance of the supply and demand of skills within and across the FRs under study, the work to be done involves the four specific objectives, previously mentioned in the introduction section.

As the rest of the WPs constituting the YOUNG-ADULLLT project, the main theoretical frameworks driving the analyses are the Life Course Research (LFR), the Cultural Political Economy (CPE) and the Governance framework (GOV). Although WP6 includes the three theoretical perspectives, the GOV and the CPE are central to the analytical approach employed.

The Governance framework plays a key role in the task of identification of relevant actors and institutions involved in the local/regional activities influencing young adults' skills formation and skills use. It also contributes to the understanding of the interplay among actors and institutions involved in different scales of governance (national/supranational/across regions). Therefore, GOV framework is especially relevant in identifying and mapping the actors, institution, structures and their main activities relevant to the local governance of the skills ecology (Task 1).

However, the interactions among actors and institutions are not random. The CPE framework can help us understand actors and institutions activities. Actors usually detect and consider problems for given targeted groups when some changes are experienced at the local/regional/national/supranational level (Variation). The activities/policies they decide to take part in (Selection) and promote (Retention) at the regional/local level are influenced by the problematisation of the situation of the targeted group. In this sense, the national report of WP6 takes into account the CPE approach when considering the nature of the activities related to LLL for young adults and the policy orientation (interest, frames, incentives) of the actors/institutions involved (Task 2), as well as the (in)existence of coordination and their forms (Task 3).

Finally, the way in which actors and institutions interact and decide to place some

activities/policies for young adults and coordinate them is likely to influence young peoples' lives. Therefore, from a LCR perspective the governance of the local/regional skills ecology is likely to influence the expectations, opportunities and lives of young adults. The (mis)match between young adults' skills, expectations and ambitions and the ones provided in their local/regional skills ecology is also likely to influence their lives (Task 4).

The empirical evidence to attain these objectives and develop the tasks considered come from different sources. The main ones are the semi-structured interviews with key local actors and the grey literature used in the region in relation to skills policies. Table 1 below presents the profile of the people interviewed in each of the two functional regions, e.g. PFR and BFR, and the documents revised in them.

1. Interviews

In the case of PFR, the key informants are from the following institutions: the Municipality of Plovdiv, the Plovdiv Labour Office, "Land Source of Income" Foundation and the Center "Education for Democracy".

In the case of BFR, the key informants are from the next institutions: the Regional Employment Agency, the Agency for Social Assistance – Blagoevgrad, the Municipality of Petrich, the Regional Directorate for Education - Blagoevgrad and South-West University – Blagoevgrad.

2. Grey literature

The main reports considered for the systematic review of grey literature at PFR are: Internal information from the Regional Employment Agency - Plovdiv, 2017, Assessment of the competences of the labour force by branches and regions, within the Project "MyCompetence", 2015, Paper "The Importance of Skills for the Work Realisation in Bulgaria" of the World Bank 20016, Indicators of the efficiency of the professional education in Bulgaria, within OP "Development of Human Resources" 2007-2013, Year Review of the Active Policy Performance on the Labour Market in the Plovdiv Region, Regional Employment Agency Directorate, 2016.

The main reports considered for the systematic review of grey literature at BFR are: the Regional Skills Assessment, Blagoevgrad Region, Survey, 2014, SWU, the Study on Employers' support for staff training, 2015, Institute for Market Economics, the results from Survey on Qualification of employees, Bulgarian Industrial Association, 2016 and results from International Survey for skills, 2016, Institute for Market Economics.

Table 7: Key informants and grey literature

	Plovdiv Functional Region	Blagoevgrad Functional Region
Interview, institution	<ul style="list-style-type: none"> - Municipality of Plovdiv; - Plovdiv Labour Office; - Land Source of Income Foundation; - Center "Education for Democracy". 	<ul style="list-style-type: none"> - Employment Agency Directorate, Blagoevgrad; - Agency for Social Assistance, Blagoevgrad; - Municipality of Petrich; - Directorate for Education, Blagoevgrad; - Trade Union of South-West

		University.
Grey literature revised	<ul style="list-style-type: none"> - Internal information, Directorate Labour Office - Plovdiv, 2017. - Assessment of the competences of the labour force by branches and regions, Project "MyCompetence", 2015. - Paper "The Importance of Skills for the Work Realisation in Bulgaria", the World Bank 2016. - Indicators of the efficiency of the professional education in Bulgaria, OP "Development of Human Resources" 2007-2013. - Year Review of the Active Policy Performance on the Labour Market in the Plovdiv Region, Regional Employment Agency Directorate, 2016. 	<ul style="list-style-type: none"> - Regional Skills Assessment, Blagoevgrad Region, Survey, 2014, SWU. - Study on Employers' support for staff training, 2015, Institute for Market Economics. - Survey on Qualification of employees, Bulgarian Industrial Association, 2016. - International Survey for skills, 2016, Institute for Market Economics.

The semi-structured interviews have been transcribed and their content has been analysed based on the CPE approach of Variation, Selection and Retention. Information gathered in the interviews has been used to improve the mapping of actors and institutions, to better know and understand their institutions policy orientations, interaction and forms of coordination with the rest of actors. A summary of each interview can be found in the Annexes 3 and 4.

The grey literature deemed relevant and influential at the local/regional level in terms of skills policies has been systematically reviewed. Two main approaches have been used in these tasks: CPE and LCR. Information on the quality and use of available skills at the regional level and the way it is assessed by the document institutions (e.g. positive, desired, negative) has provided relevant information for assessing the quality and use of young adults' skills in the regional skills ecology.

In addition to the interviews transcriptions and the grey literature, other sources of empirical evidence to attain the objectives of this WP6 national report have been the WP3 national report of Bulgaria on *Policy Mapping, Review and Analysis*, the policy documents reviewed in WP3, the websites of the main institutions involved in the regional skills system in each FR and the informal contact with key informants from the studied institutions. Interviews from WP5 with policy makers and young adults have also served as background information to support and contrast information available in the rest of empirical material. Quantitative indicators from WP4 have been used to contextualise the FRs.

Table 2 below summarises and links the objectives of the national report with the main research questions, the theoretical approach and the empirical evidence and methodology used to answer the questions.

Table 8: Links between objectives, questions, theory, evidence and methods

Objectives	Questions	Theoretical framework	Empirical Evidence	Main methodology
1. Mapping of actors and institutions	- Which are the actors and institutions involved in the governance of the skills ecology?	GOV	Policy documents Websites Interviews	Content Analysis
2. Policy orientations	- What is the perception of actors of the main economic and social challenges of the FR? - Which is the degree of public and employers' commitment to skills development of young adults in the FR? - Which are the policy orientations of the actors and institutions involved in the governance of the skills ecology?	CPE	Interviews Policy documents	Content Analysis
3. Level and forms of coordination	- Which is the relationship between the local and national authorities regarding LLL and skills activities? - How do actors and institutions coordinate their activities? Which mechanisms do they use? - Which actors have an influence in what is taught in LLL courses in the FR? - Which actors influence the decision of which skills are considered as relevant/needed at the local level?	GOV CPE	Interviews Policy documents Interviews WP5	Content Analysis
4. Types of (mis)match	- To what extent are young adults affected by the types of (mis)matches taking place in the skills formation and use markets? - How do they affect their lives' opportunities and outcomes?	LCR CPE	Grey literature Indicators WP4	Systematic Review

2. National System of Skills

A national system of skills is under development in Bulgaria. As of late 2016, Skills anticipation activities include:

- Skills assessment carried out by the National Network for Competence Assessment (NNCA) The NNCA is run by a Council which is supported in its activities by the National Competence Assessment Centre (NCAC)
- Employment and skill forecasts undertaken by the Ministry of Labour and Social Policy (MLSP);
- Skills foresight activities at the occupational level carried out on an ad hoc basis by branch associations and social partners;
- Other activities, such as regular employer surveys run by the National Employment Agency (NEA).

A model of skills assessment was developed and implemented with funding from the ESF (2009-2013). The project 'Development of Workforce Competence Assessment System by Sectors and Regions' was managed by the social partners – Bulgarian Industrial Association (BIA), in partnership with the Confederation of Independent Trade Unions in Bulgaria (CITUB) and the Confederation of Labour Podkrepa (CL Podkrepa) – and led to the creation of the NNCA. Amongst other activities, the NNCA provides online competence assessments, free of charge, at the Workforce Competence Assessment System's "My Competence" portal. This is an information system that comprises five main modules: sector competency models, assessment, sector information, e-learning and development resources.

The development of the National Skills System is an initiative of the Council of Ministers in 2013 and has been developed by the MLSP. The National Skills System is based on a macroeconomic model with data from employer surveys, the National Statistical Institute (NSI), the National Social Security Institute (NSSI), the National Revenue Agency (NRA), and the National Employment Agency (NEA). The next step in the development of the National Skills System is the project 'Development of a system for forecasting the needs of labour force with certain skills and characteristics,' with the ESF financial support (2013-2015). MLSP has made a long term forecast on labour force supply and demand for the period 2014-2028.

In addition to long-term forecasts for the future skills needs of enterprises, in 2015 the NEA conducted an in-depth analysis and provided a short-term forecast of the development of the labour market in Bulgaria.

The National Skills System is based on regular NEA surveys and the collection and analysis of quantitative data collected by local labor offices. The mission of the NNCA is to enhance labour market adaptability and effectiveness, as well as to strike a greater balance between labour market demand and supply by developing a system for workforce competence assessment by sectors and regions.

The aims of the National Skills system are closely linked to the country's labour market policy aims. Labour market policy is oriented towards ensuring that the supply of labour is aligned with

the qualifications, skills and competences in demand on the labour market. This is set out in the annual National Employment Action Plan (NEAP).

Focus of NNCA work is the developing standards of workforce competence (i.e. 'skills profiles' for each occupation). NNCA conducts analyzes of demand for skilled workers at sectoral and regional level. Information on demand and supply of skills is collected through a macroeconomic analysis of skills needs of the workforce (www.competencemap.bg) and analysis of sectoral skills assessments available on the NRN website (<http://en.competencemap.bg/>). In this context, the NNCA's contribution provides valuable information on the adaptation of secondary and tertiary education programs, including VET.

There are ten Regional Competence Assessment Centres in place. The National Competence Assessment Centre supports them in terms of the assessment methodology used. The Competence Assessment Centers carry out the coordination, exchange of information and the assessment of competence in their respective regions. Regional Advisors are responsible for analyzing the results and expert opinions stemming from surveys conducted in the regions by consulting the survey participants when the assessment of competence is carried out at the organizational level.

The role of the NNCA is further expanded through the project 'Development of a National Competence Assessment System,' which is carried out by the MLSP with co-finance from the 'Human Resources Development' Operational Programme 2014-2020 under the ESF. The project extends the capacity and scope of "My Competence", which is further promoted as a system for assessing national competencies by developing competence models for 20 key jobs in five sectors of the Bulgarian economy: construction, automotive, energy, mining, and the cosmetics and perfumery industry. Several tools are also developed under the project, such as: e-tools for the analysis and monitoring of developments in the skill content of occupations, tools for competence assessment, seven e-training models, etc.

NEA regularly conducts surveys of employers to understand their skills needs so that they can better look for jobseekers in available or possibly accessible jobs. The MLSP and the NEA issue reports targeted at policy makers, social partners, labour market and educational experts. Results of the surveys of employers, which are run by the NEA, are published in monthly bulletins and annual reviews available at the NEA website (Statistics and Analyses section). Plans to improve dissemination are underway. There are also plans to provide information campaigns to encourage students towards occupations and skills, which are needed on the labour market, while also increasing the amount of information available online.

3. Analysis of skills supply and demand at Plovdiv Functional Region (PFR)

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, section 4 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Plovdiv Functional Region (PFR). A contextualisation of the socioeconomic conditions of the PFR precedes these analyses.

3.1. Context information on economic and labour market conditions

Income and living conditions

GDP per capita in the FR of Plovdiv was 9,268 BGN in 2014, which makes it the eighth largest in the country. In 2014, the economy registered a slowdown, and the annual average income per household member in 2014 and 2015 slightly declined, mostly because of lower pension, unemployment, and welfare incomes. However, the average annual gross salary of employed people registered a steady growth: in 2014, it reached 8,504 BGN. In 2013, the share of the population living in material deprivation in the FR of Plovdiv was 30.4%, which is below the national average. The relative share of the people living below the national poverty line, however, reached 23.1% – the highest level in the FR for the last seven years, probably due to the falling incomes. The relative poverty among men rose faster between 2011 and 2013.

Gross domestic product (GDP) per capita (2014)	9268.00 BGN
Average annual income per household member (2015)	4300.00 BGN
Average annual gross salary (2014)	8504.00 BGN
Relative share of population living in material deprivation (2013)	30.40%
Relative share of people living below the country's poverty line (2013)	23.10%

The general economic indicators present the economic situation and dynamics the young people face when entering the labour market. The Plovdiv FR, despite the fact that in recent years it has been famous for many new employers and extremely low unemployment, remains beyond the expected average salary. Even though Plovdiv is the second largest city in Bulgaria, many smaller towns have higher average salaries, namely Vratsa, Stara Zagora, Varna and Bourgas. What is more, Plovdiv is closer to Sofia by highway than Stara Zagora and Burgas, but the average wage is still lower. Thus, the average wages, along with the poverty indicators, characterize the labour market for young people as low-skilled, without serious opportunities for highly qualified and well-paid jobs. This situation discourages young people from the region to seek employment and further education.

Labour market

The population's economic activity rose considerably in 2013 and 2014, reaching 71 to 72%. As the labour market was unable to respond to this trend with a similar growth in employment, unemployment in Plovdiv surpassed the national average. In 2015, economic activity went down again to 68.8%, which was still above the 2008 level by nearly 3 pp. In 2015, unemployment dropped to 9.6%, thus coming close to the national average of 9.1%. In 2015, employment

remained relatively unchanged: 62.1% (vs. 62.2% in 2014), thus ending a three-year long upward tendency, yet, failing to reach the country average level of 62.9%. The educational structure of the workforce stayed below the national average level in spite of the improvement in the recent years. In 2015, the population aged between 25 and 64 with higher education reached 25.4% (vs. 27.5% for the country), while that with primary or lower education reached 19.7% (vs. 18.1% nationally).

Unemployment rate of the population aged 15-64 (annual average) (2015)	9.60%
Demographic replacement rate (2015)	66.50%
Employment rate of the population aged 15-64 (annual average) (2015)	62.10%
Relative share of the population aged 25-64 with tertiary education (2015)	25.40%
Relative share of the population aged 25-64 with primary or lower education (2015)	19.70%
Economic activity rate of the population aged 15-64 (annual average) (2015)	68.80%

The labour market data confirm the above presented situation of the economic development in the region. The economic activity as a share of the population is less than the average, even compared to the North - East region, which, in economic terms, is the most backward region in the country. The employment rate is also low, although Plovdiv is a central city in the region. The labour market situation is very contradictory, described as of low unemployment, combined with low employment and economic activity. The explanation lies in the economically inactive population. The unemployment rate shows that there are vacancies for those who want to work, but there is a large number of inactive people. Thus, for a young person, the low salary allows him/her either to start with a low-paid job or to become an inactive young person.

Education

In 2015, the net enrolment rate of the population in 5th–8th grade in the Plovdiv FR was 78.0%, close to the national average of 78.3%. It should be noted, though, that both values have been declining in recent years in Plovdiv and the country. Plovdiv is still among the FRs with the highest shares of repeaters (1.8% vs. 1.0% in the country in 2015) and dropouts in primary and secondary education (3.9% vs. 2.8% in the country in 2014). However, high school graduates in

the FR performed relatively well at the matriculation exams in 2016. The average grade at the exam in Bulgarian language and literature in the FR was “good” 4.27 (vs. “good” 4.17 in the country), while the share of failing grades was 8.61% (vs. 8.73% in the country). Though declining in comparison to 2014, the number of people with higher education in the FR of Plovdiv – almost 39,000 – allotted it the second place after the capital in terms of number of college and university students.

Students in colleges and universities 1000 people (2015)	57.48 students
Net enrolment rate of the population (grades 5th through 8th) (2015)	78.00%
Relative share of repeaters (2015)	1.79%
Share of dropouts from primary and secondary education (2014)	3.92%
Percent of failed students at state matriculation exams (2016)	8.61
Average grades at state matriculation exams (2016)	4.27
Teachers in primary and secondary education per 1000 pupils (2015)	70.96 teachers
Relative share of the population aged 25-64 with tertiary education (2014)	25.10%

Compared to the other large regional centres, the level of early school leavers in Plovdiv is higher and is rising, compared to previous years. Other indicators, such as the number of teacher and state examinations indicate an average country level. This is not usual for a region with the second largest city in Bulgaria. Although it is an educational center and attracts many young people from all over the country, Plovdiv institutionally encounters problems in the educational system. One problem is that education is a state priority as a public good. Thus, at local level, it is difficult to improve the educational environment for young people in relation to the labour market needs of the region, which is extremely dynamic. However, education is a top priority at national and regional level and it is expected in the coming years to improve the process of matching labour market and education in the context of skills market.

Social policy

Old age dependency ratio 65+ to 0-15 (2015)	142.80%
Old age dependency ratio 65+ to 15-64 (2015)	31.00%

The functional region is not a source of independent policy and follows the strategic measures drawn from the Central Government. According to the analyzed strategies, the priority in the social policy of the Municipality of Plovdiv is the fulfillment of the strategic objectives identified in the Strategy for Development of Social Services 2011 - 2015 and "Vision for deinstitutionalization of children in Bulgaria".

- Social services, delegated by the state activities, offered in the municipality of Plovdiv in 2011 were 28, and now amounting to 48. Much of the new services are built with the financial support by different projects, but the municipality alone and with the help of donors finance the construction of new services for disabled children, transitional housing, and sports facilities for children with disabilities and social enterprise.
- Projects of the Municipality of Plovdiv in the social sphere are 11 with a total budget of 19,595,044 55 levs.
- Social services – state delegated activities in the municipality of Plovdiv toward to April 2016 are 48, divided into the following categories with a total budget of 4 million euros: **1.** Social services provided in the community **2.** Specialized institutions providing social services, homes for children, homes for adults with disabilities, homes for the elderly, Settlement Mladost **3.** Social services complex "Olga Skobeleva" **4.** Social Services Complex "St. George "; **5.** Complex for social services for children and families – Plovdiv; **6.** Social services complex "St. St. Constantine and; Elena" **7.** Socio-health services complex "St. Petka " **8.** Social services in the community.
- Social services financed by the budget of the municipality of Plovdiv are: Transportation service for disabled people – Plovdiv Municipality provides free transport services for disabled people to hospitals and public buildings, and also to various cultural events. The total budget for additional financing from the Municipality of Plovdiv for all the social activities is over 1 million euro.
- Home social patronage – through full and economic package of care, elderly and disabled use the services for a fee. The capacity is 400 people, and since July 2014 there has also been a municipal service "Help at Home", which has been scheduled hourly and currently takes care for 80 disabled persons.
- Pension clubs – in the city of Plovdiv are organized 12 clubs for pensioners and people with disabilities, where members have social contacts, meetings, conversations, activities of interest.
- Service "Assistant" – certain groups of disadvantaged people receive social and psychological support and quality of life with a total budget of 1.4 million euro.

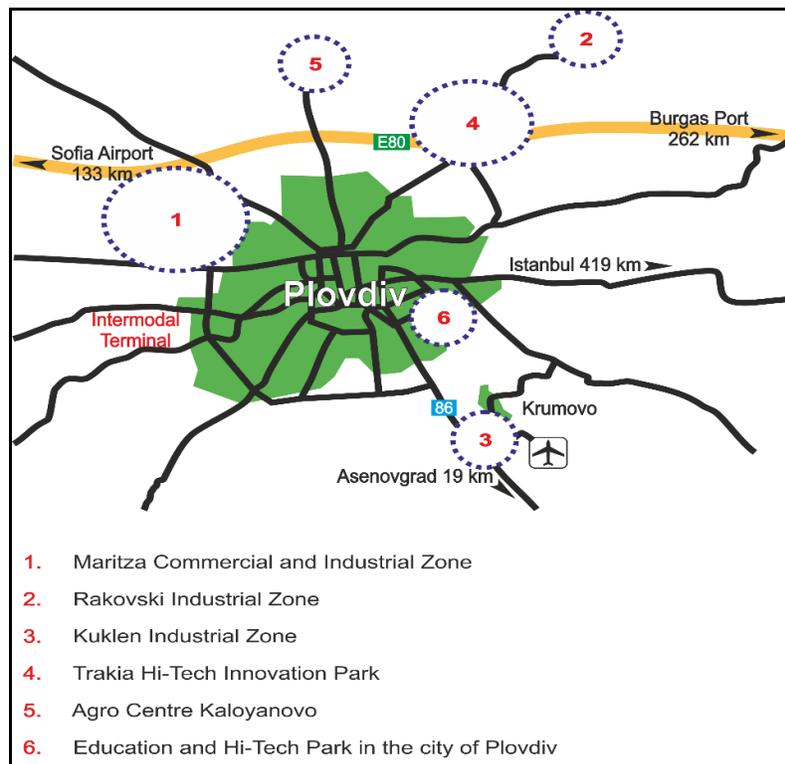
- In the municipality, there is a social dental medicine with a capacity of 70 people, and also assistance to needy citizens. Various risk social groups use cards for low tariff travel by public transport.

The data on social policy and education as an investment in human capital at national and individual levels show a positive picture. On the one hand, the percentage of early school leavers is high, compared to the other big cities such as Sofia, Varna and Bourgas. On the other hand, Plovdiv has the institutional opportunity to carry out numerous measures and programs for activation and training of young people. This includes both measures of state institutions and events between the regional schools, universities and training centers of foreign firms and employers. But for young people the prospect is that opportunities for high-income jobs require a serious investment in education, training and lifelong learning in general. Given that in other smaller cities the situation is better, incentives for young people to invest their time and money on the labour market in the area are reduced. However, the arrival of new foreign companies and the dynamics of the labor market indicators show that this is changing, and in the coming years Plovdiv may be emerging as a second business center after Sofia. This will be a major incentive for young people to focus on the knowledge and skills needed on the future labour market.

3.2. Mapping of the main skills actors and institutions in PFR

In this section the main actors, institutions and the structures concerning the skills ecology of PFR are described. The main skills actors and institutions are identified and a brief description of them is provided. The information about these institutions is related to their role on the skills market, located in concrete parts, one or more, in the skills system. The skills system is composed by the skills formation market and the skills use market. We try to identify and relate the main actors and institutions directly involved in the skills formation and use markets in the studied functional region.

Herewith, in order to be more precise and accurate, we will give some clarification, concerning Plovdiv Functional Region (Figure 1) and the linkage with the skills market. PFR comprises the main city – Plovdiv and its surrounding area, as already described in WP3. On the territory of the PFR is Trakiya Economic Zone, which includes six sub zones. They are important economic, research, technological and educational centres. Companies and different institutions, operating in these zones have a big impact on the skills formation and use markets in the region. Additionally, the main city overlaps the Municipality of Plovdiv, which consists of 6 city regions – Central, South, North, East, West and Trakiya. They have technical-administrative functions, and they depend on the Plovdiv Municipality and its Mayor. The Plovdiv Municipality is the main governing institution on the territory of the region. Some of the identified institutions have offices across the region. Therefore, the description of the same institution will apply to different offices with the same mission.

Figure 1: Plovdiv Functional Region

3.2.1. Identification and description of actors and institutions in PFR

In PFR there are ten different institutions that have been identified as being involved in the governance of the local skills ecology. A brief introduction to each one of them follows, and a systematic description of each of these institutions is given (Annex1: Table 1).

1) Local authorities

The main job of Local authorities is presented in our study by two main institutions – Labour Office and Municipality of Plovdiv. Their main job consists in implementing at local level the policies formulated by the Bulgarian Government in relation to Education and Training from early childhood to adult learning. The main objectives are raising attainment and achievement for all, developing national education policies, meeting the needs of all learners, in particular those with additional support needs, working with partner services to improve further outcomes for children, young people and their families. However, depending on the local authority the education services might be more or less tightly linked to the employment and skills, youth and/or adult learning services.

2) Higher education institutions in Plovdiv

There are nine higher education institutions in Plovdiv. They are the main providers of higher education qualifications. Bulgarian universities vary in their size and shape. While some attract students from all over the country some others are more targeted at providing higher education courses for local and regional young adults.

3) Secondary vocational schools

The secondary vocational schools are the main providers of qualified workers at secondary education level. The schools vary in their size and form. While some attract students from the whole region, others are more targeted at providing secondary education for young adults from the city.

4) Private institutions for qualification and training

The private institutions for qualification and training are numerous and differ in profile in the region. They provide additional education and training to employed and unemployed people. Sometimes they are the major partner of the Labour Office for various programs funded by the government or the EU.

5) Labour Office

The Labour Office is an executive agency of the Ministry of Labour and Social policy for implementation of the state policy on the labour market. The Labour Office has its subdivisions in the whole country. It organizes different qualification courses for unemployed people. The Labour Office is situated in a mid-position between the supply and demand of skills formation. It influences both the supply of skills formation (i.e. the courses and training on offer) and the demand for the education and training through promotion of skills formation.

6) Private labour offices

These institutions provide information on the available jobs mainly in the private sector. They conduct interviews and present to the employer only the approved candidates. They are not typical institutions on the skills market, but they could be recognized as intermediaries in some processes.

7) AIESEC

It is an NGO, which is well-known as the biggest organization managed by youths and targeting youths. It regularly organizes different courses for acquiring different skills and competences for young people. It focuses mainly on training in soft skills, entrepreneurship skills, leadership skills, etc. It participates also on the skills formation demand side as an institution which hires graduate students and such in their last years of education, in order to use their educational background and to develop specific skills for the organizational use.

8) Manpower

This institution provides information on the available jobs mainly in the private sector. They conduct interviews and present to the employer only the approved candidates.

9) Land - Source of Income Foundation

This NGO is a social entrepreneurial organization. It aims at creating positive social impact by successfully running sustainable projects. It provides training for poor landless Roma to start earning a decent living through agriculture, and to encourage them to become prosperous small self-employed entrepreneurs.

10) Education for Democracy Center

The main activities of this NGO are in participating in different funded projects with public significance. It hires young people, mainly students in concrete educational specialties, e.g. Economics, Management, Political Sciences and offers them an opportunity to use and develop their theoretical knowledge in a real practical environment. The NGO works actively with public authorities, education institutions and other NGOs in the region. It also participates as mentor in the Project "Students practices" within the OP "Human Resource Development", and after finishing the practical course, they offer students a regular job at the institution.

The relationship between the regional and the national institutions could be recognized basically through the role of the local authorities, which are responsible for the implementation at the local level the national policies in education and training. The Labour Office is an executive agency at the Ministry of Labour and Social policy, and through its subdivision in the region, as well as in the whole country, it implements the state policy on the labour market at regional level. The educational institutions are also regional providers of the educational policy of the Ministry of Education and Science. They are responsible for the implementation of the national education and skills systems.

As the local state institutions implement the national policies, which are very centralized, they have the capacity to influence the local environment and mediate in-between the local institutions, but indeed they are very formal in their reactions and activities. They do not take the initiative to set up active links between all interested parties involved on the skills market in the region. To some extent the education institutions are searching for different possibilities to cooperate with the public and private employers, but this could be considered as initial steps, and to somehow sporadic and chaotic. On the other side, the companies do not rely on the education institutions to provide them with high-qualified and educated employees. Usually, they do not initiate cooperation with them and prefer to organise qualification courses by themselves. In this field of formal inclusion, maybe the NGOs are the most active institutions as providers and users on the skills formation market, but their coordination is at a low level, usually established for solving typical problems and participating in projects. They react more flexibly to the skills market necessities and devote their capacity to long-term outcomes and values, in terms of motivating and qualifying young adults, and bridging the gaps between the different local institutions. In general, the cooperation between the different institutions on the skills market is at a very low level, and the links are very weak, usually established for concrete purposes and tasks, and not actively implementing the specific policies.

3.2.2. Description of the skills system in PFR

Once identified and briefly described the main institutions involved in the skills system in the PFR now the analysis turns to the relationships among them. The skills system is divided in the skills formation and the skills use markets.

Most of the institutions identified in section 4.2.1 are involved in the skills formation market. The most important institutions concerning the supply of the skills formation in PFR are 9 regional higher education institutions, 14 secondary vocational schools, and numerous private institutions for qualification and training.

There are also many private institutions and NGOs which are involved in the skills supply on the skills formation side.

However, the main actors in the demand of skills formation are young individuals, who actually enroll in courses and attain knowledge and skills usually accredited in a qualification.

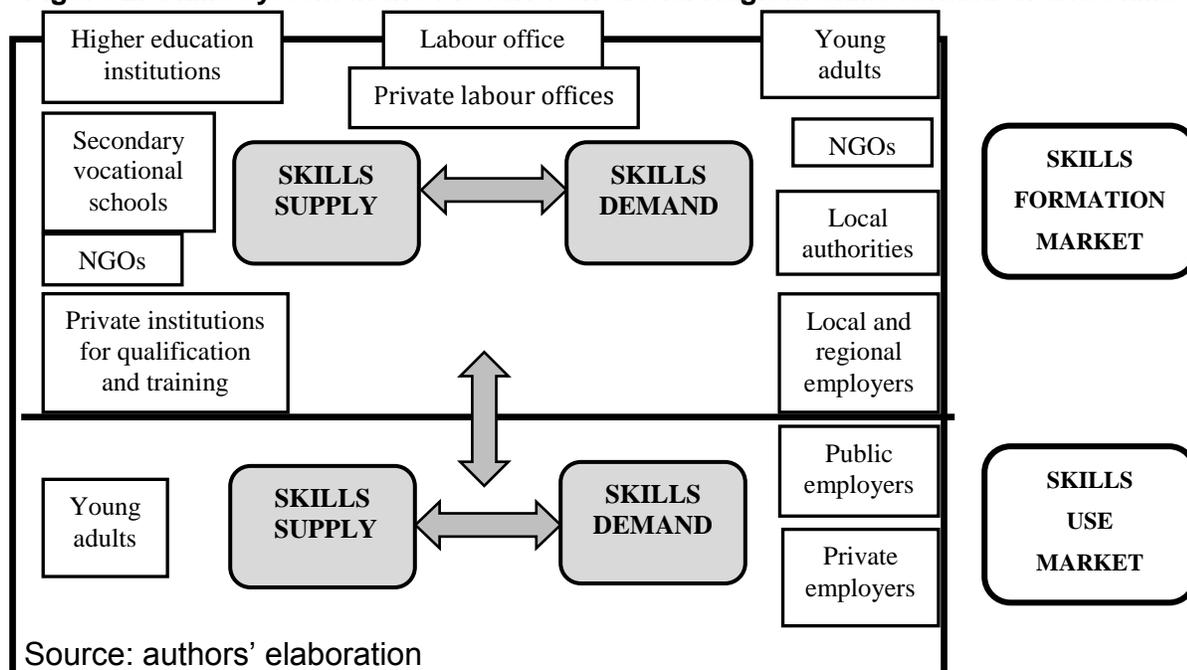
Other actors that can be considered as part of the demand for skills formation are local authorities, as well as local and regional employers demanding skills formation courses of interest to their economic activities.

The Labour Office is situated in a mid-position between the supply and demand of skills

formation. It influences both the supply of skills formation (i.e. the courses and training on offer) but also the demand for the education and training through promotion of certain types of skills formation over others.

Essentially, the supply of skills use is provided by young adults who are willing to use their skills.

The demand for skills use comes basically from the public employers and private employers. There are no employers' associations, which could be recognized as parties in the skills market. They just participate politically in developing different measures within the Human Resource Development Program.

Figure 2: Skills system in the Plovdiv Functional Region: skills formation and skills use

4.3. Analysis of the local governance of skills in PFR

In the previous section we have identified and mapped the main actors, institutions and structures involved in the skills system of PFR. The identification of these actors, institutions and their interrelations serves as a starting point to draw on the policy orientations and interests of each one of the actors involved in the skills system in PFR and the level and forms of coordination of skills policies.

In this section we are going to focus more specifically on the policy orientations of the main actors and their forms of coordination if existent. The main source of information for the analyses provided in the following sections comes from the semi-structured interviews conducted with key informants in the skills system in the PFR. These informants come from the Plovdiv Municipality, the local office of the Labour Agency and “Land Source of Income” Foundation.

4.3.1. Actors' policy orientations in PFR

In this subsection we are going to identify the main policy orientations of the actors and institutions involved in the skills system in PFR. We will do so by detailing the institutions that provide skills formation, how the content and type of skills formation is influenced/decided, how it is funded and which is the degree of involvement in the skills system of public and private institutions.

Provision of skills formation

The main skill formation providers are the nine universities and the thirteen vocational schools in PFR. The higher education institutions are not only of regional, but also of national significance, providing skills formation to students from all over the country due to the significance and the scale of some of the higher schools. They have about 40 thousand students and are governed

independently. The skills formation is based on the skills demands from the labour market at national level, which covers the FR skills demand to a great extent. Courses and apprenticeships offered are based on the skills needs from the national labour market.

The vocational schools are predominantly important for PFR, as well as the neighboring municipalities, since part of the students come from outside the FR. Thus the courses offered are based on the skills needs of the regional labour market.

The main challenge facing both higher educational schools and vocational schools is how to match the qualification and skills demands of the public and private employers.

Skills formation content and type

Following up on the previous subsection, it could be argued that the main skills formation policies in PFR are influenced by the labour market needs at national and regional levels, but there is a mismatch in some professions covering law, economics, engineering, etc. Skills formation courses leading to a qualification and apprenticeships aim at providing predominantly practical skills at secondary vocational and theoretical and practical skills at higher education levels. Yet, both aim at teaching ready to use skills and work-based learning to improve the employability of young adults, at the same time without ensuring that the skills learned are going to be used in the labour market by these young adults. This is more of a problem of the economic and social situation in the country, as well as the influence of the open labour market in the EU.

The information to identify skills needs and to be considered as a key economic sector in the region is based to some extent on the demand at present and some economic data from the Labour Agency. The main economic sectors in PFR are: food and drink, tourism & business visitors, entertainment, financial business services, educational services, textile and cosmetics production, logistics, health and life sciences, IT and engineering sectors, automobile dealership of new and used vehicles, etc. The consideration of these sectors as strategic and relevant is based on the growth and the number of employees in each sector at the regional level. Based on these figures and the demand of skills for these sectors, the skills formation offer of the region provided by the vocational schools and the higher educational institutions tries to meet, as close as, possible the national and regional market demands.

Yet, the coordination and combination between theory and practice is viewed as a main challenge, thus the education institutions could update their curricula in order to be more practically oriented, different specialist from the practice could be invited to hold lectures and to train students in the real practice. At the same time employers would be closer to the problems of the education institutions. Additionally, the employers are not fully aware of the role of a BA or an MA holder in company. Another significant challenge is the lack of motivation in the young adults, which is a multi-factor phenomenon, and leads to a lack of interest to acquire knowledge and skills, and consequently to be more successful in their life course. A challenge is also the low or the lack of discipline of the students, who turn into employees, but retain this quality.

We could conclude, answering to the question “What might be influencing the “skills agenda” of the region”, that the skills demand in the region depends on the market, and partially on the skills supply, while the skills supply depends predominantly on the educational system, which is

centrally governed by the state. As all the interviewees pointed out there has to be much more communication between employers and skills formation institutions. All the actors in the region have relatively weak influence on the skills supply, as they are mostly involved in requalification, and not in secondary vocational or higher education.

Payment/funding of skills formation

The whole secondary vocational education is publically funded and accessible to those who meet the application criteria. The schools provide scholarships to their students, both for social condition and high achievements, and though relatively small, the latter often plays part as an additional incentive for higher results.

Some of the higher educational institutions are publically funded to a certain extend by the state. Yet, all the students have to pay some amount on a regular basis in order to study there. Each university establishes their own fee for the various courses and levels, and even for the resitting exams. Yet, social and high achievements scholar ships are provided. However, it cannot be stated that skills formation at higher educational level is free. In all private colleges and universities young people pay significantly higher fees than in the public universities.

Some private institutions and foundations, engaged in the skill formation process, receive some funding under EU programs.

Degree of public/private commitment to skills formation and use

At PFR the public actors (secondary vocational schools and higher educational institutions) are the ones steering the skills formation for the young adults. For the disadvantaged young adults there are some programs, predominantly designed at national level and applied locally, in order to face the difficulties of this group. Therefore, it could be argued that the degree of public commitment to skills formation is high. Yet, there are some private initiatives, both domestic and foreign ones that also aim at helping disadvantaged young adults in skills formation and use. However, public commitment to skills use is relatively average to low, though skills formation courses are aligned with concrete labour market sectors and occupations.

The degree of involvement of private employers and third party organisations varies across sectors, as their relevance at the regional level also varies. In general terms, it could be argued that the key sectors are to some extent involved in the skills formation by the provision of apprenticeships vacancies and temporary employment. The latter provides an opportunity for the employer to train, to a certain extent, and mostly to select employees for full-time jobs. The employers are more involved in the skills use side, while third party organisations might perform the roles of mediators and skills formation institutions.

The convergence point of all actors is the provision of some form of education, requalification and training. Though the actors may be involved in different skills formation, their goal is to provide support for the unemployed and less qualified individuals, and to help them find permanent employment. The role of the state in this process of convergence is missing.

4.3.2. Level and mechanisms of coordination in PFR

Following up on the previous subsections, in this subsection we are going to focus on the level and forms of coordination between public authorities at different levels (local, regional and

national) and the communication between the supply and demand of skills formation and use. We are also going to identify (if existent) the formal and informal spaces of coordination and dialogue between actors and institutions in the skills system.

Relationship between local/regional/national authorities

As argued in the previous section, skills formation is publically funded at 100% for secondary vocational schools and at different levels for the universities. Yet, there are some entirely private higher educational institutions in the PFR. However, most of the public funding comes from the national level. Therefore, there is a pressing need of coordination and collaboration among different institutional levels. Plovdiv Municipality participates in the tripartite committees with employers' organisations and representatives of the trade unions. The municipality administration collaborates with the Labour Agency. The "Development" department at the municipality established close connections to the business and tries to stay abreast of the changes. The municipality and local Labour office link the national authorities with the regional ones. They translate the national policies and programs into local and regional level context. Yet, a wider range of coordination is needed, which has to include, secondary vocational schools, universities, the business and the local Labour Office. These local linkages facilitate local and regional data gathering to some extent, which is later translated into regional reports that facilitate regional policy monitoring and evaluation.

The policy direction is quite directive from the national government (centralisation). However, it is viewed as somewhat chaotic and delayed, with only formal coordination and implementation.

Relationship and links between public and private actors

One of the main points of connection between public and private actors is through the educational system and the temporary work program. The involved institutions are the educational and training organisations, the Labour office, Plovdiv municipality and the potential employees. The role of the trade unions is on a decline trend. The collaboration is predominantly formal with average to low effective results. This is due to a multitude of factors, which has to be addressed simultaneously and on a broader scale.

Another point of collaboration is the activities performed at the foundations. On one hand they work with the educational institutions, including vocational schools, and on the other they work with the various public institutions, predominantly when they encounter some problems.

Overall, the structure and profile of higher education does not match the needs of the market, and there is a lack of coordination between universities and businesses. The interviewees highlight the lack of communication between the universities and the business. For example, within the "Students Training Program" there is a formal collaboration between the public and private actors, as it is temporary in character and covers relatively small number of participants, though the effect and the results are similar to the temporary employment program. Nevertheless, the respondents mention as positive trend the inclusion of teacher practitioners and the gradual opening of the universities to the business. He recognizes the European institutions as the main source of reliable information, and lifelong learning as a policy that should be more fully established in the region.

We could argue about the efficiency and any term-orientation of the established contacts

between the different parties. Usually the set up links are formal, focused on solving some concrete problems and achieving some specific tasks. The coordination is recognized as partial and temporary. Such a policy does not exist, neither at national, nor at regional level, which could support the long-term relations between the institutions, no matter the level of market performance. The local authorities are very directive in implementing the labour market policies and the related skills formation and qualification development ones as well, and thus it appears as a big constraint for them to be more flexible and open in their communications with other institutions. They participate in different networks, but usually invited as political figures and for lobbying. In real, this relationship is not active and effective. On the other side: the different NGOs, employers, public institutions are very weak to launch and develop skills-oriented strategies and mechanisms for their implementation. Even if they initiate to change the status, it is without any positive outcomes and impact, and they cannot influence the skills design and planning. It is a government privilege. Such a constraint demotivate and discourage them to be more active and consistent in their actions. Additionally, the development plan places directions and strategies, as well as specific tools for elaborating the national skill system, which remain just on paper, and the national policy in this direction is ineffective. This is evident from interviewees' opinion. They point out that one of the major groups of problems within the economic development and the labor and skills markets, which appears as a big constraint, is the insufficient effective provision of public policies to promote economic activity and labor market policies. According to their point of view this includes fear of insufficient judicial protection, opportunities for corruption, insufficient integration of Bulgaria with the Schengen Member States and the Eurozone. In this sense, there is a need to implement more active European experience and good practices that have already proven their effectiveness. Another obstacle which impedes the successful policy implementation, is the lack of transparency among the actors. The interviewees recognize the European institutions as the main source of reliable information. Exactly the opposite is their opinion about the information flow among the Bulgarian institutions: as the information flow goes from the national institutions to the local authorities and the rest of the involved parties, it is interrupted on places, the necessary information is missing or does not reach the proper addressees.

4.4. Assessment of the quality and use of skills in PFR

In this section we are going to assess the type, quality and use of young adults' skills in the labour market in the PFR. Building on the information provided by previous working packages (WP3 and WP4) and using secondary data and grey literature (e.g. reports, statistical outlooks) at the local/regional level we are going to first describe the level and type of youth people's skills available to be used in the labour market at the regional level. We are then going to assess which are the difficulties employers are facing in using workers' skills and which are the detected regional skills (mis)matches. From a regional perspective we will also assess to what extend the regional labour market is attracting and/or retaining young adults and which are the characteristics that can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills.

Type and quality of skills

In order to assess the skills supply and demand in the region we used various sources, mainly primary data from the interviews, as our research met difficulties to find up-to-date secondary

data. There is no such official data for the region and specific indicator analyses are missing, just some papers for specific purposes, including the type of sought skills in the region. There is no further assessment after the implementation of the skills and qualifications programs. Even the procedures for selecting candidates are not well-framed and clear enough. For example there are one and the same candidates who participated in these programs.

As stated in WP3, PFR might be viewed as the educational centre of Southern Bulgaria. With so many secondary and vocational schools and higher educational institutions the FR has the potential to train specialists in almost any industrial field. In the FR there is an Agrarian University, a University of Food Technology, a Medical University, a branch of Sofia Technical University, Music, Dance and Art Academy, Plovdiv University covering various training fields, European Higher School of Economics and Management, etc.

Considering the assessment of the competences of the labour force in industrial sectors and regions in Bulgaria, there was only one project. It was tailored to provide information and to facilitate regional and local enactment of the skills strategy and other related education and employment policies. The project ended more than two years ago, and regardless of the positive effects of the useful information, it did not receive further financial support. Therefore, the project statements and data might be considered a little bit outdated in terms of numbers, but the final report statements almost fully overlap opinions expressed in the three interviews. As one of the major problems on the labour market, both at regional and national level, is the mismatch between the sought by the employers and the provided by the employee skills and their quality (www.competencemap.bg). In the conducted interviews the respondents criticize the Bulgarian secondary and higher education for the lack of practical training and the "closed" type of teaching: *"Our education is too academic, focused on knowledge rather than exactly what a person needs for life."* Moreover, the low motivation and high (unrealistic) expectations of young people on the labour market are predominantly spread. The payment usually is insufficient for them to start a job or to remain at one place for a longer time. In the conducted interviews it is laid out that the low labour payment is a major problem for the young people in the region, which let them go to the Western EU Member States and thus not to contribute to the economic development of their own region. One of the interviewees also recognizes the lack of judgment in young individuals related to the skills they need to acquire, and to be more adaptable to the labor market needs, as they focus on the payment without regarding the investment in human capital.

"... 95% do not know what the possibilities for their personal development is ..."

"... 95-96% are looking for English, computer skills..."

"... They blame the business for low wages ..."

And those who have graduated soon, do not have any experience and even practical skills and knowledge, which impedes them to find a job, while at the same time the employers prefer not to spend efforts and money to qualify them. The unwillingness of Bulgarian employers to invest in training programs, and their preference to hire qualified specialists and ready-to-work workers is evident.

It could be pointed out that the problem of discrimination is significant and clearly determined on the labour and skills market in the region. The issue regarding the discrimination of young

people due to their lack of experience is rather complex, as gender discrimination and minority discrimination also exist when hiring young people. The interviewees go further in their judgment, and according to them, despite the different minority integration programs and multiple training events for individuals of different ethnic backgrounds, it is not enough to integrate Roma minorities. Even this negative situation on the skills formation and use market, they are optimistic considering that this situation is constantly changing under the management of the foreign companies that open skills and qualification training centers for young employees.

Skills (mis)matches

The above outcome might be explained partly in terms of the reforms in the education system in the country, where the main principle was for “the money to follow the student”. This policy swayed the Bulgarian educational system out of relative balance towards an extreme distribution of students at all levels of the education system. Thus the head teachers and chancellors drastically expanded the number of students in their educational institutions, leaving fewer students with higher motivation for the other less “prestigious” educational institutions. And in order to keep the number of students high, which means more money from the government and higher wages for the teachers, they had to lower the examination, graduation and discipline requirements. As a result of this, most secondary education students enrolled in language schools, while the focus in higher education is on Law and Economics. The situation is almost out of control, since in so many secondary schools the study process is now organised in 2 shifts (due to the lack of classrooms), with the first starting at 7:30 in the morning, and the duration of classes for the whole school is reduced by 11%. This is expected to influence negatively the quantity and quality of skills. Such an attitude was just recently “admitted as wrong”, though it was applied for more than a decade and no effective measures are taken yet. The negative consequences of this policy might require more time and efforts in order to be subdued.

The above mentioned report states that the Bulgarian educational system does not take into account what specialists the business needs and what their skills have to be.

The interviewees unite around the statement that the recruited people, if possessing the technical skills and knowledge, are lacking skills and competencies mainly related to lack of experience, motivation, and labour and common discipline.

In relation to what has been said so far, most economic sectors in PFR experience difficulties finding the appropriate employees.

Referring to the skills mismatches and the role of the effective governance of skills market, it could be pointed out that a well-structured coordinated governance of the skills supply and demand might have a significant effect on the skills landscape and labour market. Due to lack of such governance now, most of the activities might be termed chaotic and address only temporary market needs with considerable time lag in adaptation to the market changes.

Attraction and retention of skills

It seems that most of the people enrolled in secondary educational institutions (either vocational or not) are from the region. This is not surprising, since people usually study nearby the place where they live. Considering the higher education, there are students from all over the country

and some foreign ones. Most of the foreign students study medicine or related subjects and are predominantly concentrated at the Medical University.

Considering the retention of skills, this might be viewed as a national, as well as regional problem. The highest wages are concentrated in the capital city, which unofficially hosts more than a third of the population in the country – this is a form of redistribution of labour force from most of the regions to Sofia. There is a similar tendency at national level, where the redistribution of skills is outward bound towards the wealthier countries of EU. This is definitely the result of lower wages in the regions, including PFR, on the background of higher requirements for skills and competences towards the potential employees. Here we can also add the lack of competence on behalf of the employees how to get the best performance out of a highly qualified specialist, since there is no clearly stated remuneration and promotion options in most of the companies.

Young adults' characteristics

According to the interviewed experts, the two most distinct young adults' characteristics having effects on the employment status are the lack of motivation and the lack of discipline. The lack of experience is a secondary characteristic for a great number of the young people, due to their age, since it is ungrounded to expect for someone to have both university education and experience at the age of 23-24.

As in most countries, the fact of having a higher level of skills facilitates employment, compared to those that do have a lower level of qualification. Therefore, young adults with a higher educational level are more likely to be employed than those that do not. This is also relevant in Bulgaria as the World Bank report from 2016 shows (osi.bg).

The second characteristic also applies to many countries, although its relevance might vary. In the case of PFR, one of the sectors experiencing a skills shortage is ICT, but here a question arises if we should add the numerous call centres to the ICT sector.

4.5. Conclusions and Implications for young adults in PFR

One of the main problems that was drawn through the analyses is the existing gap between the education system and the business. The current co-operation between them is almost formal. It needs optimization, and has to be established at the preliminary level, starting with secondary schools and vocational schools. A lack of strong initiatives on the side of the education for interaction with business is encountered. The acquired knowledge and skills, no matter the level of education, are very theoretical and delinked from the labour market demand. The implemented curricula in higher education encounters practical purposefulness, and the study programs do not refer to the real skills and competences required by the business. Furthermore, the studied subjects are often irrelevant to the jobs, and tertiary education, and there is no synchronization between the interests of the employers and the implemented bachelor's and master's programs. In this connection, regular annual meetings between representatives of the business and the education institutions (vocational schools, universities, etc.) can be organized with a purpose to exchange ideas and experience. Another sufficient problem, concerning the gap between the education system and the business, is that higher education produces more graduates than the labor market demands while in some sectors there is the opposite situation –

high business demands and very low supply of such skills. Employers should be also more active and they could enhance education and qualification development of the employees by implementing more various informal practical courses in order to stimulate on-field learning. Currently, in this direction the foreign companies are more active than the Bulgarian ones. They implement different forms of practical education, working in various programs. Through these training programs the expected effect on the region is to increase the quality of the workforce, the employment in the region, and the economic activity.

A major step towards bringing education closer to the labor market is the introduction of dual training. In this context we should take into consideration the validation of knowledge and skills acquired through informal training or non-formal education. Special attention is paid to promoting university units for continuous, ongoing or post-graduate training, career development centres as well as continuing the incentives for development of electronic forms of distance learning, that provide more mobile lifelong learning opportunities. At the same time, a major challenge is the drastic decline in the quality of school education in Bulgaria in the past 20 years.

Some of the most distinct young adults' characteristics that have a strong negative impact on their level of involvement in the labour market and have a negative effect on their employment status as well are: the lack of motivation, the lack of general discipline, and the lack of experience. The European programs provide opportunities and stimulate young people, mainly disadvantaged, to attain knowledge and skills for a better realization on the labour market, and in general, to support them in their life course.

Currently, there is a lack of coherence at national and regional (e.g. PFR) level between the different institutions in the implemented policies targeting young people. We conclude that the European programs have a very positive impact on the interaction between all the parties involved in the skills and labour market, such as young individuals, educational institutions, labour institutions, local authorities, NGOs, businesses, etc. Even though, on national level, the elaborated policies and measures in the education and qualification system are rather formal, than effective. They cannot reach the real target groups, and achieve the set up goals. Overall, according to our respondents there is not enough awareness of the need for training as a tool for the preparation of the labor market by both employers and workers, and along with all other problems and barriers facing young people, this fact additionally discourages them in searching for additional training, and hinders the process of integration on the labour and skills market.

Additionally, the policies are very centralized, and the local authorities are restrained in their implementation, thus the regional/local specifics are not considered.

There are other problems that could be encountered in PFR during and after the implementation of the different programs targeting young adults like: there are weaknesses in the organization of the provided courses and practices; there is no selection of the candidates in the procedure, their background is not considered; there is no further evaluation of the effects of the implemented courses and programs; the acquired qualifications usually are not corresponding to the set up qualifications in the Bulgarian Qualification System (Example: "Education for paramedic").

The skills ecology influences the available opportunities for the young adults, but the lack of

coordination between supply and demand of skills distort the picture. Therefore, the young people are relatively less prepared for the employers' requirements in the region. Considering the free movement of workers in the EU, the lower wages, and almost none dependent relatives on the young people's income, they are potential immigrants to regions (in the EU), where their skills are much more needed.

5. Analysis of skills supply and demand at Blagoevgrad Functional Region (BFR)

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, section 5 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills Blagoevgrad Functional Region (BFR). A contextualisation of the socioeconomic context of the BFR precedes the analyses in section 5.1.

5.1. Context information on economic and labour market conditions

Income and living conditions

GDP per capita in the Blagoevgrad FR was 7 589.00 BGN in 2014. The average annual gross salary of employed people registered a steady growth: in 2014, it reached 6 818.00 BGN. In 2013, the share of the population living in material deprivation in the Blagoevgrad FR was 22,10%. The relative share of the people living below the national poverty line, reached 15,7%, probably caused by the falling incomes.

Gross domestic product (GDP) per capita (2014)	7 589.00 BGN
Average annual income per household member (2015)	No data
Average annual gross salary (2014)	6 818.00 BGN
Relative share of population living in material deprivation (2013)	22.10%
Relative share of people living below the country's poverty line (2013)	15.70%

Labour market

The population's economic activity rose considerably in 2015 – 70,8%. In 2015, unemployment was 10.4%, thus coming close to the national average of 9.1%.

In 2015, employment remained relatively unchanged: 63,4 % (vs. 61.2% in 2014), thus ending a three-year long upward tendency, yet, failing to reach the country average level of 62.9%.

Unemployment rate of the population aged 15-64 (annual average)	10.4%
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(2015)	
Employment rate of the population aged 15-64 (annual average) (2015)	63.4%
Economic activity rate of the population aged 15-64 with tertiary education (2015)	70.8%

Education

The dropouts in primary and secondary education are 1,6% vs. 2.8% in the country in 2014.

Students in colleges and universities 1000 people (2015)	38.6 students
Share of dropouts from primary and secondary education (2014)	1,6%
Teachers in primary and secondary education per 1000 pupils (2015)	69,8 teachers

Social policy

The social policy in Blagoevgrad FR is implemented through the activities of the Social Assistance Directorate together with its departments on Social Protection of Children and of People with Disabilities.

The projects that are being implemented on the territory of the BFR are related to: 1) Directing of cases to social and health services for early prevention; 2) Supporting families at risk of abandoning a child; 3) Directing families of children with disabilities to day care centers; 4) Targeting families with disabled children for early diagnosis and timely intervention on disability; 5) Providing methodological support and assistance to the Centers for Public Support; 6) Care for the elderly and people with disabilities

The financing of the different social assistance activities is from: 1) EU Structural Funds: OP HRD, OP Administrative Capacity; OP "Rural Development". 2) The Republican Budget.

A Regional Strategy for Development of Social Services in Blagoevgrad District (2016-2020) was adopted. The strategy aims at providing accessible and quality services in Blagoevgrad region, integration of communities and individuals, full realization and care for people from the risk groups.

5.2. Mapping of the main skills actors and institutions in Blagoevgrad FR

In this section the main actors, institutions and the structures concerning the skills ecology of

BFR are described. The section starts by identifying the actors and institutions and providing a brief description of them.

After that, we give some important information about these institutions (Table 2), which is related to their role on the skills market, located in concrete parts, one or more, in the skills system. The skills system is composed by the skills formation market and the skills use market. We try to identify and relate the main actors and institutions directly involved in the skills formation and use markets in the studied functional region.

In order to be more precise and accurate, we will give some clarification, concerning BFR (Figure 3).

Blagoevgrad FR is the sixth largest district in the country covering 14 municipalities and 280 settlements. It has a relatively good demographic structure. The urban population in the district is 59% and it shares sixth place with Varna district on the largest number of rural population.

Each of the municipalities in the FR Blagoevgrad has independence, has its own mayor and municipal council, carrying out administrative and management functions related to the municipality and its population in economic, administrative, educational and cultural aspect. One of the important features of the municipalities in the FR Blagoevgrad is that it is territorially and administratively coordinated by the biggest city in the district - Blagoevgrad, which is central to the FR. Within the region, each of the offices is controlled by the central national bodies of the relevant agencies or ministries as public institutions.

Blagoevgrad FR is a significant, economic, educational and cultural center of the Republic of Bulgaria. The large number of young adults in the district is a good basis for the development and implementation of LLL practices in formal and non-formal education. There are a total of 133 educational institutions that include 106 general schools, 3 special schools, 1 arts school, 18 vocational high schools, 2 postgraduate colleges and 2 universities.

Figure 3: Blagoevgrad FR



5.2.1. Identification and description of actors and institutions in BFR

In BFR, there are nine different institutions that have been identified as being involved in the governance of the local skills ecology. A brief introduction to each one of them follows and a systematic description of each of these institutions continues (Annex 2: Table 2).

1) Municipal authorities

The main Local authorities, presented in the study are related to two main institutions – the Mayor and Municipal Council of Blagoevgrad. The main function is that they implement the basic decisions of the executive power, such as activities related to employment policy, providing the necessary skills and training to people from different ages for the labor market; making a connection between companies and their needs on the one hand and educational institutions on the other hand as a factor in staff training. However, depending on the local authority the education services might be more or less tightly linked with the employment and skills, youth and/or adult learning services.

2) Employment Agency

EA provides employment policy and information for the necessary skills and training to people from different ages for the labor market; making a connection between companies and educational institutions as a factor in staff training; it gives information about vacancies for qualifications that candidates must possess. Offices encourage young unemployed people to find a job and liaise between demand and supply executives in the region.

3) Vocational education institutions

Vocational education institutions providing adult vocational education are mainly vocational high schools. The secondary vocational schools in Blagoevgrad CR are state and the number of private vocational schools in the FRB is 5. The programmes carried out at vocational institutions are specified for each profession and are harmonized with the state educational requirements for professional qualification. The remaining programmes are specified with the documents related to vocational education.

4) Universities and Higher education institutions in FR Blagoevgrad

Students can study at South-West University „Neofit Rilski” and American University in Bulgaria, which are increasingly imposed in the cultural and social life of the region. Besides, there are three other higher education institutions in Blagoevgrad: College of Tourism, College of Economics and Management and Medical College. The academic institutions give all opportunities for students to concentrate on their studies aiming at best performances and achievements. All these institutions show a favourable environment for the development and application of the LLL institutional policies in the regional context.

5) Non-formal Education and training institutions

Non-formal education and training is provided by NGOs, foreign cultural centers, private educational units. The organizations conducting non-formal training can be very flexible in their form, content and means of education and training. Preferred forms of education are: seminars,

short courses, lectures, club activities, consultations. The topics range from: acquiring basic computer literacy skills, using the Internet and various software products, language training to alternative agricultural production, etc.

6) Labor Office

Labor Office is an executive agency at the Ministry of Labor and Social policy for implementation of the state policy on the labor market. The Labor Office provides programs for stimulating employment, as well as for acquiring professional qualification in the region. It organizes different qualification courses for jobless people.

7) Regional Directorate for Education

Regional Directorate for Education is a territorial administration at the Ministry of Education and Science (MES). It is aimed at managing and controlling the system of pre-school and school education. It is created in every district and provides conditions for the implementation of the state educational policy in the respective region.

8) Social Assistance Agency

This is an executive agency to MLSP, headed by an Executive Director. Territorial divisions are regional directorates. The agency is committed to supporting the unemployed, vulnerable groups, people with disabilities, ethnic minorities, single mothers, and children. The Agency is developing various projects aimed at target groups in the region.

9) Centres for Vocational training (CVT)

Centres for Vocational training are part of the formal education system and they train individuals older than 16 years. The training is aimed at acquiring, updating and improvement of qualification or re-qualification in a profession or part of profession and professional qualification.

5.2.2. Description of the skills system in BFR

Once identified and briefly described, the main institutions involved in the skills system in the BFR the relationships among them follows. Figure 3 below presents the skills system in BFR divided in the skills formation and the skills use markets. Firstly, the institutions involved in the skills formation market and their relationship are explained. Secondly, the same exercise is presented for the skills use market.

It could be said that the presented institutions and bodies carry out varied education and training of skills and qualifications of young adults in a functional region of Blagoevgrad. Often training institutions are not doing the necessary market researches on what skills are sought from the business. In other cases, training organizations have information on demand for the staff, but they cannot offer adequate training. The reason lies in the lack of qualified courses, so the training institutions are characterized by certain inertia.

This yields often a gap in education and business expectations, leading to a discrepancy between training institutions and the labor market. Therefore, the link between training and implementation needs to be systematically built, as well as to increase the role of the market in the process, where the mentioned institutions are involved.

The skills system is divided in the skills formation and the skills use markets.

Which institutions are involved in the skills formation market in BFR?

Most of the institutions, identified in section 3.2.1., are involved in the skills formation market. The most important institutions regarding the supply of the skills formation in BFR are the regional higher education institutions, secondary vocational schools, and non-formal education and training institutions.

There are also many private institutions and NGOs which are involved in the skills supply on the skills formation side. Other institutions, involved in the skills formation market in BFR are Centers for Vocational training, which are oriented to the training of professional skills among young adults.

Great importance in the skills formation market has the Employment Agency and the Labor Office, which are parts of the structure of the Ministry of Labor and Social Policy. These bodies are elements of the state system, they are divisions of the central power, and they are involved in implementation of the national policies at regional and local level.

An important feature of the policies of the Employment Agency and the Labour Office is organizing training courses for the unemployed, the ethnic minorities and the illiterate people.

As described in Figure 4 below, Regional Directorate for Education is the institution involved in the whole process. It has a relevant role in skills formation, through the vocational training system (mainly the Modern Apprenticeships programme and internships). In fact, it is the only actor directly involved in this process. As mentioned in section 5.2.1 this institution is responsible for general and vocational education under the functional region.

Universities and colleges are also providers of potential skills users, as most of their courses are vocationally oriented and include or promote work placement training through the internship system. The same applies to higher education institutions, although to a lesser extent.

Last, but not least, the demand of skills use comes basically from the public employers (local and regional public institutions) and private employers in BFR so that they can produce and deliver their products and services. Charities and third party organisations are also in demand of young adults' skills use, as they can volunteer or have work placement apprenticeships in some of them.

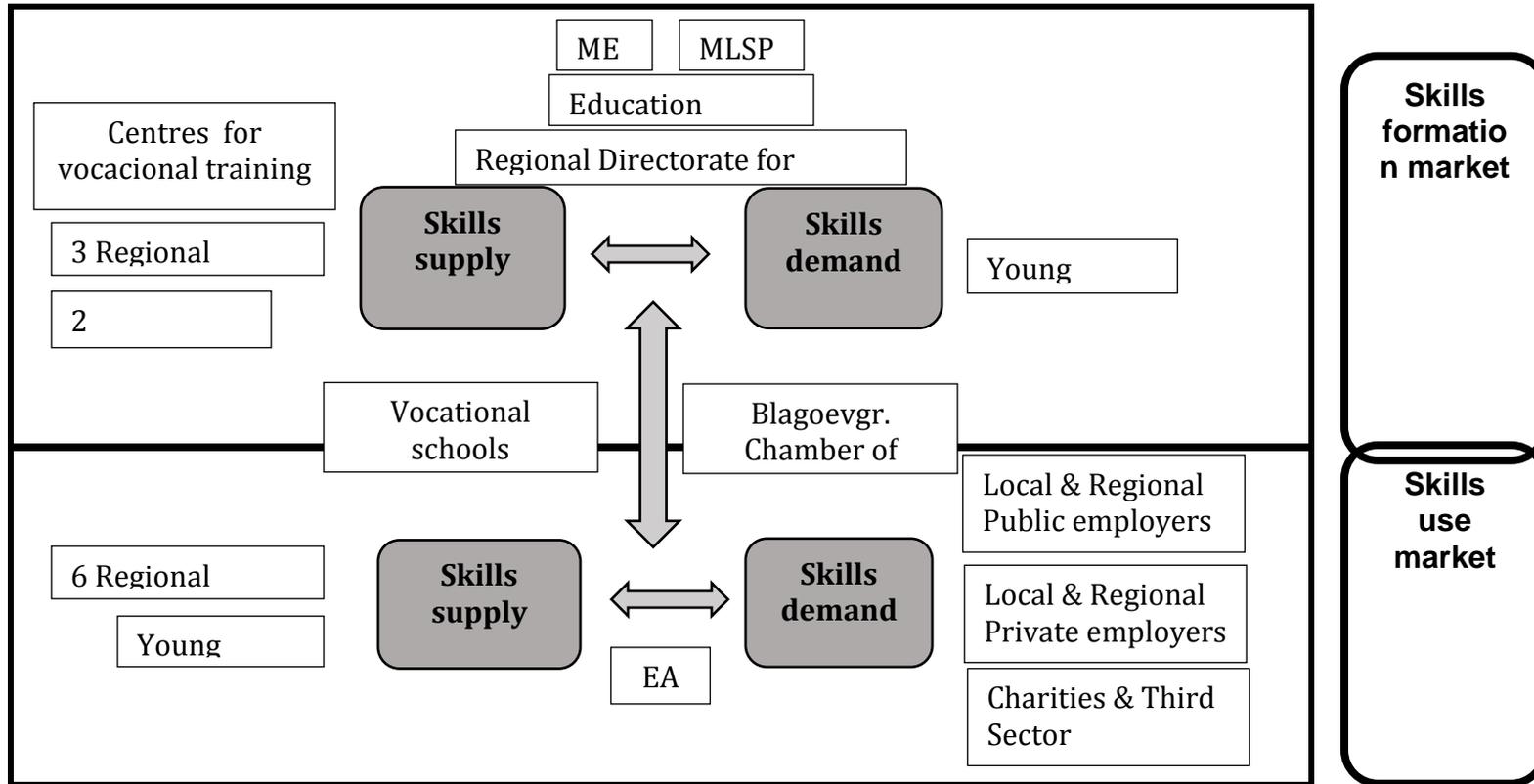
These institutions maintain the relationship between actors at national and regional level because each of the represented regional institutions is controlled and supervised in a national context. This shows that the Bulgarian system in education and skills formation is vertical. The policy implemented by the regional units is consistent with that of the national level – this dependence is manifested in all issues: activities, programs, funding, staff policy, accountability.

The geographical reach of regional actors fits with the BFR interests because regional institutions are involved in implementing a local policy that requires full inclusion of people in the region and mainly young adults. In all projects of the Labor Offices and of the Employment Agency, as well as of the universities and educational units, young people have a central place. Potential gaps in coordination between institutions and actors are the gaps between the activities of educational institutions and business. This discrepancy has led to the training of young people (in vocational schools and universities) who have no employment on the labor market or occupying positions that do not match their main subject. Institutions that can

overcome this gap are universities – with their Career Centers, which link education and training system with business sector and maintain information on labor supply and demand.

Career centers need to become more active and more involved in their role as a link between university education and business. Equally important is the responsibility of local business branch organizations, such as the Chamber of Commerce in BFR. It is also necessary to study good practices in a European context and to apply them in regional contexts.

Figure 4: Skills system in the Blagoevgrad Functional Region: skills formation and skills use market



Source: authors' elaboration.

5.3. Analysis of the local governance of skills in BFR

In the previous section we identified and mapped the main actors, institutions and structures involved in the skill system of BFR. The identification of these actors and institutions as well as their relationships is a starting point in defining the political interests and expectations of each of the players involved in the skills system in BFR and the established forms of coordination of skills policies.

In this section, we will focus in particular on the political guidelines of the main actors and their forms of co-ordination, wherever they exist. The main source of information for the analyses provided in the following sections comes from semi-structured interviews conducted with key actors in the BFR skills system. These actors come from Blagoevgrad FR – Employment Agency (EA), Social Assistance Agency (SAA), the Mayor of Petrich Municipality, Regional Directorate for Education - Blagoevgrad.

5.3.1. Actors' policy orientations

In this subsection we will define the main policy directions of the participants and institutions involved in the BFR skills system. We will do this by pointing out in detail the institutions that provide skills development, how the content and type of skills formation is influenced / decided, how it is funded and which is the degree of participation in the skills system of public and private institutions.

Provision of skills formation

The main providers of skills shaping are South-West University „Neofit Rilski”, the three regional colleges in Blagoevgrad: College of Tourism, College of Economics and Management and Medical College, as well as the vocational schools and high schools.

The vocational high schools in Blagoevgrad are five: Vocational High School of Economics, Vocational High School of Textile and Clothing, Blagoevgrad vocational technical high school, Vocational School of Construction, Architecture and Geodesy, Blagoevgrad Vocational High School. All vocational high schools are publicly funded. The development of vocational education and training in Bulgarian conditions has undergone serious reforms in recent years with the introduction of dual training with the adopted of the amendment to the Vocational Education and Training Act in 2014.

Since the start of the 2015 school year, a pilot dual training program based on Swiss know-how has been introduced in two schools in the country.

Since the start of the 2016/2017 school year 14 additional schools have been included in the "learning by work" system within the framework of the Bulgarian-Swiss cooperation program.

It is envisaged that each school year will increase the working hours of the students in a real working environment, and by the end they will attend school for only two days of the workweek and they will work under contracts in the enterprises included in the system for dual training during the remaining three days.

By the end of the project in 2019, the program plans to encompass a total of 1,200 students out of 17 vocational schools and from at least ten professions.

At this stage, the vocational schools in Blagoevgrad and the region are not covered by the project. This is a serious challenge for the BFR vocational schools because they remain aside from the dual training process, although it was implemented as a pilot project.

Amongst the most significant problems surrounding dual learning are its slow penetration and the low participation of local business as an environment for skills acquisition.

Other important actors in the skills formation system include: the Employment Agency (EA), the Labor Office (LO), and the Agency for Social Assistance (ASA) which are all constituents of the Ministry of labor and Social Policy (MLSP). They are involved in developing programs to integrate young adults into the labor market and to provide unemployed and non-educated people the necessary skills and qualifications for social inclusion. The offered courses are based on the skills needed by the regional labor market and they are carried out under European programs. From the interviews carried out, it is noted that the evaluation of the experts on the implementation of the Skills formation policy is high. The projects are aimed at young adults, vulnerable groups and addressing different challenges in the labor market and living conditions in the region. This is a confirmation of the significant role of the state in targeting the Skills formation system as well as providing funding for the process.

The Blagoevgrad Chamber of Commerce and Industry is also an important player in the formation of skills. It is an independent non-governmental organization of employers that supports business and aims towards improving the economic and social environment, maintaining partnership at all levels and especially European cooperation.

Skills formation content and type

Continuing from the previous subsection, it could be said that there is some discrepancy between the main skills formation policies in BFR and the needs of the labor market. The reason behind this misalignment lies in the underdeveloped economic environment of the region. In recent years, the reduction in investments has led to the closure of businesses and bankruptcies. The regional business has had difficulties with coping with the uncertain political and economic environment.

As a result, the labor market continues to shrink, which in turn reduces demand for new people to the labor market. On the other hand, vocational high schools, which respond slowly to labor market changes, educate students for professions in which there is no realization.

The introduction of Skills formation courses leading to a qualification as well as European programs (like "Career Start", "Youth Guarantee") for internships in organizations and enterprises contribute to improving the employability of young adults. There are significant non-formal learning organizations that are very flexible and provide separate courses for the business sector, as well as on-site training on specific modules. This means that, in the region, there is a need for greater flexibility in offering training to young adults.

Even though there are significant difficulties in providing young adults with the relevant skills for professional developments, efforts are being made that the knowledge and know-how that are being considered relevant in the region are based on the needs of the labor market.

The BFR is characterized by a diversified economic branch structure: food and tobacco processing, agriculture, tourism, transport and communications, textile, timber and furniture, iron processing and machinery, construction materials, as well as pharmaceuticals, plastics, paper and shoes production. The developed labor market is an important prerequisite for the professional development of young adults and their career.

The consideration of these sectors as strategic and relevant is based on the growth of Gross Value Added (GVA) at regional level and the number of employees in each sector. In this way, demand for skilled labor in these sectors, the provision of skills at university, college and vocational school level is aimed towards responding as closely as possible to regional market requirements.

Payment/funding of skills formation

Within the state vocational schools, training is publicly funded. In addition, the courses under European programs carried out at the level of municipal services or institutions are also free of charge for the participants.

South-West University, the largest institution for higher education in the BFR, is publically funded.

The three regional colleges in Blagoevgrad FR: College of Tourism, College of Economics and Management and Medical College are private run (Register of the accredited higher school in Bulgaria, MES).

The formation of VCR skills is mainly publicly and privately funded.

Degree of public/private commitment to skills formation and use

In BFR, public actors (vocational schools, SWU, ASA, EA) are the ones who lead the formation of skills for disadvantaged young adults. Therefore, it could be argued that there is a social responsibility towards the formation of skills amongst young adults. The organized courses are aimed towards adequately matching the need of the labor market and in many cases jobs are provided for those who have undergone such training: unemployed youths, people from minorities. Public commitment is in line with the needs of vulnerable groups, but due to the lack of a highly developed labor market, sustainable employment of young adults is not always guaranteed.

The role of the state after the crisis is definitely increasing and it is related to the more active participation of the state institutions in the system of skills formation, as well as to the control of this process in the stage of training and qualification of young adults. In this connection the professional centers carry out their activity through the control of the National Agency for Vocational Education and Training (NAVET), which: 1) Issues and revokes licenses for vocational training and vocational guidance; 2) Supervises the

activities and assesses the quality of training in licensed institutions in the system of vocational training; 3) Develops and presents to the Minister of Education and Science for approval:

- the List of professions for vocational education and training;
- the State educational requirements for acquiring professional qualification;

The degree of involvement of private employers and organizations varies across the different sectors, since their participation at the regional level is also different. In this regard, the commitment of employers to take care of the training costs in the workplace for young is of significant importance. Due to this, it can be said that employers do not participate actively in the dual training, as well as improving qualification of its employees. The employers prefer to hire people who have acquired qualifications and meet the high requirements they have placed instead of investing resources to train their employees

5.3.2. Level and mechanisms of coordination in BFR

Following the previous subsections, this sub-section will focus on the level and forms of coordination between public authorities at different levels (local, regional and national) and the communication between demand and supply of skills for skills formation and use. We will also identify (if any) the formal and informal spaces for coordination and dialogue between participants and institutions in the skills system.

Relationship between local/regional/national authorities

As stated in the previous section, skills formation is predominantly publicly funded in the BFR. Most of the funds, however, come from the national level; as a whole, the power and educational structures are centralized. That is why coordination and cooperation between different institutional structures is needed.

In secondary education, the Regional Education Directorate (RED) is a key institution for vertical coordination between the Ministry of Education and schools in the BFR.

RED coordinates the interaction between institutions in the system of pre-school and school education, the territorial authorities of the executive, the local self-government bodies. RED organizes the methodological support for the implementation of the national education and training policy. RED provides the qualification of pedagogical specialists on the territory of the functional region by planning, coordinating and controlling activities for raising the qualification of the pedagogical specialists.

These functions turn RED into one of the main actors in the coordination of skills formation, because it is engaged in conducting a control and coordinating of the process of education and training system both for pedagogical staff and students.

The regional offices of the ASA, the EA and the Labor Offices represent the relationship with the Bulgarian government and in particular the MLSP. They maintain the link between national and regional authorities. They work locally and provide jointly with local authorities partnerships to ensure that national and European policies and skills programs (of various social groups of young adults) are introduced and conducted under

the local context.

Both types of bodies – Regional Education Directorate (RED) and municipal services of the MLSP reveal a balanced distribution of power in the BFR, which is aimed at avoiding conflicts and directing actors' efforts to rationally implement state policy at the regional level. The balance in the distribution of power is maintained by the fact that these institutions are subdivisions of the ministries carrying out the necessary coordination at the highest level.

Both types of bodies – Regional Education Directorate (RED) and municipal services of the MLSP carry out the collection of data at local and regional level, which later become regional reports that facilitate the monitoring and evaluation of the regional policy.

Universities and colleges in Bulgaria are autonomous institutions, which communicate directly with the Ministry of Education and Science (MES). The body with a consultative and representative role is the Rectors' Council, which brings together all rectors of universities and colleges in the country. The Council of the Rectors of the Higher Education Institutions in the Republic of Bulgaria is an association aimed at protecting the general interests of the higher education institutions in public space, it participates in the formation of state policy in the field of higher education and research, and furthermore, it extends international cooperation.

The higher education system is centralized and has the following characteristics:

- The Parliament plays the key role in decision making about matters, concerning the network of higher education institutions in the country (Law of Higher Education, Art. 9).
- The Council of Ministers forms the National Agency for Evaluation and Accreditation, assigned to be the state authority for evaluation, accreditation and quality control of university education.
- The creation of a Rating system of the higher education institutions in Bulgaria has been funded under the Operational program “Human Resources”, as it maintains a transparent rating system for comparison between higher schools in Bulgaria.

Centralization of the higher education system is balanced by the autonomy of separate institutions – universities and higher education schools that contact directly with the MES and through the Council of Rectors participate in the decision-making and political action processes. This means that education policy is flexible and allows the introduction of programs for the formation and use of activities by regional and local actors.

Relationship and links between public and private actors

One of the main accents for maintaining the link between public and private actors is through the European programs: “Career Start”, “Youth Guarantee” and “Student Practices”. The institutions involved in these programs are universities, colleges, companies, non-governmental sector, Chamber of Commerce and Industry, municipal offices in Blagoevgrad FR. This cooperative activity makes it possible to maintain contact with local employers for their involvement in the work of young adults that participate under these policies. The Chamber of Commerce and Industry also maintains interest in the skills system of young adults.

The role of the trade unions is also great, as it is aimed at protecting the rights and interests of employed workers. At the same time, it should be noted that in Blagoevgrad FR increases the share of young adults who are temporarily employed and they do not enjoy the same rights as the employees on a permanent employment contract. Temporary employment is becoming one of the sources of tensions and conflicts because it deepens the division of rights and responsibilities on the labor market. The social actor who can reduce tensions is the Social Assistance Agency, which has to find ways to avoid possible contradictions in the employment rates of young adults.

The aim is to achieve a dialogue that allows all participants to be informed about the activities of the other stakeholders. This exchange of information facilitates cooperation and effort when identifying common interests and activities.

Another point of cooperation between the participants is created through the municipality. It is aimed at involving different companies in the city planning of Blagoevgrad, as well as the road infrastructure. This is mainly done through European funding under different European Structural Funds programs - "Environment", "Growth Regions", "Transport and Transport Infrastructure", "Rural Development" and others. In addition to European funding, co-financing is also required from the municipality or individual companies. This brings about cooperation on various strategic projects involving infrastructure, skills and employment and innovation and business growth. On this basis, ties between urban councils and local employers are strengthened and dialogue between local authorities and employers is achieved.

5.4. Assessment of the quality and use of skills in BFR

In this section we are going to assess the type, quality and use of young adults' skills in the labour market in the BFR. Building on the information provided by previous working packages (WP3 and WP4) and using secondary data and grey literature (e.g. reports, statistical outlooks) at the local/regional level we are going to first describe the level and type of youth people's skills available to be used in the labour market at the regional level. We are then going to assess which are the difficulties employers are facing in using workers' skills and which are the detected regional skills (mis)matches. From a regional perspective we will also assess to what extent the regional labour market is attracting and/or retaining young adults and which are the characteristics that can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills.

Type and quality of skills

There are several different organizations involved in collecting information on employment and skills at regional and national level under Bulgarian conditions:

- National Agency for Vocational Education and Training (NAVET);
- Bulgarian Industrial Association (BIA);
- Institute for training of personnel in international organizations (ITPIO);
- Institute for industrial relations and management;

- Information System for Competence Assessment;
- Job Tiger;
- Bulgarian Chamber of Commerce and Industry (BCCI).

The Ministry of Education and Science (MES) developed and maintains a specialized information system, consisting of Register of higher education institutions, Register of academic composition of higher education institutions, Register of current and discontinued undergraduate and graduate students, Register of graduates and postgraduates, Register of lenders under the Students Credit Law.

The Ministry of Education and Science (MES) collects comprehensive information on the state of education in all its dimensions, reflected in the web-portal “Rating system of the higher education institutions in Bulgaria”. It was launched in 2010 under the project “Elaboration of a rating system of the higher education institutions in Bulgaria”, implemented by the MES.

- Another institution that collects comprehensive information on the status of educational units and employment is NSI.

At the regional level, information is gathered from the regional divisions of the NSI, as well as from Regional Education Directorate (RED). Major sources of information at the regional level are the Employment Agencies Directorates, as well as the Labor Offices, which are at the Ministry of Labor and Social Policy (MLSP).

Each of the universities in the Bulgarian higher education system collects and summarizes information on the state of the training, the number of graduates and the number of students who are employed.

Despite the fact that various institutions in the BFR collect data on the state of education and the labor market, there are no officially available and up-to-date data for regional skills supply and demand. The reason lies in the fact that many of these institutions do not have representative data; often the analyzes are based on unrepresentative information that makes it difficult to perform a comparative analysis – by years and regions – and it is an obstacle for an assessment of the real picture in the FR.

BFR coincides with Blagoevgrad district, covering 14 Municipalities. All listed institutions have regional divisions that collect information on the employment situation, skills and training of young adults in the region.

One of the important characteristics of Bulgarian higher education is its massiveness. According to information from NGOs, the proportion of people with higher education increases. The population with tertiary education in Bulgaria estimates of 22.2% of people aged 15–64 in comparison to the EU 28 average of 25.3%.

The aim of the National Strategy for Lifelong Learning (2014-2020) is to achieve higher education among 36% of the population aged 30–34 by 2020. For 2014 the share of graduates in this age group is 29.4%.

At the same time, it can be said that the number of young adults (18-29) enrolling in

tertiary education decreases and the reason is the demographic crisis (related to the decrease in the birth rate in the country) and on the other hand the number of young adults who prefer to study at universities and colleges across borders. Expansion of higher education, the strengthening of competitiveness within national systems of higher education and on an international scale, as well as commercialization of higher education sets new requirements for universities

According to the web-portal "Rating system of the higher education institutions in Bulgaria" "Economics" continues to be the speciality that attracts larger parts of students – there are nearly 60 000 students in that subject as of now; in addition, there are 27 000 more students in Management and administration. In contrast to the attractiveness of Economics, only 467 students are enrolled in Mathematics, 2 352 – in Social work, 4 000 – in Psychology. Foreign students predominantly choose Medicine and Pharmacy.

It is a remarkable observation that the most precise in attending lectures, seminars and self-learning activities are the students in Veterinary and human medicine, Architecture, Construction and Geodesy, Dentistry and Warfare. On the other hand, students in Math, Philosophy and Language studies are the ones who most often participate in international exchange programs.

Skills (mis)matches

According to the web-portal "Rating system of the higher education institutions in Bulgaria" the recent tertiary graduates are usually employed, but big part of them (46%) tends to undertake placements below their qualification. It is alarming that a huge portion of tertiary graduates occupy working positions which do not require higher education; for instance, only a third of the diploma holders in Economics, management and administration embark on an appropriate vacancy, career or appointment. Other examples for tertiary diploma holders, who occupy position demanding lower than tertiary qualification, are the graduates in Sociology, History, Biology, Chemistry and Tourism (only 18.7% of the graduates in Tourism occupy positions, requiring tertiary certificate).

There is a shortage of educational programs which prepare students for competences required by the contemporary labour market. In the recent decade there is a mismatch between supply and demand of working force with certain qualifications into the labour market, e.g. the Chamber of commerce revealed that 64% of employers demand engineering specialists against 27% supply of certificated engineers from the higher education institutions. According to employers, there is a discrepancy between the declared degree of knowledge and the real skills manifested during working practice. "Otherwise, there are many students, but they are not the ones the labour market needs".

Survey among employers demonstrated their belief that in the next five years the need for specialists in Biotechnology, Food and Chemical technologies will increase, as well as the need for experts in Psychology, Communication and Computer equipment and Medicine. Less demand will be for specialists in Education, History and Sports.

Overall, the structure and profile of higher education does not match the needs of the market. There are deformations related to the dominant development of individual learning disciplines, such as training in, for example, economics and law.

According to an international survey more and more employers have a problem in recruiting new employees in Bulgarian conditions. Over 45% of candidates do not have the necessary qualifications and skills.

According to information from the Bulgarian Industrial Association, the most wanted are the skilled workers, the engineers, the drivers, the people working in the field of nutrition, the doctors and the managers.

One of the serious problems of skills retention is the fact that only 23% of employers have targeted policies and programs and systematically invest in training and development of human resources. This leads to the problem that people who are well qualified are gradually losing it.

According to a representative of the Chamber of Commerce and Industry in Blagoevgrad, in the Blagoevgrad FR the business is mainly in the sphere of tourism and agriculture and forestry. It is a bad trend that the newly established companies in the Blagoevgrad District are much less than those in the previous years because a large part of the potential investors and businessmen leave Bulgaria, which reduces the opportunities for recruiting and training the staff. What can be highlighted is that educational institutions do not prepare staff to suit the requirements of business.

The information provided clearly shows that there is a discrepancy between the skills supplied under the graduates and the demand for skills as preferred business specialists on the other side. It is important that more coordinated and effective governance of skills supply and demand can transform the current landscape in the region, because it changes the structure of the education and training system by updating the majors, the forms of training and the inclusion of more practice-oriented disciplines and internships. The "Rating system of the higher education institutions in Bulgaria" is a mechanism for regulating state funding of university education related to support for prospective and practically oriented professional fields. It can be said that the Bulgarian higher education system is an example of finding effective convergence of skills training and the labor market.

Attraction and retention of skills

The majority of students who are trained in secondary and tertiary education institutions are from Blagoevgrad region. Southwestern University is identified as university with regional characteristics. In this context, it should be noted that there are students from the neighboring countries - Greece, Serbia, Macedonia, Turkey, and Albania. The most attractive for them are economic specialties, tourism and management, as well as pedagogical specialties.

Another important source for recruiting students is the older generations, which requires developing active policy towards these communities and would make SWU a real institution of LLL.

Employers in the region have no problems with staff retention.

Young adults' characteristics

One of the characteristics of YA in Bulgarian conditions is related to the reproduction of the existing socio-economic differences.

According to the results of the International Comparative Study PISA +, the difference between the share of students with low scores with low and respectively high socio-economic status in Bulgaria is the highest – 42.1%. The average value of this indicator for the EU is 26.2%.

According to a study of the key competences of 11th grade students of vocational schools, conducted by the Center for Monitoring and Evaluation of the Quality of Education at the MES, the vocational schools are more oriented towards absorbing the theoretical knowledge and accumulation of information, and less to the formation of practical skills to deal with real situations and work in a real environment.

Some of the university majors in the Bulgarian universities are feminized, such as: pedagogical specialties, humanities and social sciences.

5.5. Conclusions and Implications for young adults in BFR

One of the main conclusions that can be made is related to the high rate of youth unemployment and the lack of practical experience and skills of young adults who graduated from vocational schools and universities. In this direction, European programs are one of the main ways young adults to acquire qualifications and practical experience, as well as to find jobs. The European programs stimulate young people who have completed their education but have no professional experience for several months to run an internship program at an organization or business company to gain professional experience in their specialty. These are the European programs: "Career Start" and "Youth Guarantee". The institutions involved in these policies are universities, colleges, companies, non-governmental sector, Chamber of Commerce and Industry, municipal offices in Blagoevgrad FR.

Another implication for young adults in BFR, which can also be seen as a problem of the education system, is mismatch between theoretical knowledge and the training process. Education in schools and universities is too theoretical, with insufficient practical training as well as interconnected links between universities and business companies are not well developed. To solve this problem, the "Student Practices" program has been created with European funding, which is aimed at supporting and encouraging the development of partnerships between higher education institutions and businesses. The aim is to achieve a dialogue that allows all participants to be informed about the activities of the other stakeholders. This exchange of information facilitates cooperation and effort when identifying common interests and activities.

European programs are the main source of support and stimulation of the practical experience and qualification of young adults as well as their active participation in the labor market.

Decline of quality of education - in secondary and tertiary education, is also a problem that affects the realization of young adults in BFR, especially with the large proliferation of teaching academic institutions. Overall, the structure and profile of higher education does not match the needs of the market. There are deformations related to the dominant development of individual learning disciplines, such as training in, for example, economics and law.

In this connection, the role of the state institutions (mainly Ministry of Education and Science) is growing, as a regulator of the financing of higher education, as well as the control of the system of secondary and vocational training, following the labor market needs.

The other issue related to the increase of the role of the state is influenced by the high share of people who are on a temporary labor contract as well as the increase of the persons from the vulnerable groups such as unemployed, single mothers, ethnic minorities etc. These processes require the active involvement of state institutions to achieve relative equality of people and social justice.

6. Comparison of the two Functional Regions

If we have to summarize the report content, the following points are outlined:

The values describing the economy and labor market of the two FRs are similar:

- the unemployment rate of the population aged 15-64 is 9,6% for PFR and 10,4% for BFR;
- the employment rate of the population aged 15-64 (2015) is 62,1% for PFR and 63,4% for BFR;
- the economic activity rate of the population aged 15-64 (2015) is 68,8% for PFR and 70,8% for BFR.

Many of the problems related to the qualification of the young adults are common related to insufficient practical training, lack of practical experience, insufficient funding from the municipal budget for various activities aimed at raising the qualification and practical experience of young adults. In this direction, the dual training is crucial for Bulgaria and the selected functional regions, and it should be introduced as quickly as possible.

The common things for the two regions also consist of:

1) Legal framework: The most important legal document relevant for skills anticipation, and the systematic use of its results, is the 2013 Council of Ministers' Decision on the 'Mechanism for including the results of foresights of supply and demand of labour in developing and implementing government policies'. The Decision outlines, among other things, the role of individual institutions regarding skills anticipation. According to the Mechanism, the MLSP has the main responsibility for governance of skills anticipation and provision of annual reports on the labour market needs based on employer surveys and official data from the National Statistical Institute (NSI), the National Employment Agency (NEA), and the National Social Security Institute (NSSI).

Overall, much of the regulation on VET highlights the importance of skills matching and meeting the needs of the labour market, which can be supported by skills needs anticipation. The 'Strategy for the Development of VET 2015-2020' encourages cooperation and partnership amongst VET institutions and employers to bring about better matching of skills provision to labour market needs. In addition, the 'National Strategy for the Development of Higher Education 2014 – 2020' seeks to strengthen the links between the needs of the labour market and higher education providers

The role of stakeholders: The National Network for Competence Assessment (NNCA) cooperates with employers, trade unions, experts and practitioners in different economic sectors, including substantial stakeholder engagement.

Social partners at national level also sit on consultative bodies relevant to skills anticipation in, for instance, the MLSP, the NEA, the MES and the National Agency for VET (NAVET). Stakeholder involvement is also significant in regional administrations, municipalities and local labour offices. Additionally, NGOs and other forms of citizens' representation are invited to assess any policy initiatives and legislative changes through the Public Consultations Platform at the Council of Ministers. Notably, the NNCA was developed jointly by the social partners.

Employer organisations are actively involved at the planning stage of policies relating to higher education and VET. For example, the Ministry of Education and Science (MES) sends official queries to the four main employers' organisations and other competent authorities during the preparation of the annual admission plan to education in higher secondary schools and VET schools. The key stakeholders involved in steering education and training provisions, are the MES, the MLSP, the NAVET, higher education institutions, VET providers, the social partners, and NGOs. Their representatives sit in consultative committees which advise the MLSP (e.g. in the National Employment Promotion Council, Coordination Council for Implementation and Monitoring of the National Plan for European Youth Guarantee 2014-2020).

Common to both regions is the competence assessment approach.

The assessment tools that can be used online at MyCompetence include:

- Self-assessment in accordance with the sector job position model;
- Assessment via a competence assessment card, designed on the basis of the competence profile of the position in the company
- 360 – degree feedback;
- Tests and questionnaires for assessing specific competencies (group of competencies): „Managerial skills test“; „Emotional intelligence test“; „Social competencies test“; „Loyalty assessment questionnaire“; „Questionnaire for assessing development potential“; „Questionnaire for measuring motivation and satisfaction (motivational profile)“;

- Tests for assessing key competencies acquired after taking an e-training course in the system: „Digital competencies”; „Skills for assessment and audit of positions within the company”; „Skills for developing and introducing competence models; „Quality management”; „Work performance management”; „Team management”; „Applying systems for the assessment of employee training requirements”; „Applying systems and models for managing corporate social responsibility”.

Each competency defined in the respective sector catalogue in the system has been provided with applicable tools for its assessment (name, type, measurement scope, tool provider) as a part of the user-friendly approach.

Many of the education issues regarding the skills supply and demand that exist at national level are also manifested at regional levels. The reason for this is that the system of Bulgarian education is centralized. Secondary education – as curricula and structure, is centrally managed, which means that training is conducted on identical standards in all schools in the country, regardless of regional specificity. Centralization in higher education is weaker, but it is still present through the accreditation system of universities and higher education institutions. From this point of view, many things are repeated at both national and regional level.

Key themes that come to the forefront of the skills supply and demand analyses referring to the secondary and higher education in both regions are:

- The mismatch between demand and supply of specialties in secondary vocational and tertiary education is existing.
- The recent tertiary graduates are usually employed, but a significant part of them tends to undertake placements below their qualification. It is alarming that huge portion of tertiary graduates occupy working positions which do not require higher education; for instance, only a third of the diploma holders in Economics, management and administration embark on an appropriate vacancy, career or appointment. Other examples for tertiary diploma holders, who occupy position demanding lower than tertiary qualification, are the graduates in Sociology, History, Biology, Chemistry and Tourism.
- The education is theoretical and inconsistent with modern expectations.
- There is a shortage of educational programs which prepare students for competences required by the contemporary labour market. In the recent decade there is a mismatch between supply and demand of working force with certain qualifications on the labour market.
- Insufficient opportunities to acquire practical experience - internships that actually contribute to the practical training and experience of the students are few. Overall, the structure and profile of higher education does not match the needs of the market, and there is a lack of coordination between universities and businesses.
- Career Centers at universities have insufficient efficiency in their activities. Underdeveloped are activities that bound students with business, such as: "Open

doors", "Day of careers", where opportunities are available to both parties to establish contact.

- Insufficient links with graduate students who may be the source of practical experience to students currently studying exist.
- Restructuring universities and higher education institutions into more flexible institutions to meet business needs in terms of organizing professional courses and training should be carried out.

The differences between the two functional regions are reflected in the development of the economy, the labor market, and the opportunities that are provided as regional infrastructure as prerequisites for employment. The ITC sector is very well-developed in the Plovdiv FR and it attracts a big part of young specialist in the region. In general, in PFR the foreign investments are concentrated in the sectors requiring high qualifications and skills, in companies like Schenker, Liebherr, Sensata, ABB, etc., while in BFR the foreign investments are located in the textile industry. A large number of enterprises and the business sector in Plovdiv FR suggest more structures of trade unions and others participate in the activities of NRN. The NNCA also works closely with two trade unions, education experts, employers and university researchers in the preparation and dissemination of their labour market skills assessments. The effectiveness of the NNCA is reliant upon stakeholders' cooperation in this regard.

Another difference is that a Regional Competence Assessment Center has been established in Plovdiv. There are such regional centers in 10 Bulgarian cities, but in Blagoevgrad FR – none. In addition Plovdiv FR has more universities and educational institutions as well as general secondary and vocational schools. This means that in approximately the same number of population in the two functional regions, the education and vocational training opportunities in the PFP are larger.

Plovdiv is also part of the pilot project on dual training, which allows the inclusion of VET students in a real work environment and the creation of professional qualities.

Another difference between the two FRs is the number of vocational centers that train young adults over 16 years of age. Vocational training centers designed to meet the specific needs of the regions have been established across the country. Popular is the entrepreneurial type of training course which is closely related to the specificity of the regions (such as management, construction, agriculture, forestry and fisheries, etc.). Plovdiv FR has 58 vocational centers; Blagoevgrad FR has 19 vocational centers. They prepare specialists in all the industries in the region. The larger number of training institutions and the development of business environment create better conditions for a developed labor market and a shaped system of skills.

Another difference between the two FRs consists of the fact that in Blagoevgrad FR the relative share of population living in material deprivation is lower (22,1%) in comparison to Plovdiv FR (30,4%). In addition the relative share of the population living below the country's poverty line (in 2013) is 23,10% for Plovdiv FR in comparison to Blagoevgrad FR where the share is 15,7%. This means that people in the BFR deal more effectively

with poverty and find better life strategies.

7. Emerging issues

One of the major emerging issues, which comes from the analyses, is the problem with the coordination between the different institutions involved in the skills market. As we pointed out in the above sections, nevertheless the existing gaps between the players, the constraints that they are facing, and the extremely difficult and uncertain environment, there are institutions which successfully manage the situation and could serve as examples for good practices. In this section we describe three examples of good practices identified during our field research, presenting three different organizations from the two functional regions.

"University students training practices" Program, FR Blagoevgrad

The good practice that is conducted in FR Blagoevgrad is "University Students Training Practices". The program is funded by the European Structural and Investments Funds under the "Science and Education for Smart Growth 2014-2020" Operational Program. It is open to all students registered in the Register of current and discontinued students and Ph. D. students. The policy conforms to the strategic objective of the Operational Program for improving the quality of education through gain practical experience and improvement of practical skills of university students in accordance with the needs of the labor market. The other significant objective is to facilitate the transition from educational institutions to the workplace and increase the successful realization of young people into the labor market as well as to increase the number of students who find a job immediately after graduation.

An essential element of the program is the participation of several functionally engaged players: Training organization; Trainee; Mentor; Academic mentor; Functional expert; Leading functional expert. These players are involved in the implementation of the program. Their opinions, assessments, expectations, choices form the basis for the case study "student practices." This program is significant for the YAs in the BFR because it is oriented towards the 18-29 age group as a specific youth functional community. These young adults carry out training practices and internships in real working environment over the course of six months, while at the same time they continue their education at the university.

This measure is important for FR Blagoevgrad because it synthesizes the efforts and activities of both the university as a lifelong learning institution and the various training organizations - public and private, NGO sector, business, that are located at the regional and local level and which hold student practices in order to enhance the experience and skills of the participants in a particular environment.

The case study "student practices" contributes to the effective functioning of the educational process at the university level and in organizations; it also contributes to the harmonization of regional environment to include more young adults in workflow and strengthening the relationship between education – work environment – labour market.

Land – Source of Income Foundation, FR Plovdiv

The Experience of “Land-Source of Income” Foundation in many projects proves that even the severe economic conditions in the country, and especially for the minority groups, different mechanisms for stimulating business initiatives could be successfully applied. Aiming to create positive social impact, it provides training in agriculture for Romas in order to encourage them to become small self-employed entrepreneurs. In running many successful projects, the organization applies a sustainable model, which can be adopted and implemented in different conditions and cases, such as: rural and urban environment, disadvantage groups, etc. The most important condition for its successful implementation, is to use an integrative approach for sustainable development of an own business. This approach combines two components, which are in direct dependency: access to material resources and human potential development. The access to material resources ensures the necessary long-term and short-term assets to provide the economic activity, and the human potential development increases the efficiency of their use. In this way the model combines the microcrediting rules with the social assistance through free provision of expert and consultancy assistance. Thus the financial stability of the model is guaranteed and offers additional possibilities for the disadvantaged groups and families without the necessary experience and skills in entrepreneurship.

The Model concept is: From Income generation – to Business generation of young people. The Model is based on establishing a sustainable network for acquiring multi-level benefits and gaining long-term outcomes for the target group and the other involved parties. The proposed network triangular combines three types of interacting institutions: 1) Educational (Agricultural University in Plovdiv, secondary vocational schools in agriculture in Brezovo, Parvomay, Perushtitza); 2) Local cultural centres (Brezovo, Parvomay, Perushtitza) and 3) Public institutions at regional level (Local government) and at municipality level on the territory of the Plovdiv region. The Municipalities are also very important players, participating in the system, and representing the local authorities as policy providers.

The main purpose of the program implementation is to improve the-state-of-art of Roma minorities, which are considered as isolated minority in terms of ethnical, social and economic characteristics. In order to achieve stable results and project efficiency, several main tools are developed and applied: education, financing and monitoring of the target group, as they need to acquire skills and knowledge in managing their own business in agriculture, financial resources to start and maintain their business, and monitoring in order to control and direct them in their activities. Recently, as the education, labour and financial markets are not efficient, it is necessary to integrate the three tools in one. The education is targeting two different groups, on one side the schools lecturers how to manage their classes with minority groups, e.g. training for trainers, and on the other side – the Roma young people who have to obtain specific knowledge and skills. The specialised courses are in the fields of business management and agricultural technologies. After finishing the courses both groups of participants obtain a certificate.

One of the main benefits of the program is that its implementation is extended in order to

reach other institutions in the country. Through applying the approach “learning by doing”, the initiative is to encourage and teach in applying this working scheme in their regions. Such a dissemination of this successful practices carried out in Kustendil, Rakitovo, Stara Zagora, Yambol, and the village of Hayradin, contribute many economic and social benefits to the concrete institutions, and the regional and national networks as well.

Education for Democracy Center, FR Plovdiv

Education for Democracy Center is an NGO with public benefit, which organises and provides training, consultancy, exchange of information and experience with many different organizations at regional and national level, such as: businesses, educational institutions, public structures, municipalities, state authorities, media and public as a whole.

It has a long experience, mainly in implementing different projects with public significance. The project for literacy of Roma people is a good example. It aims to develop skills for starting a proper job. In this project, many partners from the region were involved. The Education for Democracy Center cooperated with: the Regional Labour Office, Inspectorate of Education, many schools with their principals and teachers, Directorate “Social Assistance” at the Municipality of Plovdiv, civil organizations, and representatives of the target community. In the project 218 illiterate Roma young people took part, and 214 of them successfully graduated and achieved primary literacy.

At the end of the project, after the assessment, the following factors of successful collaboration were identified:

- Working team of trained and motivated young people;
- Established trust between the participants, who have mutual interests focused on the target group;
- Established organizational structure – a Council, which has jointly worked out and adopted rules for interaction and collaborative work;
- Jointly elaborated strategies and plans;
- Jointly planned activities and interactions together with representatives of the civil sector, using its expertise and devoted to the target groups’ needs;
- Lobbying and elaborating regional education policies with a broad civil participation;
- If necessary, establishing additional structures for policy formulating, implementing and monitoring, with delegated responsibilities and funding;
- Stimulation and encouragement of creative and innovative ideas, and implemented activities;
- Regular assessment of the results;
- Maintaining open communication with media and informing the broad public with

focus on the practical and real benefits.

- This scheme was implemented successfully in many other organization initiatives. Despite all advantages and good results, there were many difficulties in the collaboration and partnership with the institutions, influenced by:
- Lack of strategies and plans of the other institutions for establishing partnerships, as well as using external expertise;
- Formal attitude of the managing staffs and the employees to the external relationships and cooperation;
- Misunderstanding of the possibility and the benefits of mutually spent efforts on the skills market development, exchange of experience and pooling of expertise;
- Lack of awareness about the benefits and the necessary competences for development of working partnerships and initiatives in this direction;
- Lack of joint structures – formal and informal in formulating, implementing and monitoring of the skills market policies, which leads to mismatch between the market needs and the established curricula;
- Incompletely elaborated or lack of legal basis and internal institutional regulations for institutional “opening” and combining the strengths of different structures, pursuing common aims;
- The legal basis is set up in a way, in which the target groups and the beneficiaries are considered as objects of rebellion, not like real subjects with opportunities for participating in the processes of planning and management;
- The consultancy process is not initially planned, and as long as it exists, it is related to internal institutional problems or accidentally appeared problems;
- Negativism and/or fear of changes;
- Low level of responsibility delegation to other structures, outstanding of the institution, and to young people as well. Unfortunately, this behavior is also accepted by the public structures;
- The innovative methods, practices and curricula are unsystematically implemented and developed;
- The good experience in partnerships of the other European countries is insufficiently applied.

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Annexes

Annex 1: Table 1. Description of the institutions involved in the skills system of the Plovdiv Functional Region

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions	Other relevant information
Land – Source of Income Foundation	NGO	Regional	Land – Source of Income Foundation works on the sustainable development of the rural regions.	Yes. Formation of practical and some theoretical skills in young families from the Roma minority.	No.	Yes. Some relation with the relevant institutions at regional and national level.	http://landsourceofincome.org/
Plovdiv Labour Office	Public	Regional	Plovdiv Labour Office is a subdivision of National Labour Agency	Yes. It provides various courses for requalification of the unemployed.	No.	Yes. Some relation with Plovdiv Municipality. Secondary vocational schools, higher educational institutions, employers, Bulgarian Government and other government agencies.	https://www.az.government.bg/en/ 9 regional divisions covering the 28 regions in Bulgaria
Plovdiv Municipality	Public	Regional	Plovdiv Municipality is responsible for implementation of the national policies ant regional level	Yes. A division at the Municipality organizes various courses for people up to the age of 29.	No.	Yes. Relation with Plovdiv Labour Office, secondary and higher educational institutions.	http://www.plovdiv.bg/en/

Education for Democracy Centre	NGO	Regional	The Centre provides PAID courses in various subjects.	Yes. It provides various courses.	No.	Yes. Some relations with Plovdiv Municipality, educational institutions, firms and NGOs.	
University of Plovdiv "Paisii Hilendarski" University of Food Technology Agricultural University - Plovdiv Medical University of Plovdiv European Higher School of Economics and Management The Plovdiv Branch of Sofia Technical University Higher School of Agribusiness and Rural Development Academy of Music, Dance	Public and private higher education institution	Regional, self-governed	The main providers of higher education qualifications. Bulgarian universities vary in their size and shape. While some attract students from all over the country some others are more targeted to providing higher education courses for local and regional young adults.	Yes, their main mission is skills formation (at higher education level).	Yes, they support apprenticeships as part of most of their courses in order to smooth the transition from education to work. The higher education institution are interested in providing relevant skills for the labour market.	Local and regional employers.	https://uni-plovdiv.bg/en/ http://uft-plovdiv.bg/index.php http://www.au-plovdiv.bg/en/ http://mu-plovdiv.bg/en/ https://ehsem.bg/Home/en/News http://www.tu-plovdiv.bg/en/ http://www.uard.bg/en/pages/view/27 http://www.artacademy-plovdiv.com/EN/home.html http://cea.bg/web/file.index.file/lang.2/

and Fine Arts Higher School of Security and Economics							
Secondary vocational schools	Public, funded by the Bulgarian Ministry of Education and Science	Regional, self- governed	The secondary vocational schools are the main providers of qualified workers at secondary education level. The schools vary in their size and shape. While some attract students from the whole region, some others are more targeted to providing secondary education for young adults from the city.	Yes, their main mission is skills formation (secondary vocational education level)	Very limited. However, they usually have contacts with local and regional employers.	Local and regional employers, and higher educational institutions.	
Private institutions for qualification and training in Plovdiv FR	Private	Regional	These private institutions provide additional education and training to employed and unemployed people. Sometimes they are the major partner of the Labour Office for various programs funded by the government or the EU.	Yes, providing specific training and education.	No.	Mainly with local authorities, but also work in partnership in some projects with Labour Office and Plovdiv Municipality.	No.
Private labour offices in Plovdiv FR	Private	Local	These institutions provide information on the available jobs mainly in the private	Limited.	No.	Unemployed people and potential	They act independently of one another and of the State

			sector. They conduct interviews and present to the employer only the approved candidates.			employers	Labour Office.
AISEC in Plovdiv FR	Third party organization	National	It regularly organizes different courses for acquiring different skills and competences for young people. It focuses mainly on training in soft skills, entrepreneurship skills, leadership skills, etc.	Yes.	No.	Unemployed young people and potential employers.	http://aiesec.bg/
Manpower in Plovdiv FR	Third party organization	National	This institution provides information on the available jobs mainly in the private sector. They conduct interviews and present to the employer only the approved candidates.	Yes.	Limited	Unemployed people and potential employers.	https://www.manpower.bg/

Annex 2: Table 2. Description of institutions involved in the skills system of the Blagoevgrad Functional Region

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions	Other relevant information
1. Municipal authorities in Blagoevgrad FR	Public	Regional	To implement the basic decisions of the executive power	Yes, in supporting the educational system from vocational education to adult education	Yes. The municipality employs specialists for administration	Yes, relations with most institutions in the FR and at the national level	
2. Regional Directorate of Employment Agency - Blagoevgrad;	Public	Regional	EA providing information about supply and demand of jobs in the region.	Yes, Agency organized training courses for professional qualification; supporting the link between demands and supply the business specialists.	Yes. The EA employs young adults under different programs	Yes. Some relation with the relevant institutions at regional and national level.	
3. Blagoevgrad Vocational High School	Public	Regional	The main mission is skills formation at secondary vocational education level.	Yes, it is the main provider of qualified workers at regional level.	Yes, vocational school employs some people for teachers and trainers	Yes. Some relation with the relevant institutions at regional and national level	
4. South-West University	Public	National	It ensures education in a wide spectrum of specialties: scientific areas humanities and	Yes, SWU is the main provider of professionals at regional level.	Yes, SWU employs some people who seek education and research career	Some relation with the relevant institutions at regional and national level	

			social studies, science and technology				
5. Non-formal training institution Language centre "Magnaura"	Private	Regional	Providing non-formal language training and education	Yes, It conducts different courses for acquiring new knowledge and skills	Yes, it employs some people to work under the projects.	Mainly with local authorities, but also work in partnership in some projects with Labour Office and Blagoevgrad Municipality.	
6. Labor Office – Blagoevgrad	Public	Regional	It is an executive agency at the Ministry of Labour and Social policy for implementation of the state policy on the labour market	Yes, by organizing courses and trainings for employed and unemployed people in various professional fields	Yes. The LO employs young adults under different programs.	Yes, Some relation with the relevant institutions at regional and national level	
7. Regional Directorate for Education – Blagoevgrad	Public	Regional	It is a territorial administration at the Ministry of Education and Science (MES).	Yes. Managing and controlling the system of general and vocational school education.	Yes, The Directorate employs some people to work under the projects.	Yes, relations with the relevant institutions at regional and national level	
8. Agency for Social Assistance – Blagoevgrad	Public	Regional	This is an executive agency to MLSP, headed by Executive Director.	Yes. The agency is committed to support the unemployed and vulnerable groups.	Yes. The ASA employs young adults to work under different programs	Yes. Some relation with the relevant institutions at regional and national level.	
9. Center „ABC-E“	Private	Regional	It trains YAs	Yes, Vocational	Yes, Vocational	Yes. Some	

			older than 16 years. The training is aimed at acquiring, updating and improvement of qualification or re-qualification in a profession or part of profession	center trains and supports young adults	Center "ABC-E" employs some people to work under the projects	relation with the relevant institutions at regional and national level.	
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Work Package 6
Comparative Analysis Skills Supply and Demand
Croatia National Report

**University of Zagreb, Faculty of Teacher Education
(UNIZG)**

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Executive Summary

The main objective of WP6 is describing and understanding the governance of the supply and demand of skills within and across the functional regions under study in the Young-Adulllt (YA) project. The project refers to the local/regional supply and demand of skills as the local/regional *skills ecology*. In this National Report, the governance of the skills ecology in the two functional regions (Istria and Osijek-Baranja County) are described and analysed. The empirical evidence for content in those analyses come from different sources - the semi-structured interviews with key local actors, the grey literature and scientific/professional articles.

In order to describe and understand the governance of local/regional skills in Istria and Osijek-Baranja County, four main tasks were performed:

- **Identifying and mapping** the actors, institutions, structures and their main activities relevant to the local governance of the skills ecology.
- Analysing main actors' **policy orientations** (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults.
- Understanding the **level and forms of coordination** of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults.
- Reporting and assessing evidence on the **quality and the relevance of the skills** developed and used by young adults in the workplace and society.

Regarding the *first task*, in Croatia, the responsibility for the connection of institutions responsible for the skills formation and the skills use markets lies on the regional authorities. Their role is to ensure availability of the educational institutions which will properly answer to the labour market needs. The regional and local authorities are also responsible for the implementation of national legislation and policies at the local and regional level. The relative abundance of educational possibilities in both Croatian functional regions (and in the skills formation) does not automatically ensure their relevance for the labour market (the skills use markets).

While *analysing the main actors' policy orientations*, there is a wide and varied offer of levels and educational contents. However, as a rule, there is a lack of cooperation among educational programme providers which would be harmonized with the real needs of the labour market and with the interests of potential programme beneficiaries. An additional difficulty for the system of mutual coordination is the fact that institutions are focused on the implementation of programmes and policies which stem from the interests of their founders, whereas the horizontal and vertical coordination among providers of educational services occurs sporadically, mainly in the course of the preparation and realization of short-term and mutually unrelated projects and programmes.

The possibility of education in a wide variety of programmes for all age groups in various areas

can be observed. Quantitatively, the existing institutions in secondary education, higher education and lifelong learning only partly respond to the needs of the labour market. All the actors of regional policy recognize the importance of higher cooperation between educational institutions and the economy. However, there are no visible results yet. The adaptation of educational programmes to the needs of the labour market represents a great challenge.

If young adults want to gain skills after or out of the regular education system, the problem they are facing is financing. Programmes in open universities, part-time studies, postgraduate studies are financed by students themselves. Exactly this circumstance significantly hampers the access of youth in NEET status to education, as they do not possess the resources to finance those programs. Another problem, noticed by the interviewees, in the concept of lifelong learners and retraining of young adults, is their lack of motivation often caused by disbelief that those educational acts will lead them to employment.

Regarding commitment to skills formation and use it is possible to conclude that employers mainly rely on educational programmes provided by schools, universities and polytechnics. In that respect, some employers attempt to influence their offer, but expected results have not been achieved yet.

Regarding *the level and forms of coordination of governance activities* across different areas and scales in the formulation and implementation of skills policies for young adults, it can be noted that only measures and activities prescribed by law are realized at the local and regional level, whereas strategic national documents are not adequately implemented at the local level. The reasons lie in the absence of capacity in the local environment to implement the measures envisaged, as well as in the already mentioned gap between national documents and the specific needs of a particular local community.

The cooperation between the different stakeholders responsible for skills supply and skills demand is not properly regulated. It is mainly limited to the cooperation of different stakeholders during the realization of projects or specific programs. What is lacking in both cases is a continuous systematic approach which would provide usable statistic information for all, an insight into the possibilities of achieving long-term goals and immediate results (outcomes and effects) of the implemented activities and programmes. The mentioned refers to the cooperation of institutions from different subsystems (e. g. education, employment, social care), but also to the cooperation between the private and public sector. Among the stakeholders of LLL policies in Istria and Osijek-Baranja County there is a high awareness of the need for such cooperation, there are also several positive examples of cooperation occurring occasionally, but when it comes to youth, an established system of coordination, managing and financing needs actually does not exist.

An analysis of the quality and the relevance of the skills developed and used by young adults in the workplace and society reveals a disproportion in the supply and demand of skills. The interviewed stakeholders pointed to the complex and slow procedures of verification of educational programmes for which employers have expressed the need, to a lack of clear vision of economic development, to insufficient motivation of youth for choosing shortage occupations, to low wages (under average) for most-wanted professions and to the vagueness of the national educational policy which significantly weakens the potentials of the functional

regions to harmonize the system of education with the system of employment.

There is a great skills mismatch between the educational system and labour market, as well as between the need of employers and the outcomes of the educational system. Also contributing to this mismatch are:

- Inconsistency of educational programmes, i.e. a mismatch between skills (competences) acquired through education and the needs for skills in the labour market
- Insufficiently elaborated mechanisms of leading and coordinating the system of education and employment.

Generally, it is possible to conclude that the current system of vocational education and training in Croatia does not ensure the acquisition of competences needed in the labour market, because the education supply and education programmes are not modernised fast enough. For society, skills represent a major component of its productivity, competitiveness and innovation. An important dimension of labour market disequilibria is the mismatch of supply and demand of different skills at the sectoral, regional and occupational levels. It will be necessary to monitor systematically the labour market and occupational trends to insure better labour market information on occupational trends. Furthermore, it is important to provide and/or improve transparent information on employment status of graduates from various education programmes, and to insure more flexible adjustments of enrolment quotas in education and training programmes.

1. Introduction

The main objective of WP6 is **describing and understanding the governance of the supply and demand of skills within and across the functional regions** under study in the YOUNG-ADULLLT project. The project refers to the local/regional supply and demand of skills as the local/regional *skills ecology*. In this National Report, the governance of the skills ecology in the two functional regions (Istria and Osijek-Baranja County) are described and analysed.

In order to describe and understand the governance of local/regional skills in Istria and Osijek-Baranja County, four main tasks are performed:

1. **Identifying and mapping** the actors, institution, structures and their main activities relevant to the local governance of the skills ecology.
2. Analysing the main actors' **policy orientations** (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults.
3. Understanding the **level and forms of coordination** of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults.
4. Reporting and assessing evidence on the **quality and the relevance of the skills** developed and used by young adults in the workplace and in society.

In this initial framework it is important to describe and differentiate between two relevant terms: the **skills system** (constituted by the *skills formation market* and the *skills use market*) and the **skills ecology**. According to the European Training Foundation (2012, p. 7) "skills are a key element in matching persons to jobs. However, the meaning of 'skills' embraces many aspects and the concept is used in many different ways. Often the term is used as a general expression of the (economic) capabilities of people at and for work, but often its meaning is not separated from 'qualifications'. Skills represent mainly the technical and/or operational aspect of the immediate practical performance of work tasks. A distinction is made specifically in relation to qualifications: the content aspect is represented by skills, distinguished from the credentials aspect, represented by accredited formal qualifications (certificates). In matching practices, these aspects are of different importance in different realms: on the employment side, the use of skills is the core issue, whereas on the education side skills are produced within the course of study followed to obtain the formal qualifications, which are the main visible output; in the matching processes qualifications are used as a representation of, or proxy for, skills. At the aggregate level, the systems focus on different aspects - on the employment side, particularly from the point of view of employers, the focus is on skills, whereas on the education side the focus is on qualifications".

"The skills ecology of Croatia is highly determined by the wider structural context of Croatian society, although the combination of war (1991 – 1995), physical destruction, mass population displacement, authoritarian nationalism, 'repatriarchalisation', and economic and social crises and transition. Subsequently, with increased stability, a more democratic political scene, and aspirations towards membership of the European Union, a new conjuncture has emerged,

although the movement towards ‘deep democracy’ is still in process rather than fully achieved” (Stubbs, 2006, p. 2). Moreover, regional inequalities and differential growth prospects between the “war-affected” counties (Osijek-Baranja functional region) and “no-war-affected” counties (Istria) can be still recognised.

This National Report is directed to **describing and understanding the governance of the supply and demand of skills within and across the two Croatian functional regions**. It builds on the previous 3 National Reports which focused on:

- the identification of main actors involved in the local skills ecology and the reports and sources of information used by policy makers and practitioners to govern the local skills ecology (WP3)
- the explanation of the socio-economic context and living condition of young adults in two functional regions, as a basis for understanding of different forms of governance of the local skills ecology (WP4)
- contextualising the opportunities of young adults in two functional regions, by description and analysing the view-points of regional policy makers, practitioners and young adults of the regional resources, objectives and priorities in terms of skills (WP5).

As the main conclusion of the *Policy Mapping, Review and Analysis – Croatia* (WP3), it can be highlighted that Croatia is characterised by relatively rich legislative activity, accompanied by a continuous development of policy documents directed towards various social groups, where young adults are relatively rarely the addressees of those policies and laws. Still, the analysed documents indicate that youth are given attention in Croatian society, which is particularly visible in the measures of active youth employment policy and in the *National Programme of Action for the Youth*.

The *Quantitative Analysis Young Adults’ Data – Croatian Briefing Paper* (WP4) showed that the key issues faced by young people when entering the labour market in Croatia are a lack of previous work experience and a mismatch between their qualifications and the skill demand. These problems are particularly evident in cases of individuals with lower educational attainment, young mothers and the Roma population. Long-term unemployment and significant differences in regional youth unemployment rates are also recognized.

The *Croatian Qualitative Analysis Report* (WP5) leads to the conclusion that the national government supports regional political structures in the old-fashioned manner (using instruments such as tax reliefs and intergovernmental transfers), while a meaningful approach to supporting regional growth and competitiveness is still lacking. On the basis of the identified trends in the two functional regions (Istria and Osijek-Baranja County), the need of improvement of the current policy approach for young adults is recognised.

The present report is organised in six main sections. Following this introduction, the methodology used to develop the analyses is described and discussed. Then, the analyses for Istria County are presented. These analyses include 1) the contextualisation of the region in terms of socio-economic characteristics; 2) the mapping of the main regional and local actors, institutions and structures involved in the skills system; 3) the identification of the policy orientations and levels and forms of coordination among actors; and 4) the assessment of the

quality and use of skills at the regional level. The implications for young adults in the region are derived from these analyses. The same procedure follows concentrating on the Osijek-Baranja County. In the end, the results of the two functional regions are compared.

1.1. Croatian National Context

The current system of local and regional self-government in Croatia was introduced soon after the new country achieved independence from the former Yugoslavia in 1991 with a set of laws adopted in 1992 and 1993. These laws created the counties as a mid-tier level of government, replacing the previous system of communities. They set out the responsibilities of the new counties as well as those of the towns and municipalities at the lowest tier. The main purpose of those reforms was to establish a local government system in line with the new constitution. The new system replaced the former system of socialist self-management at local level by a hierarchical system with relatively strong central control over the country governments. However, the Constitution proclaims the autonomy of counties, towns and municipalities in managing local affairs and restricts the supervision of the central government to control over legality (Maleković, Puljiz & Bartlett, 2011).

Recently, the Republic of Croatia has two sub-national levels of government: regional (counties) and local (towns and municipalities). There are 20 counties, 128 towns and 428 municipalities while the capital City of Zagreb has a special status, having competences of both a town and a county. The country is divided in two NUTS 2 regions: Continental Croatia (consisting of 13 counties and the City of Zagreb) and Adriatic Croatia (consisting of 7 counties).

The Croatian system of local self-government is monotypical, with local authorities having the same scope of responsibilities. In that way, municipalities and towns have the responsibilities in the field of: settlement and housing; spatial and urban planning; utility services; primary health protection; social welfare; elementary education; culture, physical culture and sports; consumer protection; protection and improvement of natural environment; fire protection and civil protection; traffic management. Regional authorities have a broader scope of responsibilities in the field of: education; healthcare; regional and urban planning; economic development; environmental protection; transport and traffic infrastructure; maintenance of public roads; issuing location and construction permits (except in territories of large towns⁸). However, the institutional framework of regional development in Croatia still has not been clearly defined and regulated by law. It resulted in a lack of coordinated development planning and in insufficient connection and networking between national, regional and local stakeholders. Within the limits of the law, counties, towns and municipalities are allowed to regulate their internal structures.

At the national level, in the skills formation market the following institutions are involved: (1) the Ministry of Science and Education and (2) the Agency for Vocational Education and Training and Adult Education.

The Ministry of Science and Education performs administrative and other tasks related to preschool education, elementary and secondary education as well as higher education. The

⁸ From 2005, so called "large towns" were introduced as a new sub-category of towns. It includes local authorities that are the seats of counties and towns with more than 35,000 inhabitants. They have additional decentralised responsibilities for the management of local and public roads in their area and for issuing location and construction permits.

ministry develops the National Curriculum and introduces regulations, standards and other requirements regarding educational work. The Agency for Vocational Education and Training and Adult Education, among its main tasks, develops new and modernises existing VET curricula based on VET qualifications. Those are competences and learning outcomes, which reflect the needs of the labour market and further education.

The vocational education system is crucial in accumulating human capital as a precondition for achieving economic growth, better quality employment and social goals. Initial vocational education needs to ensure the acquisition of knowledge, skills and competences important for the labour market, as well as the possibilities for progress in further education, particularly in higher education. Continuous vocational education should offer possibilities of acquiring competences important for further professional development of an individual, and, also the increase of knowledge and innovativeness of the society (Development Strategy of the Vocational Education System in the Republic of Croatia 2008 – 2013, 2008).

Vocational training has two main purposes: (1) to contribute to the competitiveness of the national economy, and (2) to contribute to the social cohesion of a society. It needs to provide a broad basis of competences which are crucial for professional and personal success of an individual, and to serve for the development of human resources and enhancing the society based on knowledge and innovativeness.

Adult education institutions deal with formal adult education, and implement programmes for the acquisition of an initial qualification, in-service training, continuous training and re-training. A main place in adult education is occupied by local institutions for adult learning called Public Open Universities. Many of them were founded by local communities, but some private open universities are also active. These institutions deal with all kinds of adult learning including both formal and non-formal education. Their programmes vary from basic education and literacy to secondary school courses, occupational retraining courses, foreign language courses, computer technology, general education and cultural courses.

Higher secondary education institutions (ISCED level 3) are, depending on the type of educational programme, divided into grammar schools (gymnasium), vocational and artistic higher secondary schools. Higher secondary schools (gymnasium) prepare students for higher and university education. Vocational schools qualify students for inclusion into the labour market, and provide opportunities for continuing education. Art schools have the aim to acquire knowledge, develop skills, abilities and creativity in different artistic fields.

Universities, polytechnics and schools of professional higher education have been established as institutions. The Republic of Croatia can establish a public university by law, while a public polytechnic and a school of professional higher education can be established by a Croatian Government Decree. Private universities, polytechnics and schools of professional higher education can be founded by the decision of the founder in line with the regulation relating to the establishment of institutions. Counties, towns and municipalities can establish a school of professional higher education by decision on their representative bodies.

Public open universities are founded by local self-government units and legal or physical entities with the purpose of providing primary and secondary education of adults, professional development, training and retraining of youth, outside the formal system of education. These

institutions can function as both public and private institutions.

In the skills use market at the national level the following institutions are involved: (1) the Ministry of Labour and Pension System, (2) the Croatian Chamber of Trades and Crafts and (3) the Croatian Employment Service.

The Ministry of Labour and Pension System performs administrative and other tasks related to employment policy, regulation of labour relations, labour market and active employment policy, system and policy of pension insurance and relations with trade unions and employers' associations in the area of employment relations.

The Croatian Employment Service is the leading institution in the Croatian labour market, especially in the area of bringing together the entire labour supply and demand with the aim of full employment. This is achieved through effective mediation by developing high-quality services in line with clients' needs; developing their own knowledge, skills and abilities as well as through promoting partnerships with stakeholders in the labour market.

Within the tasks stipulated by the Law on Trades and Crafts, the Croatian Chamber of Trades and Crafts pays special attention to the education of its human resources, particularly by conducting regular education at the secondary school level and retraining and upgrading of tradesmen and potential tradesmen in the form of lifelong education. The Education Department is organized into teams in order to provide educational services on the whole territory of Croatia.

The Ministry of Labour and Pension System and the Croatian Employment Service implement a series of measures of active employment policy which are, among other, aimed at youth. They include: unemployment support, support for training/professional development, support for self-employment, education of unemployed, on-the-job training, professional training for work without employment (internship), public work, support for the preservation of jobs and permanent seasonal work.

Generally, Croatia is highly centralised country with state-led system of skills formation, with high public and low private involvement in skills formation. That is the background of a mapping of the main actors, institutions and structures involved in the governance of the local skills ecology in the two Croatian functional regions – Istria and Osijek-Baranja County.

2. Methodology

The main intention of this WP6 is to identify the actors involved in the supply and demand of skills and to understand how they govern, manage and coordinate their activities and which the implications for young adults are. To attain the WP6 main objective of **describing and understanding the governance of the supply and demand of skills within and across the FRs** under study, the work to be done involves the four specific objectives, previously mentioned in the introductory section.

As the rest of the WPs constituting the YOUNG_ADULLLT project, the main theoretical frameworks driving the analyses are Life Course Research (LFR), Cultural Political Economy (CPE) and the Governance framework (GOV). Although WP6 includes three theoretical perspectives, GOV and CPE are central to the analytical approach employed.

The Governance framework plays a key role in the task of identifying relevant actors and

institutions involved in the local/regional activities influencing young adults' skills formation and skills use. It also contributes to the understanding of the interplay among actors and institutions involved in different scales of governance (national/supranational/across regions). Therefore, GOV framework is especially relevant in identifying and mapping the actors, institutions, structures and their main activities relevant to the local governance of skills ecology (Task 1).

However, the interactions among actors and institutions are not random. The CPE framework can help us understand the activities of actors and institutions. Actors usually detect and consider problems for given targeted groups when some changes are experienced at the local/regional/national/supranational level (Variation). The activities/policies they decide to take part in (Selection) and promote (Retention) at the regional/local level are influenced by the problematisation of the situation of the targeted group. In this sense, the national report of WP6 takes into account the CPE approach when considering the nature of the activities related to LLL for young adults and the policy orientation (interest, frames, incentives) of the actors/institutions involved (Task 2), as well as the (in)existence of coordination and their forms (Task 3).

Finally, the way in which actors and institutions interact and decide to place some activities/policies for young adults and coordinate them is likely to influence young peoples' lives. Therefore, from a LCR perspective the governance of the local/regional skills ecology is likely to influence the expectations, opportunities and lives of young adults. The (miss)match between young adults' skills, expectations and ambitions and the ones provided in their local/regional skills ecology is also likely to influence their lives (Task 4).

The empirical evidence to attain these objectives and develop the tasks considered come from different sources – the semi-structured interviews with key local actors, the grey literature and scientific/professional articles. Table 1 below presents the profile of the people interviewed in each region, the documents revised in Istria County and Osijek-Baranja County and scientific papers.

1. **Semi-structured Interviews:**

- In the case of Istria County, the key informants are from the following institutions: Department of Education in Pula, Employment Service (Regional Office Pula), the Istrian Chamber of Trades and Crafts and the Public Open University.
- The key informants from Osijek-Baranja County come from similar institutions as in the previous case: Employment Service (Regional Office Osijek), Administrative Department for Education, Sport and Technical Culture of Osijek-Baranja County, Chamber of Trades and Crafts of the Osijek-Baranja County and the Public Open University.

2. **Grey literature:** the main reports at the national as well as functional regions level which offer the information about labour market trends, employment, unemployment, skill supply and skill demands
3. **Professional/scientific papers:** analysis of skill mismatches and unemployment of young adults in Croatia.

Table 9: Key informants and grey literature

	Istria County	Osijek-Baranja County
People interviewed	<p>Croatian Employment Service – Regional Office Pula, acting head</p> <p>Administrative Department for Education, Sport and Technical Culture (Pula) – head</p> <p>Open Public University – head</p> <p>Istrian Chamber of Trades and Crafts – manager</p>	<p>Croatian Employment Service – Regional Office Osijek, acting head</p> <p>Open Public University – owner (head)</p> <p>Administrative Department for Education, Sport and Technical Culture of Osijek-Baranja County – head</p> <p>Chamber of Trades and Crafts of the Osijek-Baranja County – president</p>
Grey literature revised (functional region)	<p>County development strategy of Istria County until 2020</p> <p>Monthly Statistics Bulletin (12, 2016), Croatian Employment Service: Regional Office Pula</p>	<p>Draft of Human resources development strategy of the Osijek-Baranja County (2011 – 2013)</p> <p>Monthly Statistics Bulletin (12, 2016), Croatian Employment Service: Regional Office Osijek</p>
Grey literature revised (national level)	<p>Croatia skill supply and demand up to 2025. (2015). CEDEFOP</p> <p>Monthly Statistics Bulletin (12, 2016), Croatian Employment Service</p> <p>Statistical Yearbook of the Republic of Croatia. (2016). Croatian Bureau of Statistics.</p>	
Examples of scientific/professional articles	<p>Bejaković, P. and Mrnjavac, Ž. (2014). Skill Mismatches and Anticipation of the Future Labour Market Need: Case of Croatia. <i>Zagreb International Review of Economics & Business</i>. 17 (1), pp. 47 -68.</p> <p>Bejaković, P. and Mrnjavac, Ž. (2016). Nezaposlenost mladih i mjere za njezino ublažavanje u Hrvatskoj. <i>Političke analize</i>, 7(27), pp. 32 – 38.</p> <p>Tomić, I. (2015). Zaposlenost i nezaposlenost u Hrvatskoj – stanje, trendovi i kontekst. Zagreb: Hrvatska gospodarska komora. pp. 21 – 38.</p>	

The semi-structured interviews have been transcribed and their content has been analysed based on the CPE approach of Variation, Selection and Retention. Information gathered in the interviews has been used to improve the mapping of actors and institutions, to better know and understand the policy orientations of their institutions, the interaction and forms of coordination with the rest of actors.

The selected grey literature offered relevant information at the national/regional/local level in terms of skills policies. Two main approaches have been used in these tasks: CPE and LCR. Information on the quality and use of available skills at the regional level has provided relevant information for assessing the quality and use of young adults' skills in the regional skills ecology.

The selected scientific/professional articles offered information about the national context, specifically related to skill mismatches and unemployment of young adults in Croatia. This, broader context information enabled better understanding of trends in the selected functional regions.

In addition to the above-mentioned sources, data from other sources have been used (for example: WP3 Croatian national report, the websites of the main institutions involved in the regional skills system in each FR, interviews from WP5 with policy makers and young adults also served as background information as well as quantitative indicators from WP4).

3. Analysis of skills supply and demand in Istria

3.1. Context information on economic and labour market conditions



Figure 1: The functional region of Istria County

Istria County is situated in the north-west of the Adriatic Sea and includes a large part of the Istrian peninsula.

Administratively, Istria County consists of 41 territorial units of local self-government: 10 towns (Buje, Buzet, Labin, Novigrad, Pazin, Poreč, Pula, Rovinj, Umag and Vodnjan) and 31 municipalities (Bale, Barban, Brtonigla, Cerovlje, Fažana, Funtana, Gračišće, Grožnjan, Kanfanar, Karojba, Kaštelir-Labinci, Kršan, Lanišće, Ližnjan, Lupoglav, Marčana, Medulin, Motovun, Opatalj, Pićan, Raša, Sveti Lovreč, Sveta Nedelja, Sveti Petar u Šumi, Svetvinčenat, Tar, Tinjan, Višnjan, Vižinada, Vrsar and Žminj). Of the total 647 villages in the county, 52 of them belong to the urban areas, and 595 to rural areas. The County can therefore be called a predominantly rural region.

Within Istria County, the rapid growth of some urban areas has caused further disruption and differences between towns and countryside. This is especially emphasized in the relationship between coastal towns and inland Istria. Such cases are evident in the richer and more developed coastal area, compared with the less developed and poorer rural inland. Istria County is one of the more entrepreneurial and economically better developed regions in Croatia. With 214 thousand inhabitants, amounting to 4.8% of the population of Croatia, and almost 7,200 registered business entities, Istria County accounts for 9.16% of the total number of Croatian entrepreneurs.

According to the last census (2011), Istria County has 208,055 inhabitants (4.86% of completely Croatian population). In relation to the previous census from 2001, this represents an increase of 0.8%. The average population density is 73 inhabitants per square km, which is below the national average, and 69.2% of the population live in cities. The ageing index for Istria County is 136.8, which is higher than the national average (115.0). The age-gender structure of the population in Istria County is shown in Table 2.

Table 2: The age-gender structure of the population in Istria County (source: Croatian Bureau of Statistics, Census, 2011)

Age	ISTRIA			CROATIA			% of whole Croatian population in Istria County
	Total	Men	Women	Total	Men	Women	
0 - 14	27,816	14,346	13,470	652,428	334,725	317,703	4.26
15 – 19	9,988	5,103	4,885	244,177	124,918	119,259	4.09
20 – 24	12,255	6,344	5,911	261,658	133,455	128,203	4.68
25 – 29	14,314	7,250	7,064	289,066	147,416	141,650	4.95
30 – 34	15,195	7,842	7,353	294,619	149,998	144,621	5.52
35 – 39	13,623	7,035	6,588	284,754	143,984	140,770	1.80
40 – 64	77,405	38,055	39,350	1,499,554	735,631	763,923	5.16
65 <	37,513	15,187	22,326	756,831	295,274	460,706	4.96

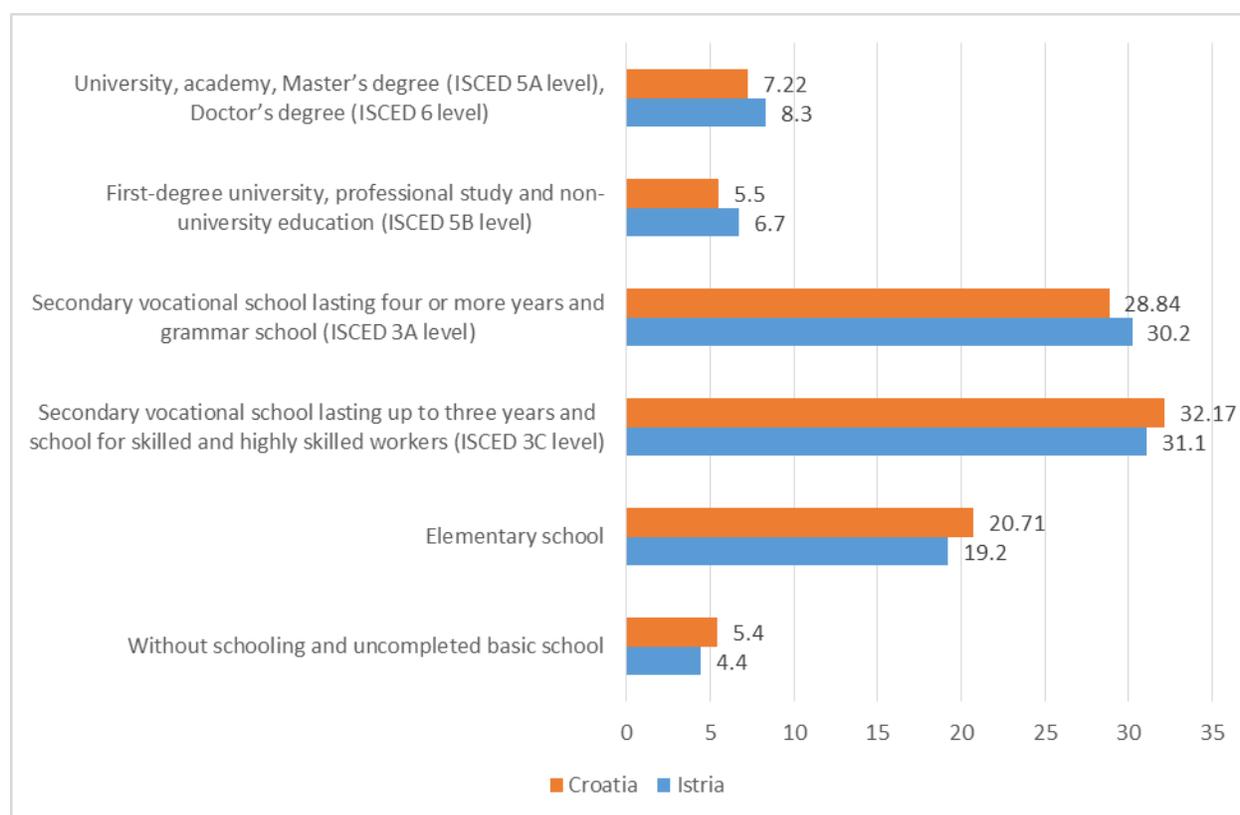
As it is already stressed in the National report “Policy Mapping, Review and Analysis – Croatia” (2016), the data on social provisions in Croatia are not available according to the beneficiaries’ age. In Istria County, 0.7% of the population receive financial help, which is below of the average at the national level (which is 2.4%). At the same time, every twelfth person in Istria is at risk of poverty (*Annual statistical report on applied rights of social welfare, legal protection of children, youth, marriage, families and persons deprived of legal capacity, and protection of physically and mentally handicapped persons in the Republic of Croatia*). Thus, there is an imbalance between the need to improve living conditions for a part of the population and the

possibilities for the welfare system to contribute to it adequately. Istria County allocates 427 HRK (approx. 57 EUR) per person per month for the needs of social programmes and allowances (5.2% of the budget).

Among youth aged 20 to 29 years there are 4,521 (17.2%) persons with higher education and 20,356 (76.61%) persons with secondary school education, what is in line with the Croatian average (Regional strategy of development of Istria Functional Region until 2020).

By the end of December 2016, according to the records of the Employment Service in Pula (the scientific, economic and administrative centre of Istria County), the highest share in the structure of unemployed was made up by unemployed persons in the middle-aged group (aged 30-49). They were followed by unemployed persons aged 50 and older (32%) and by persons younger than 29 (28.6%). Thus, persons younger than 29 constituted almost one third of the unemployed in Istria County.

The educational structure of unemployed persons can be seen in Graph 1. From the data can be deduced that the predominant groups of unemployed persons are those without higher education, or those who completed three-year or four-year secondary education (in Istria functional region, as well as in Croatia).



Graph 1: Structure of unemployed persons according to the level of education (%), source; Monthly Statistical bulletin, Croatian Employment Service Pula, December 2016 and Statistical Year Book, 2016 (Croatian Bureau of Statistic)

The majority of young persons in Istria County enrol in four-year professional programmes (42.6%), grammar school programmes (32.32%), and three-year professional programmes

come third (18.27%). The rest of youth enrol in art programmes, programmes for assistant professions and programmes for students with disabilities (County Development Strategy until 2020, 2016).

According to the data of the Croatian Bureau of Statistics (2016), as defined in the National Classification of Professions, in Istria County there are 14,731 (what makes 4.72% of all legal entities in Croatia) legal entities/persons (potential employers). Among them prevail:

- wholesale and retail trade (2,965 or 3.41% of all legal entities in that filed in Croatia)
- construction (2,248 or 8.69% of all legal entities in that filed in Croatia)
- highly professionalised and complex activities (1,427 or 5.02% of all legal entities in that filed in Croatia)
- real estate activities (1,372 or 18.51% of all legal entities in that filed in Croatia)
- manufacturing (1,262 or 4.91% of all legal entities in that filed in Croatia)
- accommodation and food service activities (1,226 or 7.02% of all legal entities in that filed in Croatia)
- service activities (1,110 or 2.29% of all legal entities in that filed in Croatia)
- other legal entities, as administration, education, social welfare etc. (1,238 or 2.56% of all legal entities in that filed in Croatia).

In Croatia, Istria County has a significant share in the field of real estate activities (18.51% of all legal entities in the field of real estate are located in Istria).

Data of the Croatian Employment Service (Regional Office Pula) show that in the County, the demand of workers in activities is in harmony with the types of activities offered by employers. For example, in December 2016, the greatest demand was observed in the sectors of construction, administrative and service activities, education, manufacturing and trade.

3.2. Mapping of the main skills actors and institutions in Istria

In this chapter, the main actors, institutions and the structures concerning the skills ecology of Istria County are described. The chapter includes the identification and description of the actors and institutions responsible for the skills formation market and the skills use market, as well as the explanation of their responsibilities, relationships and position in the governance of the local/regional skills ecology.

3.2.1. Identification and description of the skills system

Six institutions/actors have been identified as relevant in the governance of the local skills ecology in Istria functional region. Below is a brief introduction of each of them followed by a systematic and detailed description.

1. Regional authorities: The representative body of the Region is the Regional Assembly. The Regional Assembly comprises 45 councillors elected on the direct elections. They are administrative departments and Region's services established for the performance of works in the self-governing domain of the Region, as well as for the performance of works of state

administration transferred to the Region. In terms of education, training and employment, two departments are important. They are the Administrative Department for Education, Sports and Technical Culture and the Administrative Department for Economy.

2. Higher secondary education institutions: In the Istria Region there are 25 secondary education institutions. Five secondary schools offer, parallel with their regular educational programmes for children (up to the age of 18), educational programmes for adults. As many as 13 schools implement grammar school programmes (11 state schools, 1 private and 1 religious school) – 3 of them only offer grammar school programmes, and 10 of them carry out different types of programmes (grammar school and vocational). Nine schools offer professional programmes and/or industrial and crafts programmes, whereas 2 schools carry out art programmes. In Istria County there is one secondary schools for students with disabilities.
3. Higher education institutions: In the Istria Region there is one private college (College for Technology and Business – Pula Polytechnic, which offers 3 professional programmes) and one university (Juraj Dobrila University of Pula, which offers 41 undergraduate and graduate programmes). Besides, the Business and Agricultural Departments of the Polytechnic in Rijeka are located in Istria.
4. Public open universities: In Istria County there are 13 public open universities, which offer more than 500 different adult education programmes. Istria County offers a higher number of programmes for re-qualification and acquisition of secondary school qualification, foreign language learning programmes and informal programmes (Policy Mapping, Review and Analysis – Croatia, 2016).
5. Croatian Employment Service: The Regional office in Pula has three branches (in Rovinj, Pazin and Buzet). The main tasks of this service are:
 - to keep records about unemployed people
 - to mediate among employers and people who are looking for a job
 - to organise different kinds of lifelong learning, in collaboration with other organisations
 - to realise the active labour market policy programmes.
6. County Chamber of Trades and Crafts: The County Chamber of Trades and Crafts in Pula is a territorial unit of the Croatian Chamber of Trades and Crafts for Istria county. It consists of 9,597 active members. The majority of members are legal entities, while the minority are craftsmen and other private persons. The largest number of members are registered in trade (22%), construction (16%), real estate (11%) and manufacturing (9%). The members are organised in 25 different professional groups.

All abovementioned institutions are obliged to implement the national laws, policies and programmes, with relatively little space for innovations and autonomy.

The impact of NGOs and the private sector in the field of skills demand and skills supply is negligible because there are just few NGOs and entrepreneurs who deal with these issues. The

majority of NGOs is occupied with sport, culture and different humanitarian activities (Regional Strategy of Development of Istria Functional Region until 2020).

3.2.2. Description of the skills system in Istria

The aim of this chapter is to explore relationships among actors and institutions involved in the skills formation and the skills use markets.

In the skills formation market in the Istria functional region, as mentioned in chapter 3.2.1., the following institutions are involved:

- 25 secondary schools
- 13 public open universities
- one polytechnic school
- one university and
- two departments of the Polytechnic of Rijeka.

At the regional level, we identified two institutions which exist as regional departments of national institutions:

- the County Chamber of Trades and Crafts and
- the County Employment Service (Branch in Pula).

However, the main actors in the skills use market are employers and employees that are located in towns and municipalities in Istria County.

As described, the system of skills demand and skills supply in Istria is almost completely government-led, but it is important for the County to more effectively articulate its own interests and establish its own interplay with the national policies.

Some self-regulating mechanisms, which would complement the government's approach, need to be put forward by the County's institutions, because they are the stakeholders who should approve skills and make profitable use of qualifications in the labour market. Social partners have a genuine interest in getting the skills question right: employers need a highly skilled workforce and trade unions need qualified members to have something of value for collective bargaining (Klenha, 2010).

There is also a certain over-reliance on the qualifications framework as the main tool to bring education and the labour market closer. The degree of integration between governance structures of education and the labour market from the national to the local level is low and labour market actors are not adequately prepared, especially at a local level, to work in partnership and design meaningful integrated policies (Crnković-Pozaić, 2009).

A presumption of success in the process of implementation of national policies at the regional and local level is better collaboration among abovementioned and other institutions. This collaboration should involve exchange of information, as well as cooperation on training and research which should be better connected with the regional and local labour market characteristics and needs.

Even though the national legislation strictly delimits the power of each institution, some activities overlap in practice (for example, LLL programmes, organisation of taking professional exams), while other activities are not in charge of any institution (for example, cooperation in planning activities of connecting the educational programme with the labour market needs). In the same time, because of their complexity, the system is not passable enough (for example: regional founders of educational institutions propose educational programs, but they are verified at the national level. That greatly diminishes the ability of young people to use LLL policies to develop their own professional career.

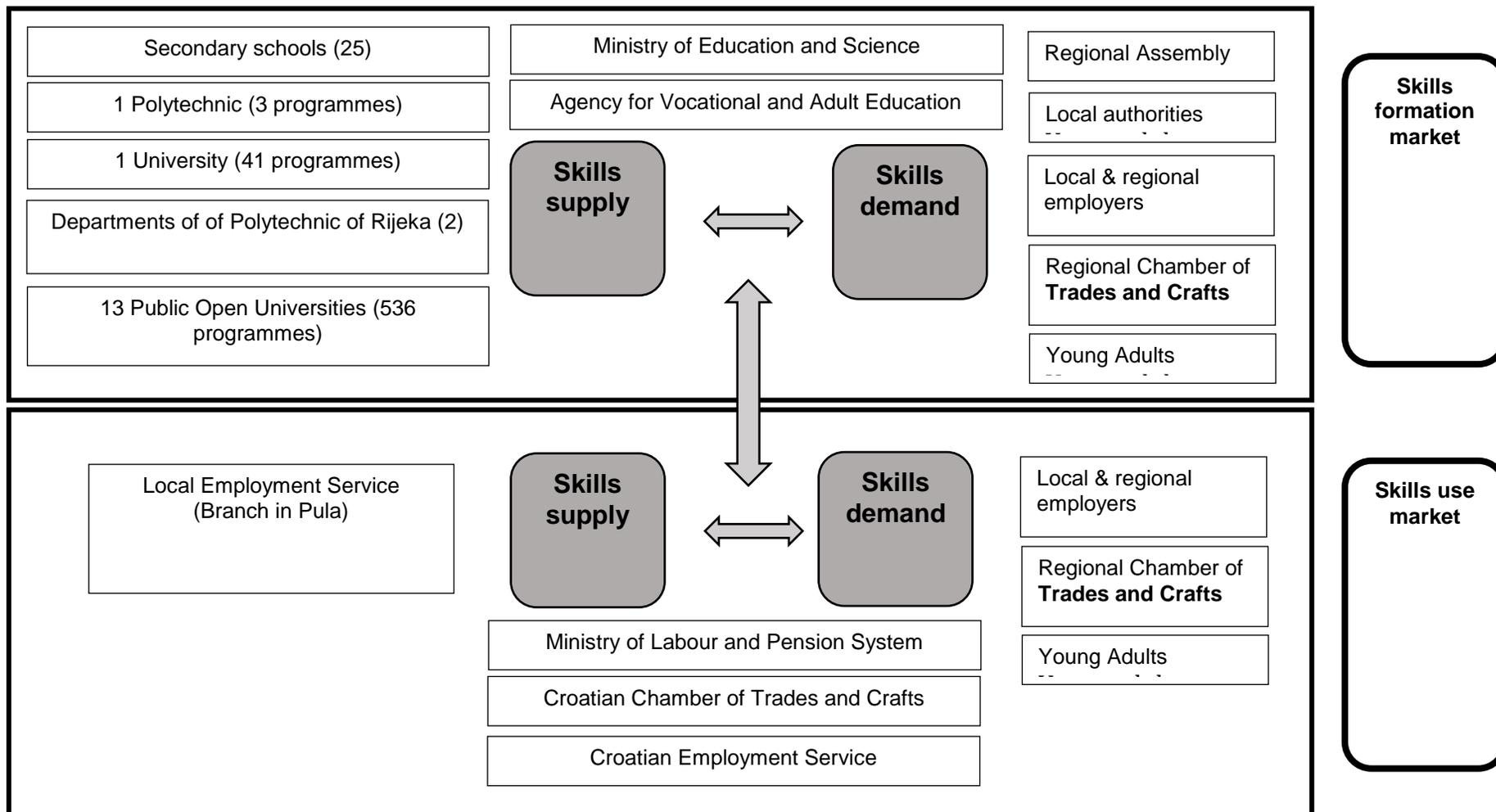


Figure 2: Skills system in the Istria functional region: skills formation and skills use markets

3.3. Analysis of the local governance of skills

As mentioned in the previous section, different actors, institutions and structures are involved in the skills system of Istria County. Some of them are more directed to education, while others are more oriented to the labour market. However, all of them should participate in the process of implementation of national laws and strategies and should contribute to the desired improvement of employability of young people, which is one of the most important political priorities at the national level. The diversity of founders, interests and orientation of involved institutions and structures implies the need of good governance and coordination among all stakeholders, which is a challenging task.

In this section, some aspects of the policy orientations of the main actors and their forms of coordination will be explained. The main source of information for the analyses provided in the chapter comes from existing relevant documentation of institutions, structures and actors, as well as from the semi-structured interviews conducted with key informants in the skills system in Istria County.

They are:

- a representative of the regional authorities
- a representative of the public open university
- a representative of the Croatian Employment Service (local branch)
- a representative of Istria County Chamber of Trades and Crafts.

3.3.1. Identification and description of the skills system

Adequate policy responses should be based on information about current and anticipation of future labour market developments at the national as well as the regional level. Provision of skills formation, skills formation content and type, payment/funding of skills formation and degree of public/private commitment to skills formation and use are analysed in order to provide information on possible labour market imbalances and skill mismatches in Istria County.

Provision of skills formation

In the Istria County area there are 25 secondary schools which have different founders. The majority of schools were founded by Istria County (22), one school was founded by the City of Pula, one by the Poreč-Pula Diocese, whereas two schools were founded by private persons. Twelve (12) secondary schools are located in Pula, 3 in Buje and Rovinj respectively, 2 in Pazin and Poreč respectively, and one secondary school in Buzet, Labin, and Višnjan. Besides secondary education, programmes provided by higher education institutions functioning in its territory also play a significant role in the education of youth in Istria County. They comprise: the Juraj Dobrila University in Pula and the Polytechnic Pula – College of Applied Science. Besides, the Business Department of the Polytechnic in Rijeka (with departments in Pula and Pazin), and the Agricultural Department of the Polytechnic in Rijeka situated in Poreč, organize professional studies in economy, agriculture and winemaking. Along with regular, full-time secondary schools, programmes of secondary education, training and professional development, including courses and workshops, are carried out by open universities, open colleges, secondary schools and the Juraj Dobrila University of Pula.

There is a wide and varied offer of levels and educational contents. However, as a rule, there is a lack of cooperation among educational programme providers which would be harmonized with the real needs of the labour market and with the interests of potential programme beneficiaries.

This can be illustrated with the following statements made by the interviewed persons⁹:

All schools offer more or less the same. We all have sales executives, unnecessary road traffic technicians, four-year programmes.

We try to exert influence on schools, in order to adapt the structure of educational programmes to the needs of the labour market. We are doing our best. Attractive programmes, such as the grammar school or business school programmes, etc. are filled first. Such professions which we need are then filled with students with lower grades and cannot achieve the expected level of quality.

At the moment, there is a consensus about the necessity to go through an educational reform, but, in my opinion, it is difficult to predict anything, since we have no economic development plan for the following 10 years. The only thing we can be sure about is that the hotels will be full, and that we'll always have tourism... all the rest is insecure and uncertain.

An additional difficulty for the system of mutual coordination is the fact that institutions are focused on the implementation of programs and policies which stem from the interests of their founders, whereas the horizontal and vertical coordination among providers of educational services occurs sporadically, mainly in the course of the preparation and realization of short-term and mutually unrelated projects and programs.

It is obvious that the different actors in skills formation system are aware of a lack of cooperation between various educational levels and providers. In addition, existing educational programmes are often outdated and not harmonised with the labour market needs. However, there is no strategy and coordinated actions directed to needed changes. The educational system is rather rigid, changes do not occur easily, and administrative procedures are extremely complex and take a long time.

Skills formation content and type

Given the relatively poorly developed culture of cooperation in planning activities and programmes, Istria County is characterised by an insufficient offer of educational programmes responding to the demands of the labour market (e.g. programmes of modern technology), whereas other programmes significantly exceed the needs and interests of the participants (e.g. programmes in the area of economy and law).

The possibility of education in a wide variety of programmes for all age groups in various areas can be observed. Quantitatively, the existing institutions in secondary education, higher education and lifelong learning only partly respond to the needs of the labour market.

The greatest need for labour supply in Istria County refers to service activities, the catering business and commercial service trades. The most important employment sectors in Istria

⁹ The identity of the interviewed persons and the institutions they represent is kept secret, in order to preserve their anonymity. However, their identity is known to the authors of this report.

County are tourism and shipbuilding. Tourism is closely linked to the tourist season during which the needs for labour significantly exceed the capacity of the County, whereas during the low season the demand for workplaces exceeds the offer.

All the actors of regional policy recognize the importance of higher cooperation between educational institutions and the economy. However, there are no visible results yet, but there are some good examples. The adaptation of educational programmes to the needs of the labour market represents a great challenge.

This can be illustrated with the following statements made by the interviewed persons:

Not only is there a discrepancy between the number of enrolment places in some educational programmes, but there is also the question of the extent to which the implemented programmes meet the needs of the local economy... Everything is highly formalized, which means the programme has to be verified... and ultimately this is not the most important thing for the employer.

We attempt to offer some activities independently and together with other institutions. In my opinion, a very good example is a project implemented by the Agency for Rural Development of Istria Region, including professional education programmes, short-term training for the catering business, training which is very focused and practical. We insisted on short-term and narrow specialisation, so that the people would be able to afford it, both financially and in terms of duration and to make it interesting. This is already the third cycle with approximately 200 persons who attended. Our analysis showed that part of the attendants was unemployed. This, we think, can be a good start.

We cooperate, both formally and informally, with colleagues from the County and the Chamber of Commerce. I am a member of the School Board of a vocational school in Pula. In this way we also attempt to influence or suggest what kind of programmes to offer. Not all professions are scarce. In the past we had some problems with the enrolment of hairdressers because schools do not react to the needs of the market, They just enrol into programmes which are attractive to students, regardless of whether the profession is in demand or not.

Payment/funding of skills formation

All programmes of secondary education are financed by the Ministry of Science and Education, with the possibility of including the County or other founders in co-financing. Still, as a rule, school founders finance only what is stipulated by the Law, and this refers to the maintenance of the school buildings and to providing adequate infrastructure.

Higher education programmes are also financed with public funds, but there are study programmes that students can finance with their own resources.

However, programmes provided by open universities, enrolling mostly youth without qualifications, are financed by the students themselves. An exception are programmes carried out within some European projects or programmes financed by public funds designated for active youth employment policy measures. Exactly this circumstance significantly hampers the

access of youth in NEET status to education, as they do not possess the resources to finance those programmes.

The interviewees emphasize the following problems:

I believe you know that vocational education is quite expensive, and the money allocated per student is small. For a grammar school, a set of computers is enough. To equip a carpenter's shop or a catering workshop, on the other hand, much higher amounts of money are necessary. There have been discussions about the rationalization of the school network. Just yesterday, I heard there are a hundred and eight catering and hospitality schools in Croatia, which means the corresponding number of practicums.

As far as I can remember, we awarded a number of three-year scholarships to students some time ago in 2006/2007. It means financial incentives of the ministry were used for that, which was at the time the Ministry of Economy and the Ministry of Tourism. A few dozen students received scholarships for the professions of carpenter, mason, chef and waiter.

At some point, almost every student received a scholarship, which reduced competitiveness, and there were cases when students would pass the class only not to return the scholarship. We didn't have an overview of what happened with those students after they completed their education. It was obvious that very few of them remained in the professions they were educated for.

Degree of public/private commitment to skills formation and use

In Istria County, unemployed youth are beneficiaries of the services of the Croatian Employment Service and, in the case of poor unemployed youth, of the Department of Social Services (Welfare). The Employment Service mediates in job finding and includes them in re-training measures, whereas the Department of Social Services secures the minimum conditions for life. However, as already stated, programmes of further training, acquiring professional qualifications and informal education remain largely unavailable for this group of youth.

Private and public employers occasionally organize specific educational programmes for their employees, but do not include potential new workers. Thus this option does not comply with the needs and possibilities of young unemployed persons with low qualifications. Besides insufficient funding for the attendance of educational programmes, one of the obstacles to youth participation is their relatively weak motivation for lifelong learning and professional retraining. Low motivation for lifelong learning has also been observed among persons who implement those programmes.

In general, it is possible to conclude that employers mainly rely on educational programmes provided by schools, universities and polytechnics. In that respect, some employers attempt to influence their offer, but expected results have not been achieved yet.

Regarding this, the interviewees point to the following examples of good practice and challenges:

The shipyard „Uljanik“ is an example of a centre of business excellence. Of all the persons who enrol in their educational programme, 80% are actually offered a job. Motivation for this kind of education is much higher, because in other forms of retraining, the person is back on the labour market, still unemployed, which represents a significant problem.

We speak about lifelong learning all the time, but it seems that, deep inside, we haven't completely accepted the fact that our long working careers will result in changing work and professions, even when employed by the same employer. People are not ready to invest in their skills and competences, unless they do not see it leading to employment. When forming groups for the education of unemployed persons, it seems normal to me that I would attend if I were unemployed and the education is free of charge. We have problems when trying to put together a group for any kind of programme.

As the main challenges in the actors' policy orientations we can highlight

- the lack of cooperation among actors in the field of skills demand and supply
- domination of sectoral and institutional orientation which can fulfil just particular goals and interests
- a mismatch between educational programmes and labour market needs (including accessibility and quality)
- the low level of involvement of private and civil sector in the financing and implementation of educational LLL programmes
- under-developed mechanisms of support the youth (especially youth NEET status) in the educational programmes and labour market.

Abovementioned challenges could be overcome with higher level of commitment and participation of all the involved actors.

3.3.2. Level and mechanisms of coordination

Although Croatia is a highly-centralised state, which implies that policies and programme are conceptualised and adopted at the national level, the legislator makes it possible for regional authorities to adapt and complement national policies according to the local and regional needs. However, the actors at the local and regional levels warn about the insufficient sensitivity of national strategies and legal solutions when local needs are concerned and advocate for a different approach that would enable a greater number of decisions to be made at the local level. In other words, they support a combination of top-down and bottom-up approaches, which would result in programmes and policies that would be more suited to the needs and interests of the local communities.

Relationships between local/regional/national authorities

This chapter contains the description of the relationships between local, regional and national authorities and the relationships between the public and private sector.

The applicability of the policies at the local and regional level depends on numerous specific features of Istria County and its towns and municipalities. That is why national policies aim at

the operationalization by adopting county and local documents. For example, Istria has adopted the Programme of development of human resources until 2020, thus articulating its needs and connecting them with measures that are intended to be realized at the County level. Local action plans for the youth build on the national Programme of Action for Youth. Until today, the programmes have been adopted by only two towns (Poreč and Labin), and in some towns, they are still being prepared (e.g. in Pula).

Here are some examples of the current relationships between local/regional/national authorities:

The Ministry of Education often requires that a school should provide a formal opinion from the local market when they want to introduce a new programme or replace an old one. However, many local institutions tend to give approvals for anything. We try to give a realistic recommendation, which is really difficult, since it is not easy to estimate what will happen in 5 years. The only employer with a long-term work plan is the shipyard Uljanik, and those are plans that stretch 3, maximum 4 years ahead. In the case of all the other employers, those plans are even shorter.

The strategies in which I've participated are rather broad. First of all, the strategies are developed by consultants who often don't come from Istria. They have a certain pattern, as far as I could understand, according to which they develop a strategy which is relatively broad. In the end, their goal is to be directed towards withdrawing funds from the EU.

In conclusion, it can be noted that only measures and activities prescribed by law are realized at the local and regional level, whereas strategic national documents are not adequately implemented at the local level. The reasons lie in the absence of capacity in the local environment to implement the measures envisaged, as well as in the already mentioned gap between national documents and the specific needs of a particular local community

Relationships and links between public and private actors

The cooperation between the different stakeholders responsible for skills supply and skills demand is not properly regulated. It is mainly limited to the cooperation of different stakeholders during the realization of projects or specific programmes. What is lacking in both cases is a continuous systematic approach which would provide usable statistic information for all, an insight into the possibilities of achieving long-term goals and immediate results (outcomes and effects) of the implemented activities and programmes. The mentioned refers to the cooperation of institutions from different systems (e. g. education, employment, social care), but also to the cooperation between the private and public sector. Among the stakeholders of LLL policies in Istria County there is a high awareness of the need for such cooperation, there are also several positive examples of cooperation occurring occasionally, but when it comes to youth, an established system of coordination, managing and financing needs actually does not exist.

Examples of difficulties which our interviewees point out are the following:

Data that someone prepared and the statistical data we get from the Croatian Employment Service are not very relevant for us. As a matter of fact, we (educational institution) signed an agreement with the Croatian Employment Service, however they could not gather a group to be educated. That has happened

three times. During the last three years, an agreement was signed to have ten persons educated as bartenders, where we applied to the public tender. A group was not formed. There were also drivers, who, according to the Croatian Employment Service statistics is a deficit occupation, however a group could still not be formed. The scholarship valued at more than 10000 HRK (approximately 1300 EUR), an expensive programme, and a group was not formed. From the ten places offered, a total of four persons applied.

With respect to employers, they always expect to receive a fully formed student, i.e. a person who will entirely know their processes, which is impossible. That is an illusion. Students should reach a particular level. That is the general part of an occupation and then each object, each restaurant, each turner workshop should have its specificities which the student and new employer should be introduced to by the employer himself.

One example of good practice is illustrated by following quote:

I work closely with the Croatian Chamber of Trades and Crafts and with the Croatian Chamber of Commerce. That resulted in the creation of a programme for tailors. We collaborated with the school and we succeeded. Today there is a school and a company that needs tailors. We also managed to start a programme with a hospital. We defined the need for midwives. The hospital gave assistance in people and we created spatial conditions.

It is already described that private and civil entities are not very active in the skills system in Istria. Moreover, public institutions do not encourage private and civil sector to be more involved in the skill supply system.

Even though Croatia has in place a relatively strong regulatory framework for skills supply and skills demand system, there are a lot of challenges in the process of implementation of this framework at the local and regional level. The bottom-up and top-down approach should be combined to overcome mismatches between national and local policy priorities. The first step is that all actors at the local and regional level participate in the process of exchange and standardization of relevant information. The second step is a definition of priorities that should lead all educational and labour market institutions in their activities. The third step is directed to the joint efforts on quality development of all involved institutions. The high level of the professionalism is a presumption of improvement of the skills system in all environments, including Istria. The role of national authorities in this process is to encourage local and regional autonomy, and to establish a quality assurance mechanism in all regions.

3.4. Assessment of the quality and use of skills

Skills are key elements contributing to the prosperity of region and to better lives for individuals. “For workers, skills mean employability and social mobility. For society, skills represent a major component of its productivity, competitiveness and innovations.” (Bejaković & Mrnjavac, 2014, p. 47). In this chapter the assessment of the type, quality and use of young adults’ skills in the labour market in Istria County will be presented. The type of available youth people’s skills in Istria is already described in previous chapters (3.1. and 3.2.). The attention of this chapter is to

highlighted the main problems of employers in using workers' skills and regional (mis)matches in this field. Assessment of main obstacles of the balance between youth's and labour market need is also provided.

Type and quality of skills

According to official data of the local employment agency in Pula, employers mostly hire persons with a completed four-year vocational school. Occupations that require a three-year vocational education are proportionally sought. Third in line of employability are persons with a completed primary school and then highly qualified persons (higher education schools, colleges, and higher degrees of education). The most difficult to employ are persons who do not have a completed primary school. These data are in agreement with the previously shown data on the structure of unemployed persons with respect to the level of education (Graph 1), but are not entirely in agreement with the educational structure of youth in the Istria County. In the population of persons between 20-29 years of age, according to the last census in the Istria County from 26,569 young persons, 196 or 0.74% never finished primary school, and 1499 or 5.64% completed primary school only. High school education was acquired by 20,356 or 76.61% young, and some level of higher education was acquired by 3,521 or 13.25% of young people (Croatian Bureau of Statistics, Population Census, 2011). Therefore, among the young population there is a surplus of highly educated persons in relation to the needs of the employment market.

The County development strategy for the Istria County to 2020 (2016) indicates a trend according to which the number of employed persons was reduced in the period from 2008 – 2013 from 45,021 to 41,575, indicating that the five-year period 3,446 workplaces were lost. The entire loss refers to industrial and commercial occupations, while at the same time in 2013 there were 1,409 more persons employed in tourism than in 2008. A good trend was established in the information-communication and financial activities, with an increase in the number of employed from 824 to 1,336 in the observed period. However, tourism has a significant relevance in the development of Istria County due to its total resources and because of the degree of development and potential. According to the tourist turnover, Istria is in the lead in Croatia.

However, according to the data presented in the Policy Mapping, Review and Analysis – Croatia (2016), Istrian economy is diverse. The leading activities are manufacturing industry, tourism, and trade. Other important economic sectors are construction, real estate and business services. The data of the 2011 Census showed the following distribution of employed people across the key sectors of the economy: 3.11% work in agriculture/forestry/fishing, 28.64% in industry-construction and energy/water related activities, 67.31% were employed in the services sector.

Skills (mis)matches

At the moment, in the functional region Istria there are 14,456 open work places, and 4,374 registered unemployed people. This information leads to the conclusion that there are insufficient work places in that region, but also that there is a skills mismatch. Table 3 shows an overview of registered unemployment in Istria according to different groups of professions.

Table 3: Registered unemployment in Istria functional region in June 2017 Source: Croatian Employment Service¹⁰

	Number of registered unemployed people (percentage of young adults, age 20-29)
Military profession	0 (0%)
Legislator, Functionary, Director	1 (0%)
Scientist, Engineer, Specialist	521 (41%)
Technician, Expert Associate	269 (23%)
Administrative Officer	365 (19%)
Service and Trade professions	328 (15%)
Farmers, Forester, Fisherman, Hunter	30 (7%)
Professions in Craft and Individual Manufacture	308 (10%)
Manager of Facilities and Machines, Industrial Manufacture, Product Developer	116 (8%)
Simple professions	726 (7%)

The data available from the Croatian Employment Service in the functional region Istria reveal that most of young adults who enter the record of unemployment are scientists, engineers, specialists, technicians, expert associates and in service and trade professions.

The data presented in Table 4 reveal that there are some mismatches in the number of people entering the record of unemployment and open work places. The greatest mismatches are in the following groups of professions: technicians and expert associates (33% of registered people have no open work places), administrative officers (38% of registered people have no open work places), farmers, foresters, fishermen and hunters (30% of registered people have no open work places) and managers of facilities and machines, industrial manufacture, product developers (35% of registered people have no open work places). For some of the professions there are more open work places than number of people entering the record of unemployment. Those are groups of professions such as legislator, functionary, director and scientist, engineer and specialists.

¹⁰ Online available statistic: Croatian Employment Service, online statistic (<http://statistika.hzz.hr/>)

Table 4: Number of people entering and exiting the record of unemployment and number of opened work places according to the groups of professions from 2004 until April 2017 in Croatian Employment Service in Istria, Source: Croatian Employment Service¹¹

	Number of people entering the record of unemployment (percentage of young adults, age 20-29)	Number of people exiting the record of unemployment (percentage of young adults, age 20-29)	Open work places
Military profession	13 (30%)	13 (23%)	0
Legislator, Functionary, Director	162 (5%)	95 (4%)	247
Scientist, Engineer, Specialist	16,486 (59%)	17,384 (58%)	20,560
Technician, Expert Associate	13,285 (45%)	13,721 (47%)	8,869
Administrative Officer	20,875 (43%)	21,262 (43%)	12,983
Service and Trade professions	46,612 (38%)	47,118 (37%)	45,435
Farmers, Forester, Fisherman, Hunter	1,324 (23%)	1,293 (22%)	918
Professions in Craft and Individual Manufacture	18,817 (28%)	18,956 (26%)	17,295
Manager of Facilities and Machines, Industrial Manufacture, Product Developer	7,598 (23%)	8,123 (27%)	4,924
Simple professions	38,661 (21%)	39,847 (20%)	37,055

According to the data, the percentage of young adults entering and exiting the register of unemployment is almost the same. The percentage of young adults exiting the record of unemployment is highly connected to the active employment measure: professional training without employment.

Statistics from the last 12 years taken from the Croatian Employment Service indicates that the number of people who have entered the system (Service) as unemployed (163,868) and the number of those who have left the system (Service) (167,812) is approximately the same. During the 12 years, the number of opened work places in the Istria County was lower (148,286).

¹¹ Online available statistic: Croatian Employment Service, online statistic (<http://statistika.hzz.hr/>)

As can be seen from the previous paragraphs, there are numerous factors that contribute to the disproportion of skill supply and demand. The interviewed stakeholders have indicated complex and slow procedures of verification of educational programmes for which employers have a need, lack of clear vision of economic development, insufficient motivation among the young for selecting shortage occupations, weak (below-average) wages of the most sought for occupations and vagueness of national policy to harmonize the educational system with the system of employment which weakens the potential of the functional region.

Along with the abovementioned, the following contributes to this discrepancy:

- incompatibility of educational programmes, that is, acquired skills (competences) acquired throughout education and the need for skills on the labour market and
- insufficiently developed mechanisms of leadership and coordination of the system of education and employment.

The incompatibility of skills/competences acquired through education and the needs of the work market is indicated in the comments of interviewees:

Another problem I see among youth is that throughout regular education they get a distorted image of what work is and if someone who has been educated, for instance as teacher of Croatian, if they come to work for a company they want to do exactly that work, they are not ready to cooperate in other work and they think if they are a teacher they should not be getting coffee, photocopying, etc.

Businessmen want a complete person. For example, in tourism, businesses want a person who fluently speaks two or three foreign languages who has exceptionally developed communicative competences, etc. On the other hand, they do not offer development. The real sector should define which programmes need to be developed and which competences should those persons have and then adult education programmes can be developed. Regular school could also do that.

Insufficiently developed mechanisms of leadership and coordination between the system of education and employment are mentioned by the following interviewee:

Not one institution has reliable information about the work market. Definitely. When we ask and especially when we apply projects, there are tenders which encompass young unemployed up to 25 years of age. We asked for data about the number of unemployed in our county in order to see whether we can apply for the tender. We did manage to handle the statistics of the Croatian Employment Service so we called and studied and eventually reached a number which we are not sure is accurate.

Interestingly, effects of LLL policies on employment of young people, despite the numerous institutions and significant resources (human and financial) involved, are unknown. The lack of information and relevant data, as well as the lack of coordination of all actors, could be one of the reasons of such situation. However, the lack of long term planning is the most important aspect which is missing in this segment of Istrian skills system.

Attraction and retention of skills

There is a great need for workers from other parts of Croatia in Istria County as the need for workers significantly surpasses the capacities of the county itself. At the same time, there are young unemployed persons who have acquired skills and qualifications for which there is no interest in the work market. This reflects an inconsistency of personal choice and interest with economic characteristics of the region, particularly when we refer to higher education of young people. The following examples illustrate the problem:

What is very specific is that over the last two years we have practically created a situation where we are approached and we employ in the season more people from all other regional offices from the Croatian Employment Service than domicile population. For a long time, during and after the war, 60 – 70% of the domicile population was employed while approximately 30% were from other counties. Even during the war, when the tourist season was weak, people from other areas came to work, particularly in northern Istria. That is how the number of available workplaces automatically increases several fold during the season than there are unemployed.

Who are young unemployed people – there are few as we are a tourist region. High schoolers start working relatively early in the second grade of high school. They enter the workforce early. Young adults who want to work in Istria can find work.

The specificity of Istria region, as one of the touristic Croatian counties, is that the skills demand is greater than skills supply. However, some of young people are unemployed and they are not able to find the job according to their own qualification. The implication of this mismatch is that Istria should employ all its regional resources (e.g. agriculture, ICT, ecology ...) and develop more opportunities for various interest and ambitions of youth.

Young adults' characteristics

The weak interest of a proportion of youth for lifelong learning and their habits and value system are the basic characteristics of young adults, which, according to the opinion of interviewees make their entrance into the workforce rather difficult. The following examples point to that:

I think that we did not actually accept the awareness we advocate about lifelong learning. Everything is all right when I don't have to do something, but when I do then you should forget about everything, I'd rather stay where I am.

Young people choose what they find somehow easiest, the easiest way to get to the fourth degree". The profession is not mentioned, only the degree acquired. So, people with such a mind frame come here. So, what is an internal indicator when we speak of youth, they come with the idea and they usually don't even finish their studies. I believe it is because they are motivated by some parental motivation. The parents say "you have to acquire the fourth degree, you have to go to college, fourth degree" and then they enrol and never complete their studies.

Young adults are mostly focused on the diploma, this one or that one, and the need for some personal growth and development is less familiar to them.

There are persons who are willing to participate in programmes of professional training and invest in themselves and their knowledge, and we have persons who

will later turn to someone else when they find themselves in trouble.

Many stakeholders pointed to other difficulties that contribute to the inconsistency of skills demand and skills supply and relate to the views and habits of young adults. This relates to insufficient mobility and a kind of inertia of young adults when it comes to active searching for employment.

We have a problem that our people are rather relaxed and have a difficulty in accepting work which is far from their place of residence and they are not ready to move for seasonal work, and if Umag is 90 km from Pula you have to accept room and board if you want to work during the season.

It seems that analysed institutions are not able to properly answer to the needs of young people. From one side, a lot of youth are not motivated to improve their skills, while from the other side the institutions do not offer programmes which youth will find useful and well designed. Another problem is that connection between social welfare and education sector is missing, and young people who are not able to pay for their education are not involved in LLL programmes. Here, again, the need of better cooperation among various sectors and institutions is recognised. Institutions should develop mechanisms of supporting vulnerable groups of youth, as well as programmes that will be able to motivate youth to really participate in them. It will not happen unless the youth recognize the connection between good education and better opportunities on the labour market.

3.5. Conclusions and Implications for Young Adults in Istria

Data shown in this analysis point to a general conclusion about the very low degree of coordination between various stakeholders engaged in skills demand and skills supply.

Insufficient coordination is evident at the vertical and horizontal level. On the one hand, national public policies at the county level cannot be implemented to a sufficient degree and county representatives cannot adequately influence the content and aims of those policies. At the same time, there is a lack of sufficient cooperation between county and local institutions despite the existence of the awareness of the need for better coordination and compatibility of activity.

The system of education, at the county level, considering that it is defined by national legislation, is difficult to change, and in many aspects, does not meet the needs of the county economy and needs of young adults.

The described circumstances reflect unfavourably on young adults:

- the system of career counselling within the system of education is non-existent
- young people do not have timely and complete information about the possibilities of finding employment after completing types and/or levels of education
- the mechanism for ensuring other chances at education within the regular system of education for young persons who have that need is not developed.

The economic system expects qualified and competent labour force which is not synchronized with realistic possibilities of the educational system. At the same time, their participation in formulating clear needs for new profiles and for educating young inexperienced workers is not

active. The asynchronous expectations of employers and possibilities of educational institutions is partially a consequence of undeveloped mechanisms of cooperation and flow of information, but also of expectations that specific problems will be solved at a systematic or national level. Unfavourable consequences of such a situation on young adults are the following:

- employers reluctantly employ inexperienced (young) persons
- young adults get an unfavourable model of behaviour which reflects on their tendency to “wait” for adequate employment
- they are educated in order to acquire the certificate and not the skills that will help them do high quality work.

Oversight in compliance of the regular system of education, the labour market and needs of young adults, are attempted to be overcome by institutions for adult education (open university). However, their programmes are mostly financed by users themselves. In that way, such programmes become unavailable to all socially disadvantaged young adults who do not have family support. Exceptions are programmes that are carried out within the national employment policy or are financed from funds of the European Union (ESF). The programmes are, typically short-term, and do not ensure long-term employment of young persons, and the control mechanisms are not developed. Additionally, young persons from the NEET group are, as a rule, not informed about such possibilities as cooperation between the system of education and system of social welfare is not common.

4. Analysis of skills supply and demand in Osijek-Baranja County

4.1 Context information on economic and labour market conditions



Figure 3: The functional region of Osijek-Baranja County

Osijek-Baranja County is a continental county, located in the Pannonian valley in north-eastern Croatia, expanded over an area of 4,149 km² on a fertile plains soil between the rivers

Sava, Drava, and Danube. The area of Osijek-Baranja County makes up 7.3% of the total area of the Republic of Croatia.

Administratively, the Osijek-Baranja County consists of 42 territorial units of local self-government: 7 towns (Beli Manastir, Belišće, Donji Miholjac, Đakovo, Našice, Osijek and Valpovo) and 35 municipalities (Antunovac, Bilje, Bizovac, Čeminac, Čepin, Darda, Donja Motičina, Draž, Drenje, Đurđenovac, Erdut, Ernestinovo, Feričanci, Gorjani, Jagodnjak, Kneževi Vinogradi, Koška, Levanjska Varoš, Magadenovac, Marijanci, Petlovac, Petrijevc, Podravska Moslavina, Popovac, Punitovci, Satnica Đakovačka, Semeljci, Strizivojna, Šodolovci, Trnava, Viljevo, Viškovci, Vladislavci and Vuka).

The County is predominantly situated in a flat area and therefore it is suitable for the development of agriculture. Because of its production capacities in the primary part of agriculture, Osijek-Baranja County is one of the most important producers of Croatian grain. The agricultural area covers 58% of the total surface of the county, and the forest area is expanding on 20% of it. The Osijek-Baranja County is one of the counties with the lowest competitiveness rank and the also have the lowest development index (below 75% of the average of the Republic of Croatia). The county had been devastated during the war in 1991 (its GDP fell by 70% and the previously prosperous firms had been severely damaged during the war).

According to the last census (2011), Osijek-Baranja County has 305,032 inhabitants, which represents 7.1% of the total population. The population is distributed among 85.89% Croats, 7.76% Serbs, 2.70% Hungarians, 2.68% other ethnicities and 0.97% are undecided.

In relation to the previous census from 2001, this represents a decrease of 7.7 % (Croatian Bureau of Statistics). The average population density is below the national average (73.5 inhabitants/square km). The age-gender structure of the population in Osijek-Baranja County is shown in Table 5.

Table 5. The age-gender structure of the population in Osijek-Baranja County (source: Croatian Bureau of Statistics, Census, 2011)

Age	OSIJEK-BARANJA COUNTY			CROATIA			% of whole Croatian population in Osijek-Baranja County
	Total	Men	Women	Total	Men	Women	
0 – 14	46,806	23,918	22,888	652,428	334,725	317,703	7.17
15 – 19	18,709	9,686	9,023	244,177	124,918	119,259	7.66
20 – 24	19,918	10,230	9,688	261,658	133,455	128,203	7.61
25 – 29	20,844	10,751	10,093	289,066	147,416	141,650	7.21
30 – 34	19,928	10,225	9,703	294,619	149,998	144,621	6.76
35 – 39	18,984	9,551	9,433	284,754	143,984	140,770	6.67

40 – 64	108,309	53,304	55,005	1,499,554	735,631	763,923	7.22
65 <	51,534	19,226	32,308	756,831	295,274	460,706	6.81

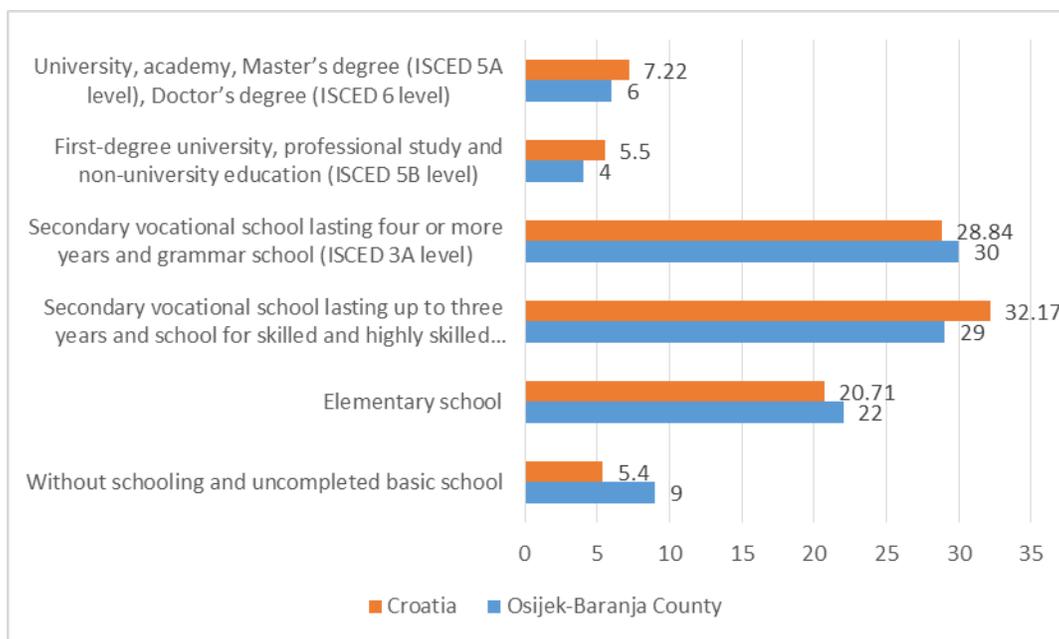
The demographic picture of the County demonstrates that it is the third biggest county in the Republic of Croatia (with 330,506 inhabitants). But it is also a county with a very uneven spatial distribution of population: 35% of the population lives in the administrative area of the City of Osijek, 28% in other towns, i.e. local self-government units, whereas 37% of the population lives in other settlements.

The poverty rate in Osijek-Baranja County is 19.4%, which is above national average (Policy Mapping, Review and Analysis – Croatia, 2016),. However, only 4.6% of whole population in Osijek-Baranja County area are social welfare beneficiaries (the average proportion of social welfare beneficiaries at the national level is 2.4%). According to the results of the project *Synergistic Social System* which the relevant ministry carried out in cooperation with county offices for social welfare in 2015, Osijek-Baranja County allocates 231HRK (approx. 31 EUR) per person per month for the needs of social programmes and allowances. The proportion in the budget of Osijek-Baranja County for the purpose of social protection is 6.2%.

Among youth aged 20 to 29 years there are 5,991 (14.7%) persons with higher education and 31,776 (77.95%) persons with secondary school education (Croatian Bureau of Statistics, 2016).

By the end of December 2016, according to the records of the Employment Service – Regional office in Osijek, the highest share in the structure of unemployed was made up by unemployed persons older than 50, whereas the share of young persons aged 15 to 24 was 18.2%. In comparison with the same period in 2015, registered unemployment decreased in all age groups, except in the oldest group aged 60 and over (an increase of 7.6% or 130 persons). The highest decrease was recorded in the younger age groups aged 15 to 19 (by 23.4% or 424 persons) and between 30 and 34 (by 20.7% or 721 persons).

From the data it can be deduced that the predominant groups of unemployed persons are those with completed four-year secondary education or grammar school (30 out of the total number of unemployed). They are followed by those who completed three-year secondary school (29%), university (6%), and those with bachelor's degrees, professional studies or college education (4%). The educational structure of unemployed persons can be seen in Graph 2.



Graph 2: Structure of unemployed persons according to the level of education (%), source; Monthly Statistical bulletin, Croatian Employment Service – Regional Office in Osijek, December 2016 and Statistical Year Book, 2016 (Croatian Bureau of Statistic)

According to the data of the Croatian Bureau of Statistics (2016), as defined in the National Classification of Professions, in Osijek-Baranja County there are 7,568 legal entities/persons (potential employers). Among them prevail:

- wholesale and retail trade (1,968, or 2.27% of all legal entities in that field in Croatia)
- service activities (1,469, or 3.04% of all legal entities in that field in Croatia)
- manufacturing (880, or 3.42% of all legal entities in that field in Croatia)
- construction (698, or 2.70% of all legal entities in that field in Croatia)
- accommodation and food service activities (620, or 3.55% of all legal entities in that field in Croatia)
- arts, entertainment and recreation (544, or 2.39% of all legal entities in that field in Croatia)
- highly professionalised and complex activities (813, or 2.86% of all legal entities in that field in Croatia)
- other legal entities, as administration, education, social welfare (576, or 1.19% of all legal entities in that field in Croatia) .

In relation to the economic structure as a whole in which industry prevails, processes of structural changes are being affirmed as a path to increasingly strong development of tertiary sector, i.e. tertiarization.

The data of the Croatian Employment Service – Regional Office Osijek – show that in the County, the demand of workers in activities is not completely harmonized with the types of activities offered by employers. For example, in December 2016, the greatest demand was observed in the sectors of education (21.9% of the total number of job openings), manufacturing

(18,8%), health protection and social welfare jobs (10.3%). Also, in higher demand than other categories are professions with higher education (scientists, engineers, experts) – 38%.

Generally, the data presented in this chapter shows that the Osijek-Baranja County still suffers the consequence of war devastation of Eastern Slavonia during the Homeland War (1991-1995). War events have left a large and indelible mark on the economy, whose recovery has demanded new knowledge, skills and approaches. Moreover, the exploitation of natural, particularly agricultural and forest resources is still inadequate and the new patterns, adapted to market-oriented business operations and global competition, were not developed. That is why it is hard to keep in step with global production trends and develop proper life condition for youth in the Osijek-Baranja County.

Natural resources (high-quality agricultural land, advantageous traffic and geographical position, demographic potentials, relatively favorable settlements network, level of development of infrastructure systems and autochthon construction inheritance) represent the basis of the County future development.

4.2. Mapping of the main skills actors and institutions

In this chapter the main actors, institutions and the structures concerning the skills ecology of Osijek-Baranja County are described. The chapter includes identification and description of the actors and institutions responsible for the skills formation market and the skills use market, as well as the explanation of their responsibilities, relationships and position in the governance of the local/regional skills ecology.

4.2.1. Identification and description of the skills system

The type of main actors and institutions described in this chapter are the same as in the chapter about Istria functional region. Namely, as described in “Policy Mapping, Review and Analysis – Croatia” (2016), in the Republic of Croatia, legislation and strategies are adopted at the national level and are then operationalized and implemented at the regional/local level. Measures of active policy of employment are financed from the national budget, whereas the regional employment services are part of the Croatian Employment Service. The system of education is also centralized, which implies that the same types of educational institutions can be found all over the country, and curricula are defined at the national level. Regional and local specificities can be observed in the quality of implementation of national policies and the differences in the capacities for their successful adaptation to local needs.

Thus, like in the previous chapter about Istria County, six types of institutions/actors have been identified as relevant in the governance of the local skills ecology in Osijek-Baranja functional region. Below is a brief introduction of each of them followed by a systematic and detailed description.

1. Regional authorities: The representative body of the Region is the Regional Assembly. The Regional Assembly comprises 55 councillors elected in direct elections. They are administrative departments and Region's services established for the performance of works in the self-governing domain of the Region, as well as for the performance of works of state administration transferred to the Region. In terms of education and training and employment, the Department for Education, Culture, Sports and Technical

Education is important. That is an administrative body that conducts analytical-planning, organizational-coordinational, normative-legal and other expert affairs related to the schooling system, children's welfare, culture, physical education and sports and technical education within County's jurisdiction. In terms of employment, the Department for Agriculture and Economic Affairs is important. It is an administrative body that conducts administrative, analytical-planning, organizational-coordinational, normative-legal and other expert affairs related to economic activities, i.e., activities in the fields of agribusiness and forestry within County's jurisdiction.

2. Higher secondary education institutions: In the Osijek-Baranja Region there are 30 secondary education institutions. Among them, three schools offer a grammar school programme, while other schools are directed to vocational education. The County is founder of 29 schools, while one school is funded by private person. There is the Jesuit Classical Gymnasium in the County.
3. Higher education institutions: In the Osijek-Baranja Region exists the Josip Juraj Strossmayer University. The University is situated in Osijek and it consists of 11 faculties and 5 university departments which all-together offer 151 educational programmes: 40 undergraduate educational programmes, 49 graduate educational programmes, 40 postgraduate specializations studies and 22 postgraduate doctoral university studies.
4. Public open universities: There are 11 public open universities in Osijek-Baranja County, offering around 300 various education programmes. Over of 150 programmes of professional training offered in Osijek-Baranja County refer to programmes for training in Work Safety as they are carried out by "Didaktika – institution for education in Work Safety".
5. Croatian Employment Service: The Regional office in Osijek has five branches (in Beli Manastir, Donji Miholjac, Đakovo, Valpovo and Našice). This Regional office has Lifelong career guidance centre (LLCG Centre) which provides space and trained professionals to all stakeholders in creating and delivering support to unemployed youth, especially in career choice, in a strictly individualized manner (small working groups or individual). LLCG Centre use a client-orientated approach to provide individual and tailored services to users based on their individual needs. These include:
 - self-help web-based services: self-assessment tools, information on careers, job vacancies, education opportunities and other labour market information
 - group activities: these include group counselling, designed to improve career management skills and other competences required to integrate into the labour market
 - individual case-managed services: this includes career counselling and it is suited to those who need more help in making decisions about their careers.

The aim of the Centre is to gather all of the relevant information on tracking NEETs, which is a basis for creating target-oriented measures for the identification and activation of NEETs.

6. County Chamber of Trades and Crafts of Osijek-Baranja County is consisting of 5 sections (Baranja, Osijek, Đakovo, Valpovo, Donji Miholjac and Našice). Sections are

the main form of vocational organisation and of work at the level of tradesmen associations. Tasks of sections include taking care of, discussing and deciding on vocational issues and other problems and tasks pertaining to the industry that is in the focus of the section's activity.

In Osijek-Baranja County works one NGS which is very active in the work with young people. This is the PRONI Centre for Social Education. The aim of PRONI Centre is to support the personal development of young people through strengthening their individual capacities to respond and deal with the challenges they face in the transition to adulthood in society affected by the consequences of conflicts as well as those of the economic, social and cultural transitions. However, the impact of this organisation on skills supply and skills demand in the Osijek-Baranja county, as well as the impact of private organisations, is relatively low. It means that in this County, as well as in whole Croatia, the impact of NGOs and the private sector in the field of skills demand and skills supply is negligible.

4.2.2. Description of the skills system

The aim of this chapter is to explore relationships among actors and institutions involved in the skills formation and the skills use markets in the Osijek-Baranja functional region.

As is showed in the previous chapter, the responsibility for the connection of institutions responsible for the skills formation and the skills use markets lies on the regional authorities. Their role is to ensure availability of the educational institutions, which answer to the individual and labour market needs. The regional and local authorities are also responsible for the implementation of national legislation and policies at the local and regional level. The relative abundance of educational possibilities in Osijek-Baranja County (and in the skills formation) does not automatically ensure their relevance for the labour market (the skills use markets). Osijek-Baranja County is one of the regions with the highest unemployment rate in Croatia. In addition, the highest rate of unemployed persons in Osijek-Baranja County is among youth aged between 20-24 (77,893 persons) and youth aged between 25-29 (65,472 persons). These circumstances highlighted the importance of cooperation among actors and institutions with different level of responsibility (national, regional and local) for the skills formation and the skills use markets.

At the national level, in the skills formation market the following institutions are involved: the Ministry of Science and Education, the Agency for Vocational Education and Training and Adult Education. Their responsibilities are described in chapter 3.2.2.

In the skills formation market in the Osijek-Baranja functional region, the following institutions are involved:

- 30 secondary schools
- 11 public open universities
- 1 university.

In the skills use market at the national level are involved the Ministry of Labour and Pension System, the Croatian Chamber of Trades and Crafts and the Croatian Employment Service (described in chapter 3.2.2.).

At the regional level, two institutions have been identified. They are regional departments of national institutions – the Croatian Chamber of Trades and Crafts and the Croatian Employment Service (The Regional Office in Osijek). However, the main actors in the skills use market are employers and employees that are in towns and municipalities in Osijek-Baranja County.

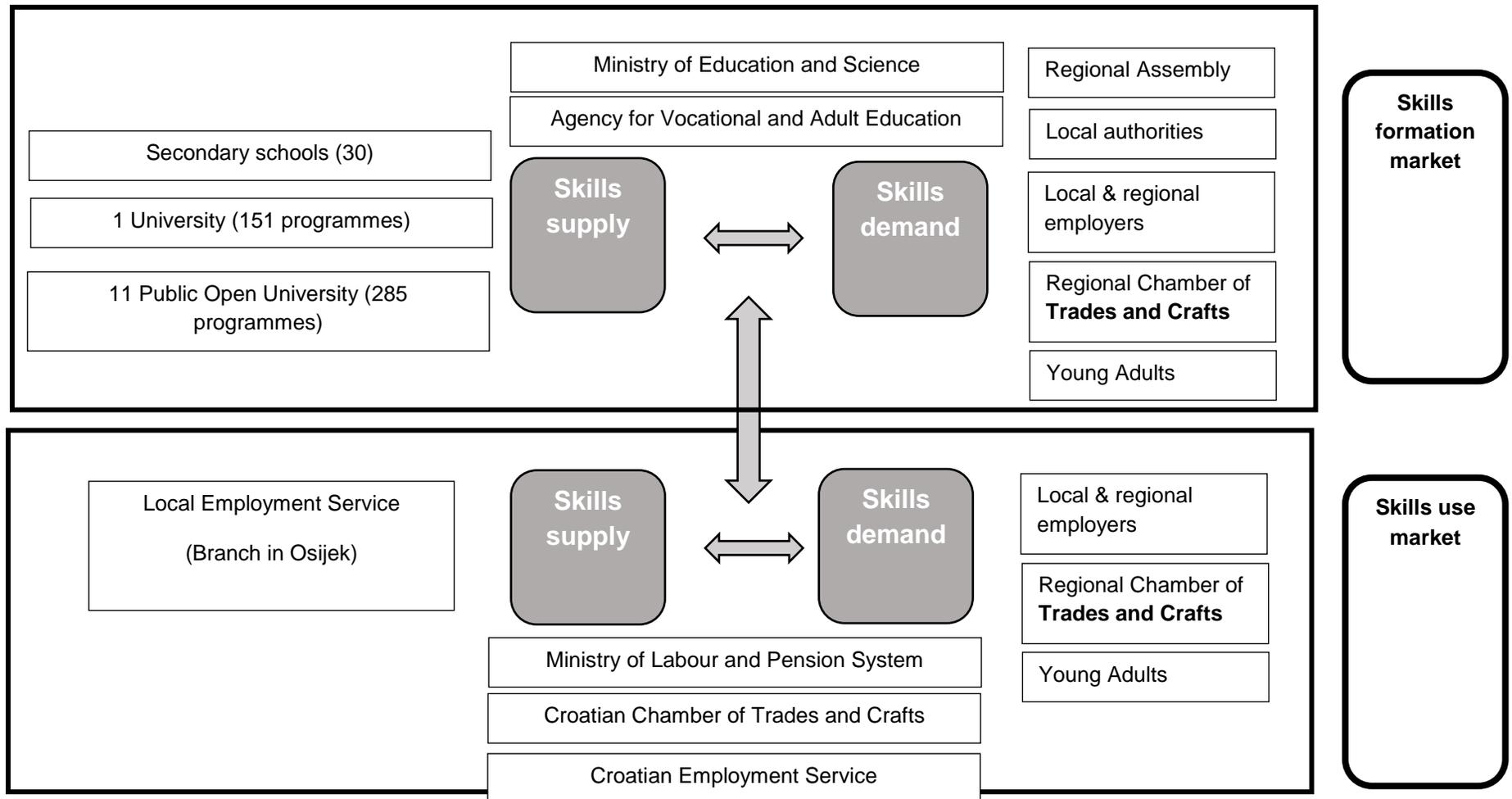


Figure 4: Skill system in the Osijek-Baranja functional region: skills formation and skills use markets

4.3. Analysis of the local governance of skills

The same type of actors, institutions and structures as in Istria County are involved in the skills system of Osijek-Baranja County. They have the same responsibilities, but, in spite of that, their actions and activities are adjusted to local/regional circumstances.

In this section, some aspects of the policy orientations of the main actors and their forms of coordination are explained. The main source of information for the analyses provided in this chapter comes from existing relevant documentation of institutions, structures and actors, as well as from the semi-structured interviews conducted with key informants in the skills system in Osijek-Baranja County. They are:

- a representative of the Regional authorities
- a representative of the public open university
- a representative of the Croatian Employment Service (the Regional Office Osijek)
- a representative of Osijek-Baranja County Chamber of Trades and Crafts.

4.3.1. Identification and description of the skills system

In this chapter the provision of skills formation, skills formation content and type, payment/funding of skills formation and degree of public/private commitment to skills formation and use are analysed in order to provide information on possible labour market imbalances and skill mismatches in Osijek-Baranja County.

Provision of skills formation

In the Osijek–Baranja County area there are 30 secondary schools, which have different founders. Osijek-Baranja County is the founder of 29 secondary schools. Besides those schools, there is the accredited Jesuit Classical Gymnasium (Grammar School) in Županja, founded by the Provincialate of Society of Jesus; Gaudeamus, a private secondary school and the Educational and Cultural Centre of Hungarians in Croatia, founded by the Republic of Croatia. Nineteen (19) secondary schools are located in Osijek, 3 in Beli Manastir and 3 in Đakovo, and one secondary school in Dalj, Valpovo, Donji Miholjac, Našice and Đurđenovac each. Along with regular secondary schools, various secondary education programs and shorter training and professional development programs, are carried out by open universities and open colleges.

In Osijek-Baranja County there is a developed network of higher education and scientific institutions. The holder of scientific activities and higher education in the County is the Josip Juraj Strossmayer University in Osijek, which comprises 11 faculties, 5 university departments and the Academy of Arts.

Different stakeholders in Osijek-Baranja County are highlighting main problems in educational offer of skills formation system (outdated curricula, many unnecessary facts in curricula, not enough practice in high schools and universities, lack of mentor/supervisor while entering labour market), especially regarding unsatisfied level of developed skills by former participants of educational programmes. This conclusion can

be illustrated with the following statements made by the interviewed persons¹²:

The problems youth face in their job search are the consequence of something that should have been changed earlier. You know what children learn in school today. They learn things they have already heard at home or seen in all the media...Curricula are full of unnecessary facts. On the other hand, young people do not have practical values for life, we are losing them instead of teaching them basic things.

Curricula are implemented by the ministry in charge, and they are outdated. They do not keep pace with time, they do not follow modern trends, they do not follow what happens in the area.

... young people finish trade and vocational schools without learning how to work. It seems that this story about harmonizing the theoretical and practical segment of teaching does not work properly. The system of adult education is definitely copied from the regular system. It's just half of it – 50% of the timetable. None has ever looked into that timetable to see what that 50% means. Luckily, we manage somehow, we observe the individual to see what he/she knows and where he/she needs additional training.

... vocational schools do not prepare students for the profession they are educated for. On the other hand, that is not such a tragedy. Every profession can be mastered or learned, but young people need a mentor/supervisor in their workplace. They should also have a mentor in their professional practice, but also in their job.

In addition, stakeholders are underlining that the process of change is slow and inefficient. Some interviewees point out that university should be more proactive in the desirable changes .

In my opinion, the university should play a significant role in reducing the gap between offer and demand. In the last couple of years there has been a kind of status quo. Nothing important happened, no improvement. The university has been producing an enormous number of teachers of Croatian, law graduates, economists, many professions from the faculty of humanities and social sciences.

In brief, there is a varied offer of levels and educational programmes. However, as in Istria County, there is a lack of cooperation among educational program providers at different levels of educational system. At the same time, there is a lack of cooperation between educational institutions and the regional labour market.

Skills formation content and type

The existing secondary education programmes/curricula, higher education programs and

¹² The identity of the interviewed persons and the institutions they represent is kept secret, in order to preserve their anonymity. However, their identity is known to the authors of this report.

lifelong learning programmes only partly respond to the needs of the labour market. The relatively poorly developed culture of cooperation between educational institutions and the business sector in curricula development in Osijek–Baranja County leads to an insufficient offer of educational programmes that would respond to the labour market skills or competencies demands. Some educational programmes significantly exceed the needs of the regional labour market (e.g. programmes in the area of economy). This statement can be illustrated by the fact that in the last month of 2016 (Monthly Statistical Bulletin, Croatian Employment Service – Regional Office Osijek) the highest number of unemployed persons was registered in the area of economy and for so called office clerks. However, a large number of youth still enrol in secondary and tertiary programmes related to the area of economy and finance.

The above specified can be illustrated with the following statements of the interviewed persons:

We all know that 40 doctors from the Clinical Hospital Osijek have left; and instead of increasing the enrolment quota at our faculty, it was lowered.

Construction, metal industry – there are no qualified workers at the moment. There are no locksmiths, lathe operators, welders, other machinery operators. There are no medical doctors, mechanical engineers, civil engineers, architects either. The only surplus of highly educated professionals is in law and economy. On the other hand, we have the business policy of opening polytechnics – artificial production of highly educated professions without adequate knowledge.

Occupations most in demand are at the moment all the professions in construction, as there has been a revival in the construction business in the last year or so. The most wanted professions are masons, carpenters, steel benders and plasterers, mostly as auxiliary professions, and there are no workers in the labour market. Every craftsman who is good at his job has gone abroad.

All the actors involved in regional LLL policy development, with an emphasis on content and type of skills, recognize the importance of more intensive and allied cooperation between educational institutions and the real economy. However, until now, there have only been a few examples of good practice of such cooperation. The development of new programs and the adaptation of existing curricula to the needs of the labour market represents a great challenge in Osijek-Baranja County. Even so, the interviewed actors are recognizing difficulties and even lack of will to cooperate on early mentioned issues:

...we used to get enquiries from schools and from the County to give suggestions about the necessary professions. Although it was all just a formality... Today, we are not even asked any more.

The system of education, both its secondary and tertiary sector, does not meet the needs of the labour market. The Employment Service sends a list of scarce professions to secondary schools and to the University. However,

the problem is that the university is autonomous ... and secondary schools are under the jurisdiction of the County, and the head teachers are in most cases not proactive.

As regards the enrolment of students in programmes, it is prescribed that every procedure should start with the proposals given by the schools. There is a commission that analyses the proposals and analyses the labour market. We discuss what could be approved or not, but there is also the issue of schools' tactics, they want to prevent their employees to become redundant. This should be kept in mind. If a new programme is to be introduced, it should be adapted to the schools and include their teaching staff.

Above mentioned statements indicate that there is a lack of dialogue between all actors in the field of education and employment of young adults, which is leading to the discrepancy between former students' qualifications and labour market needs.

Payment/funding of skills formation

In Croatia, all programmes of secondary education (ISCED level 3) are financed by the Ministry of Science and Education, with the possibility to include the County or other founders in co-financing. Still, as a rule, regional/local school founders finance only the maintenance of school buildings and provide infrastructure. Higher education programmes are also financed from public funds, but there are study programmes financed by students' own resources. Part-time studies (e.g. for preschool teachers), postgraduate and doctoral studies are financed by students themselves.

Regional and local authorities are trying to increase low motivation of students for professions that are in demand on labour market by giving scholarships. This is readable in following statements:

This link between the labour market and our schools means that we have been aware of the problem for quite a number of years and we see the needs. That is why we started with the scholarships as far back as 2002. We introduced scholarships for gifted students, and later we identified the need to award scholarships for shortage occupations...

We award scholarships for gifted pupils and students, for shortage occupations, we financially support postgraduate students, we co-finance students' loans. This is a commitment of the County to lifelong learning, and we cooperate with the Zagrebačka Bank, where we actually lower the interest rate.

Educational programmes provided by open universities are mostly financed by the students themselves. An exception are programmes carried out within some European projects or programmes financed by public funds designated for active youth employment policy measures. The lack of financial resources hampers the access of young adults in NEET status to education, as they do not possess resources to finance those programmes.

The interviewees emphasized the following problems:

Attendants mainly pay alone for the programmes. Thus, this cooperation does not function too well. On the other hand, as regards partnerships and projects, when both parts get their share, we have a wonderful cooperation. But here it is difficult to share and ... who got the idea it could be done like this? This is tough.

There are employers that pay for the whole programme at the college or part of it. Very few of them, though. When we checked, their number was very small. Perhaps it is a bit higher now. When construction workers are in demand, the employer is aware that if he does not pay for their education, they will not have the necessary certificates to get hired, and the employer will not have the documents necessary to open the firm.

In conclusion, youth participation in lifelong learning is somewhat difficult because open university programmes are not financially available to everyone. Besides the insufficient resources for attending educational programmes, another obstacle for youth participation is their lack of motivation for lifelong learning, retraining and the low attractiveness of professions which are available in the labour market.

Degree of public/private commitment to skills formation and use

In Osijek–Baranja County, the degree of public/private commitment to skills formation and use is occasional and non-systematic. As a rule, employers expect that the educational system will ensure adequately qualified employees, but they are not satisfied with the skills of young workers.

As is noted in following statement, local and regional authorities see their commitment to skills formation mainly through financial and moral support of educational institutions:

It has really never happened that the Osijek-Baranja County has not sponsored and supported, both financially and morally, an educational institution that applied with a programme. We have secured funding for programmes and projects in education for schools. ... We support whatever we can, and the administrative department for economy of our County has a programme about co-financing and providing non-refundable resources for retraining, additional training and professional development, actually a whole package of financial measures for those purposes.

On the other hand, the participation of employers in education in the majority of cases is limited to participating and implementing the practical part of teaching. There are sporadic aspects of cooperation that are related to specific projects and individual initiatives.

Employers participate in the training, and then what happens is that the employer pays for someone's training but there is no obligation for that trainee to work for the employer. Such a contract would probably be binding for the employer, too, and he does not know whether the trainee will be a

good worker. Here we are on slippery ground, the education is paid for by the employers, and the trainee leaves after having completed it.

There's also the problem of practice, the practice organized in workshops... since there are not enough private employers that can offer the possibility of practice, it has to be organized in the school workshops, Nowadays, there is an increasing awareness of the necessity to take the practice outside the school. For that, we need all the stakeholders in the system... this means that part of the education is carried out in schools and part of it in companies. The involved private employers need to be aware of the rules; rules need to be clear and explicit.

For instance, in Osijek there are about thirty institutions, associations, or other organizations that engage in education in one way or another. When we started meeting, there used to be thirty, forty of us, later it narrowed down to two-three educational institutions.

In brief, in Osijek-Baranja County there is some level of commitment of the main stakeholders to skills formation. However, at the same time, commitment to harmonization of educational offer and regional/local labor market demands is not present in the expected extent.

4.3.2. Level and mechanisms of coordination

As is already emphasized, the Croatian educational and labour market policies and programmes are conceptualised and adopted at the national level. The actors at the local and regional levels in Osijek-Baranja County (as it was the case in Istria County) warn about the insufficient sensitivity of national strategies and legal solutions for local and regional specificities.

Relationships between local/regional/national authorities

This chapter contains the description of the relationships between local, regional and national authorities and the relationships between the public and private sector. These relationships follow patterns described in chapter 3.2.2. and therefore will not be repeated here.

The interviewees comment on the relationship between the local, regional and national authorities in the following way:

...we did not learn to communicate in a way to reach an agreement. Something should be done about that now, but no, things have to pass one committee, another committee in another month, then other bodies, and then the chairmanship...it lasts a million years...Disaster! First of all, no one has a clear strategy. Let's create a clear strategy and move in that direction.

We had a Medical school which discontinued. We had the Slavonia IMK plant, we had two plants for textile, i.e. textile workers and all of them are closed down, the textile school is also shut down. The fact is that the Ministry of Education and science holds major responsibility for low-quality staff. They

did not initiate the reform.

The main issues, underlined by interviewees are high centralization of educational and employment system, where ministries hold major responsibilities, as well as slow and rigid procedures that are disabling needed changes and innovations.

Relationships and links between public and private actors

The cooperation between different stakeholders – public and private - responsible for skill supply and skills demand is mainly limited to the realization of projects or specific programs but after finalizing the project, cooperation is rarely continued. The practice is that private companies or trades are involved in organizing student internship for vocational high schools.

Example of good cooperation is explained in the statement:

The Chamber of Commerce organizes thematic meetings and informs us about problems. Last year we indicated a problem of with motor vehicle drivers. All of our transporters in this area participated in the meeting and county and local representatives, and teachers from our schools attended the meeting trying to perceive the problem while carriers presented the problem.

However, numerous difficulties emerge in the cooperation between various stakeholders. The most of open universities offer the same or very similar educational programmes which leads to the rivalry among them. That problem is elaborated in the following interviewees statements:

All of us (open universities) are in some kind of market game. Over the last ten years we have learned about partnerships through projects. We've established networks with Slatina and and Varaždin, Šibenik and Glina. We have been to Spain, Portugal, Rome, Greece and London where we've established partnerships. But what is the logic? If in Požega or Osijek there are three or five open universities which have almost identical programmes, what exactly are we sharing, how are we doing that and how are we cooperating?

There is a certain competition among open universities. Well, yes. Whichever way you look at it, there is the typical conflict of interests; who could have ever thought that it can happen in our branch?

4.4. Assessment of the quality and use of skills

In this chapter, the assessment of the type, quality and use of young adults' skills in the labour market in Osijek-Baranja County will be presented. The focus of this chapter is to highlight the main problems of employers in using workers' skills and regional (mis)matches in this field. Assessment of the balance between young adults' skills and labour market needs is also provided.

Type and quality of skills

According to the statistics of Croatian Employment Service at the moment there are 24549 unemployed people in Osijek-Baranja County, and 23.3% of them are young adults (age 20-29). This high number makes Osijek-Baranja County the third county in Croatia with the highest percentage of unemployment. 14.9% unemployed persons in Osijek-Baranja are unemployed from 6-12 months (that percentage includes 1328 young adults), 14% are unemployed from 1-2 years (831 young adults) and high percentage of 17.3% of people are unemployed for 5 and more years (194 young adults).

Educational characteristics of those 23.3% of unemployed young adults are: 2% of them didn't finish elementary school, 8% have finished elementary school only, 69% have finished secondary school (ISCED level 3), 8% have finished some type of higher education (ISCED 4), and 11.7% of them have finished faculties, academies, scientific specialisation or doctoral studies (ISCED 5-8). This data are showing that 98% of unemployed young adults have some kind of education.

The highest percentage of unemployed young adults have no (33%) or one year (31%) of work experience, and 20,8% have one to two years of work experience.

Presented data reveals that the unemployment rate of young adults in Osijek-Baranja functional region is extremely high. Around 60% of those unemployed young adults finished high school and, have no or one year of working experience, which puts them in the high risk of social exclusion.

Skills (mis)matches

At the moment, in Osijek-Baranja functional region there are 6905 open work places, and 26609 registered unemployed people. This information leads to the conclusion that there are insufficient work places in that region, but also that there is skills mismatch. Table 6 shows an overview of registered unemployment in Osijek-Baranja County according to different groups of professions.

Table 6: Registered unemployment in Osijek-Baranja functional region in June 2017 Source: Croatian Employment Service¹³

	Number of registered unemployed people (percentage of young adults, age 20-29)
Military profession	1 (0%)
Legislator, Functionary, Director	10 (10%)
Scientist, Engineer, Specialist	1,980 (48%)
Technician, Expert Associate	2,961 (45%)
Administrative Officer	2,757 (36%)
Service and Trade professions	4,493 (25%)
Farmers, Forester, Fisherman, Hunter	211 (16%)
Professions in Craft and Individual Manufacture	2,776 (21%)
Manager of Facilities and Machines, Industrial Manufacture, Product Developer	1.114 (7%)
Simple professions	8.246 (7%)

Data available from the Croatian Employment Service in Osijek-Baranja functional region reveal that most of young adults who are entering the record of unemployment are scientists, engineers, specialists, technicians, expert associates and in service and trade professions.

Data presented in Table 7 reveal that there is great mismatch in the number of people entering the record of unemployment and open work places. The greatest mismatches are in the following groups of professions: military professions (100% of registered people have no open work places), technicians and expert associates (72% of registered people have no open work places), administrative officers (80% of registered people have no open work places), service and trade professions (70% of registered people have no open work places). In other groups of professions there are approximately 50% of registered people for which there are no open work places.

¹³ Online available statistic: Croatian Employment Service, online statistic (<http://statistika.hzz.hr/>)

Table 7: Number of people entering and exiting the record of unemployment and number of opened work places according to the groups of professions from 2004 until April 2017 in Croatian Employment Service in Osijek-Baranja functional region, Source: Croatian Employment Service¹⁴

	Number of people entering the record of unemployment (percentage of young adults, age 20-29)	Number of people exiting the record of unemployment (percentage of young adults, age 20-29)	Open work places
Military profession	162 (53%)	213 (58%)	0
Legislator, Functionary, Director	177 (7%)	135 (13%)	121
Scientist, Engineer, Specialist	30,725 (65%)	31,140 (63%)	27,622
Technician, Expert Associate	41,884 (53%)	41,164 (57%)	11,786
Administrative Officer	34,248 (50%)	32,888 (52%)	6,596
Service and Trade professions	71,764 (44%)	73,884 (46%)	21,040
Farmers, Forester, Fisherman, Hunter	1,829 (25%)	1,893 (28%)	614
Professions in Craft and Individual Manufacture	54,500 (36%)	56,073 (38%)	22,976
Manager of Facilities and Machines, Industrial Manufacture, Product Developer	20,642 (25%)	22,196 (26%)	10,506
Simple professions	79,993 (25%)	84,435 (25%)	45,605

According to the data, the percentage of young adults entering and exiting the register of unemployment is almost the same. The percentage of young adults exiting the record of unemployment is highly connected to the active employment measure: professional

¹⁴ Online available statistic: Croatian Employment Service, online statistic (<http://statistika.hzz.hr/>)

training without employment.

Statistics from the last 12 years taken from the Croatian Employment Service indicates that the number of people who have entered the system (Service) as unemployed (328,801) and the number of those who have left the system (Service) (334,175) is approximately the same. However, at the same time, during the 12 years, the number of opened work places in the Osijek-Baranja County was significantly lower (139,961). Therefore, the question that arises is where have all the people who have “disappeared” from the Service gone?

The incompatibility of skills/competences acquired through education and the needs of the labour market are mentioned by the following comments of interviewees:

... in order for teachers at the Faculty of Humanities and Social Sciences to have a job, Croatian language teachers, librarians and information sciences specialists are educated. No one knows exactly where these students will work in the future. You have them in public work, doing professional development, but what will they do in the future and where is unknown.

At the Employment Service we encounter a disproportion of supply and demand of workforce and the quality of unemployed persons. We have a high rate of unemployment, 24%, somewhere in 4th place. Over 3000 unemployed young adults do seasonal work on the Adriatic. Somewhere around half of young adults, half older. The structure of unemployed persons is worse by year. Soon 29.3% of registered unemployed persons will be the ones who finished only primary school or have not completed primary school. Of that number, 20% are young adults. In Osijek-Baranja County, one portion of the population is of Roma minority, but that's not all.

Attraction and retention of skills

A great disproportion between the labour market and system of education is characteristic of the Osijek-Baranja functional region. Reasons stem from the feeble interest of young adults for scarce occupations (*Only in the metal industry and in transportation are employers willing to provide scholarships or to train persons at their cost, but that is rare. Even the county can offer scholarships for scarce occupations, but interest for craftsman occupations in high schools is very weak.*), but even in undeveloped systems of upskilling and re-qualification of employees. Some work places are occupied by unqualified persons:

There is a large Clinical Center in the Osijek-Baranja County with several hundred employees who do not have adequate professional qualifications and they do work in administration – on a part-time basis and the task to complete adequate high school – for junior administrative clerk or economist.

According to the data from the Croatian Employment Service – Osijek branch, there is a recognized need to increase the number of enrolled students of three-year vocational schools for the following professions: mason, carpenter, locksmith, sheet metal worker, woodworker, chimneysweeper and machinist. Further on, their recommendation is to

decrease the number of enrolled students in the following three-year educational programmes: salesperson, hairdresser, photographer, baker and confectioner. Those recommendations were made based on the experiences of the Croatian Employment Service, Osijek branch, at the end of 2016, for planning of educational programmes in 2017. Even with such clear recommendations, according to the Plan of student enrolment in programmes of three-year vocational schools in 5 craft schools in Osijek-Baranja functional region, 56 students (out of 232) are planned to be enrolled in the educational programme for hairdresser, 20 of them for baker and 12 of them for photographer. Inclusive, 40% of future students will be enrolled in educational programmes that are recognized by the Croatian Employment Service as unnecessary professions for Osijek-Baranja functional region at the moment. On the other hand, only 14% of future students will be enrolled in educational programmes recognized as wanted in Osijek-Baranja County: 6 mechanics, 6 carpenters, 8 locksmiths and 12 woodworkers.

Young adults' characteristics

The weak interest of young adults for selecting particular occupations are indicated by the following impressions of interviewees:

... parents always go for an occupation which will be easier for the child. They will rather be a salesperson in a shopping centre than go places during unfavourable weather conditions. By this I mean the building sector, and yet there is a need for masons, carpenters, tinsmiths, and something should be done about that. If someone in Osijek will be in need of a tinsmith, I doubt that they will find one easily.

... we have a problem within families and school and the presentation in society. Why would a child not be a ceramic tiler, or a welder? They'd rather that their child is an average lawyer or economist, than a good auto-mechanic or ceramic tiler.

With the mentioned, there was also an observed weak devotion to the personal development of competences among a portion of young adults. Along with a lack of interest for participating in education, their relatively weak motivation for lifelong learning and prequalification is also emphasized.

Young people come to us in order to make decisions regarding their future education. They come with parents but we have individual talks with them to see what their needs are. In the end, they want to acquire the fourth degree of education – what they will be is least important to them. Whether they will be sales executives, or junior administrative clerks is irrelevant – they want the fourth degree in order to apply for civil service employment, municipal service, the military, police, etc.

We (Croatian Employment Service) constantly retrain people. However, we come across the issue of participant motivation. My opinion is that a great number of young adults is not motivated to work at all. They'd rather be with

mom and dad until the age of 30 or 35. Those who are proactive are proactive immediately.

Construction professions at the level of secondary education are in shortage. There is a need for welders, and similar professions, but the youth are not interested, regardless of the scholarships, since the civil engineering branch is paid poorly. People employed in the sector earn very little money – minimum salaries. In our mechanical engineering school, we have introduced new equipment, new machinery, CNC machinery, all state-of-the-art; schools are highly specialised in this area. We spent about 300,000 kuna and provided textbooks for students. All this to try to motivate them, but nothing.

In Osijek-Baranja County live a significant number of the Roma ethnic minority. In this respect, positive changes have been observed, illustrated by the following example:

Well, we have been following the situation since 2005, statistically to see how many Roma children attend our primary and secondary schools, and we can say we are satisfied. There were cases of early leaving of primary school, mostly girls because of getting married early in the 7th or 8th grade. Since we have been following the situation, the number of Roma in secondary school has increased, not only in three-year vocational programmes but also in four-year vocational and grammar school programmes. We are proud to have them at the university. In this respect, positive changes are visible. There are projects carried out and faculties participate in the implementation of our projects and EU projects.

As is already mentioned, young people in Osijek-Baranja County often are not motivated enough to participate in various educational programmes of lifelong learning. Their lack of motivation could be explained by previous bad educational experiences, by low salaries in professions that are in demand or by the lack of resources to participate in programmes offered by open universities.

4.5. Conclusions and Implications for Young Adults in Osijek-Baranja County

Osijek-Baranja County is one of the regions with the highest rate of unemployment in Croatia. In addition, the highest rate of unemployed persons in Osijek-Baranja County is among youth aged between 20-24 (77,893 persons) and youth between 25-29 years old (65,472 persons). These circumstances highlighted the importance of cooperation among actors and institutions with different levels of responsibility (national, regional and local) for the skills formation and the skills use markets. Even so, the analyses reveal poor relationships among actors and institutions involved in skills formation and skills use markets.

In Osijek-Baranja functional region there is a variety in the offer of levels and educational programmes, different secondary schools, open universities and university. However, there is lack of cooperation among educational programme providers at different levels

of educational system. The lack of cooperation is visible also between educational actors and actors of regional labour market. Although all interviewed persons highlight the importance of cooperation, there is still no systematic manner connecting different actors. Such a situation causes:

- illogical decisions regarding the amount of student quota for different educational programmes at the level of secondary and/or higher education; and also
- institutions involved in student career choices counselling are lacking important, evidence and experience based information about regional labour market needs.

The existing secondary education programmes/curricula, higher education programmes and lifelong learning programmes only partly respond to the needs of the labour market. The relatively poorly developed culture of cooperation between educational institutions and the business sector in curricula development in Osijek–Baranja County leads to:

- an insufficient offer of educational programmes that respond to the labour market skills or competences demands;
- employers are not satisfied with knowledge and skills of young people gained through their education, and they are not willing to employ them without experience.

If young adults want to gain skills after or out of the regular education system, the problem they are facing is financing. Programmes in open universities, part-time studies, postgraduate studies are financed by students themselves. Another problem, noticed by interviewed people, in the concept of lifelong learning and retraining of young adults, is their lack of motivation often caused by disbelief that those educational acts will lead them to employment.

Still, the greatest problem in Osijek–Baranja functional region is high unemployment, partially caused by great skills miss-match. According to the statistics of the Croatian Employment Service at the moment there is 24.549 unemployed people in Osijek-Baranja County, and 23.3% of them are young adults (age 20-29). This high number makes Osijek-Baranja County the third county in Croatia with the highest percentage of unemployment. Around 60% of those unemployed young adults finished high school and, have no or one year of work experience, which puts them in the high risk of social exclusion. Further on, another characteristic of Osijek-Baranja is long-term unemployment, with almost 18% of unemployed population that has been unemployed for more than 5 years. The consequences of youth unemployment are numerous and they are manifested at different levels. In short-term, it is manifested through various types of psycho-physical problems, and in the long-term it has negative impacts on life chances of a young person.

5. Comparison of the two Functional Regions

In Croatia, the responsibility for the connection of institutions responsible for skills

formation and skills use markets lies with the regional authorities. Their role is to ensure the availability of educational institutions which will properly answer to the labour market needs. The regional and local authorities are also responsible for the implementation of national legislation and policies at the local and regional level. Relative abundance of educational possibilities in both Croatian functional regions (and in skills formation) does not automatically ensure their relevance for the labour market (the skills use markets).

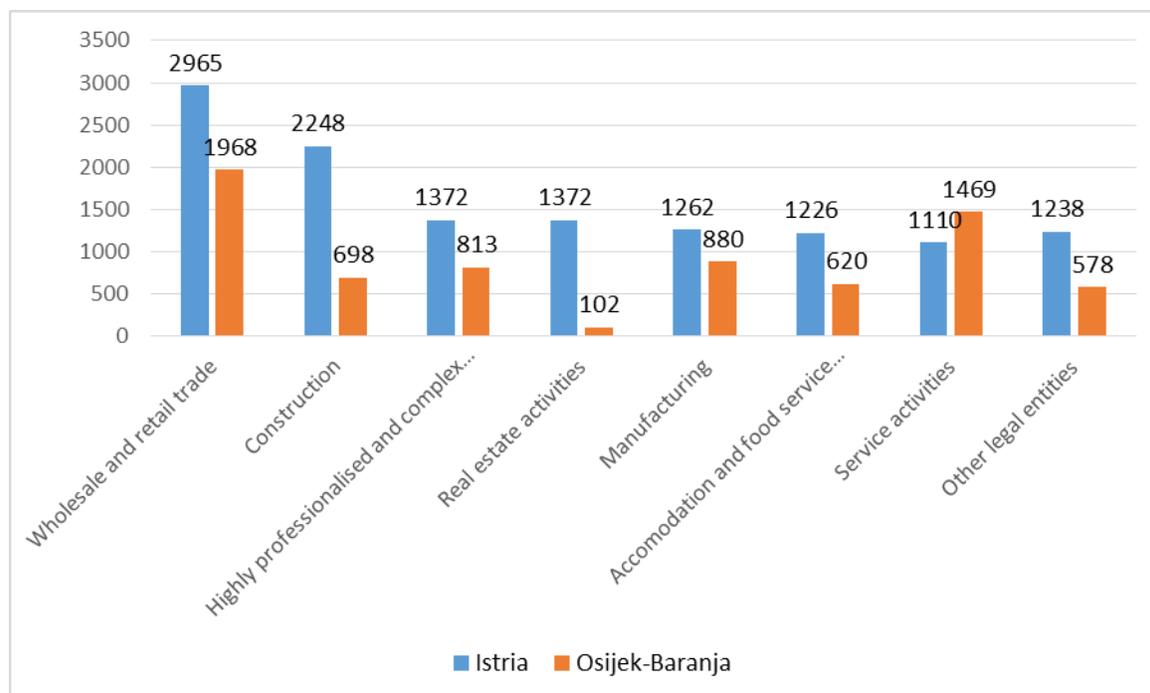
The differences between the two functional regions compared in this report largely stem from differences in the social and economic conditions in the eastern and the northern coastal part of Croatia. Social and economic opportunities are more favourable in the northern coastal area compare to the eastern part of the country.

Istria County is situated in the northern coastal part and due to its geographical position and the less noticeable war consequences, the labour market is more diverse and developed compared to the Osijek-Baranja County. The largest number of positions in Istria is offered in occupations relating to tourism. During the tourist season, the demand for workers in Istria is significantly greater than the supply.

Osijek Baranja County has been heavily devastated during the war in 1991 (its GDP fell by 70%). The consequences of the devastation are still present and Osijek-Baranja County is one of the less developed Croatian regions with insufficiently developed labour market. These circumstances have the strong impact to life opportunities of young adults (every fourth unemployed person is between 25 and 29 years of age). Although the geographical position of this county is very favourable for the development of agriculture, that activity is not given sufficient attention in the labour market. Many work-aged inhabitants of the Osijek-Baranja county (particularly young adults) go for seasonal employment in Istria and the other coastal areas during the tourist season. In addition, a lot of young people from Osijek-Baranja County emigrate to other countries in order to find a job. One of the Osijek – Baranja County main challenges is to develop labour market and life opportunities to ensure permanent stay in the county and to increase their faith in the future.

The above-mentioned can be further illustrated by the competitiveness rank data. Istria is a county with the highest competitiveness rank in Croatia, which also has the highest development index. Osijek-Baranja County is one of the counties with the lowest competitiveness rank, which also has the lowest development index.

Differences in the offer of work places in the two functional regions are shown in Graph 3.



Graph 3: Areas of activity of most numerous active legal persons in two functional regions, source: Croatian Bureau of Statistics, 2016

With the exception of service work (which encompasses diverse activities among which many are financially non-demanding), there are significantly more legal persons in Istria in all areas. The majority business in both functional regions are trade-commerce businesses. However, construction and specialized businesses dominate in Istria, while service and processing industry dominate in Osijek-Baranja County.

Considering that Osijek-Baranja County has more inhabitants than Istria County, these indicators are rather significant and clearly present the differences in life conditions of young adults in the two functional regions. Nevertheless, the analysis showed that both functional regions have many common characteristics. For the majority part, they relate to the inconsistency of the system of education and needs of the labour market, lack of clear developmental line and cooperation between stakeholders in skills supply and demand. Participants in interviews in both functional regions highlighted the importance of relation among actors and institutions at various levels of responsibility (national, regional and local) for skills formation and skills use markets.

Table 8 Differences and similarities between Osijek-Baranja and Istria Functional Region

	Similarities	Differences
Demographic characteristics	<i>Istria: 28,569 young adults (13,7% of complete Istria population) Osijek-Baranja: 40,772 young adults (13,3% of complete Osijek-Baranja)</i>	<i>Istria: 208,055 inhabitants (4,86% of Croatian population) Osijek-Baranja: 305,032 (7.10% of the Croatian population);</i>

	<i>County).</i>	
Structure of governance	The Constitution proclaims the autonomy of counties, towns and municipalities in managing local affairs and restricts the supervision of the central government to control over legality.	
Actors in the skills formation market	At the national level: (1) the Ministry of Science and Education and (2) the Agency for Vocational Education and Training and Adult Education.	
Actors in the skills use market	At the national level: (1) the Ministry of Labour and Pension System, (2) the Croatian Chamber of Trades and Crafts and (3) the Croatian Employment Service.	
Economic and labour market conditions	Even percentage of young adults in complete region population:	<p>Unemployment rate:</p> <p><i>In Istria in the middle of 2017 was 4,7% and in Osijek Baranja was 28,3%</i></p> <p>The structure of unemployed population:</p> <p><i>Istria: the highest share in the structure of unemployed was made up by unemployed persons in the middle-aged group (aged 30-49). They were followed by unemployed persons aged 50 and older (32%) and by persons younger than 29 (28.6%).</i></p> <p><i>Osijek-Baranja: The highest rate of unemployed persons in Osijek-Baranja County is among youth aged between 20-29 (23,3%).</i></p>
Governance of the local skills ecology	<p>Same Governance structure:</p> <p><i>Istria – regional authorities (Regional Assembly), Croatian Employment Service (regional office in Pula with 3 branches) and County Chamber of Trades and Crafts, higher secondary education institutions (25), higher education institutions (1 private college and 1 university), public open universities (13)</i></p> <p><i>Osijek-Baranja – regional authorities (Regional Assembly), Croatian Employment Service (regional office in Osijek with 5 branches) and County Chamber of Trades and</i></p>	

	<i>Crafts, higher secondary education institutions (30), higher education institutions (1 university), public open universities (11)</i>	
The skills system	<p>In both regions there is:</p> <p>Same providers of skills: <i>secondary schools, university, open universities – similar educational programs</i></p> <p>The educational system does not answer to the needs of employers: <i>there is a mismatch between educational programmes and labor market needs.</i></p> <p>Payment/funding of programs of open university are financed by the students themselves.</p> <p>Employers mainly rely on educational programmes provided by schools, universities and polytechnics.</p> <p>The lack of cooperation among actors in the field of skills demand and supply.</p>	<p>Professions in demand:</p> <p><i>Istria – The greatest need in service activities, the catering business and commercial service trades. Most important employment sectors are tourism and shipbuilding</i></p> <p><i>Osijek-Baranja – The greatest need in construction and metal industry. There are no locksmiths, lathe operators, welders, other machinery operators. There are no medical doctors, mechanical engineers, civil engineers, architects either. The only surplus of highly educated professionals is in law and economy.</i></p>
Level and mechanisms of coordination	<p>In both regions:</p> <p>There is a gap between national documents and the specific needs of particular local community and the absence of capacity in the local environment to implement the measures envisaged.</p> <p>The cooperation between various stakeholders is mainly limited to the cooperation of different stakeholders during the realization of projects or specific programmes.</p> <p>Public institutions do not encourage private and civil sector to be more involved in the skill supply system.</p>	
Assessment and the quality and use of skills	<p>Skills of young adults entering the record of unemployment:</p> <p><i>The most of young adults who enter the record of unemployment are scientists, engineers, specialists, technicians, expert associates and in service and trade professions in both regions.</i></p>	<p>Skills mismatches</p> <p><i>Istria: The greatest mismatches are in the following groups of professions: technicians and expert associates, administrative officers, farmers, foresters, fishermen and hunters and managers of facilities and machines, industrial manufacture, product</i></p>

		<p><i>developers.</i></p> <p><i>Osijek-Baranja: The greatest mismatches are in the following groups of professions: military professions, technicians and expert associates, administrative officers, service and trade professions.</i></p>
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The content of the analyzed interviews suggests that both functional regions have many initiatives (which are often related to projects financed from European funds), directed at the increase of youth employment, but they are fragmented and lacking long-term effects.

Generally, it is possible to conclude that the current system of vocational education and training in Croatia does not ensure the acquisition of competences needed in the labour market, because the education supply and education programs are not adjusting to the new developments and circumstances fast enough. Currently, they are neither based on the market needs analyses, nor are the employment rate indicators and/or the education continuation rate of the pupils who completed vocational education followed up. Insufficient real qualifications and competences or the absence of the labour market need for available qualifications, nevertheless, factually leads to aggravated employability, thus diminishing national and individual potentials for growth and progress. The vocational education system is facing a big challenge of continuing adjustment of the education supply and student-centered teaching methods. The content of most of the existing curricula and teaching programs is outdated and offers insufficient possibility of acquiring contemporary knowledge, skills and competences, because the dynamics of their modernization does not follow the development of new knowledge and technologies.

For society, skills represent a major component of its productivity, competitiveness and innovation. An important dimension of labour market instabilities is the mismatch of supply and demand of different skills at the sectoral, regional and occupational levels. This is due to slow adjustment of skill structures in periods of rapid structural change that characterizes the post-transition economy. Skill mismatches may be caused by ineffective signalling of labour market demands to education and training providers and to individuals, but they are very often a consequence of a lack of responsiveness on the part of education and training providers to information about skills demand. Istria is not unique in having a relatively high interest for adjusting (matching) educational output with dynamic trends on the labour market. Croatia does not have a system of labour market information on occupational trends. Thus, it is impossible to specify which kinds of future requirements and unmet demands are commonly perceived. Taking into account the process of globalization Croatia is undergoing, economic restructuring and the pressures of competition, demographic factors, there is an obvious need for more effective planning and management of the education system, particularly to put more attention to long-term forecasting of labour market needs.

Thus, it will be necessary to monitor systematically the labour market and occupational trends to insure better labour market information on occupational trends. Furthermore, it is important to provide and/or improve transparent information on employment status of graduates from various education programmes, and to insure more flexible adjustments of enrolment quotas in education and training programmes.

Emerging issues

As presented in this report, the skills supply and skills demand system in Croatia, as well as in the two analysed functional regions, is not well synchronised and coordinated. The shipyard “Uljanik” in Pula (Istria County) can be highlighted as an example of good practice because this firm organises the training programmes for their employees, according to their own needs. Activities of other stakeholders, such as educational programmes offered by public open universities, employers and Croatian Employment Services can also serve as an example of good practice. However, these programmes/activities are just one attempt to reduce existing gaps between the educational system and the labour market needs and are not sufficient to overcome all mismatches that are described in the report.

The detected problems lead to some implications for the educational system:

- curricula design and development, especially in the vocational and higher education, should be, in greater extent, based on the labour market needs assessment
- teaching and training methods in higher secondary schools as well as in higher education institutions should be more student oriented as well as oriented to acquisition of practical skills which are demanded in the labour market
- the recognition system of prior in/nonformal learning should be developed.

At the national level, the Ministry of Education and Science has the greatest responsibility for the establishment of educational institution network as well as for the curricula changes. Therefore, the Ministry of Education and Science in a close cooperation with other ministries involved in the skills formation and demand system (e. g. the Ministry of Economy, Entrepreneurship and Crafts, Ministry of Labour and Pension System) and with the regional/local stakeholders, can be a leader in developing mechanisms which will ensure the better balance in skills supply and demand system. At the same time, parallel to that top-down approach in educational governance, regional/local stakeholders, with an emphasis on local firms should, from the bottom – up, put much more efforts in the development of publicly accessible strategic employment plans and offer their material and human resources in the development and realisation of concrete educational programmes.

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Annexes

Annex 1: Regional authorities in Istria

Name of institution	Regional Assembly
Relevant people in the institution	Valter Drandić, president Tamara Brussich, vice-president
Level of the institution	Regional
Nature of the institution	Public (the representative body of the Region)
Description of the institution (mission)	<p>The Regional Assembly performs the following activities:</p> <ul style="list-style-type: none"> – adopts the Statute of the Region – adopts general acts in the Region's jurisdiction – nominates and absolves the President of the Region and members of the Regional Government – establishes institutions and trade societies founded by the Region – nominates members of administrative bodies of the above institutions and trade societies – makes agreements on the nomination of the directors of the institutions founded by the region – adopts the budget of the Region – performs other works defined by the Regional Statute.
Involvement in Skills formation	Direct. The county carries out operations of regional importance, particularly in the domains of education, health care, zoning and town planning, economic development, transports and transportation infrastructure, planning and development of the network of educational, health care, social and cultural establishments.
Involvement in Skills use	Indirect. The Assembly is responsible for political decisions that are important for the improvement of

	possibilities for education and employment of young adults at the regional level.
Relation with other actors/institutions	They are administrative departments and Region's services established for the performance of works in the self-governing domain of the Region, as well as for the performance of works of state administration transferred to the Region. Administrative bodies closely collaborate with town and municipality administrations, pass information to each other, collaborate with legal persons in the domain they were established for, coordinate their work, and commonly prepare professional background for the decision-making process of the President, the Government, and the Regional Assembly. They directly perform and monitor the implementation of the decisions of the Regional Assembly, the decisions of the Government, and individual acts of the President. In this sense, they take concrete measures with the objective of harmonious functioning, improvement, and the development of the work they were established for. In terms of education, training and employment, two departments are important. They are: the Administrative Department for Education, Sports and Technical Culture and the Administrative Department for Economy.
Other information	www.istra-istria.hr

Annex 2: Higher secondary education institutions in Istria

Name of institutions (total: 25)	<ul style="list-style-type: none"> – Economy School, Economy School Pula (2) – Grammar and Crafts School Juraj Dobrila, Grammar School Pula, Pazin Collegium - Classical Grammar School (3) – Secondary School Buzet, the Mate Balota Secondary School, the Mate Blažina Secondary School, the Vladimir Gortan Secondary School, the Zvane Črnja Secondary School, Italian Secondary School Dante Alighieri, Italian Secondary School Leonardo da Vinci Buje, Italian Secondary School Rovinj (8) – Medical School Pula (1) – School of Applied Arts and Design (1) – School of Tourism, Catering Industry, and Trade, Anton Štifanić Tourist-Catering School Anton (2) – Industry-Crafts School, Eugen Kumičić Trade School Rovinj, Trade School Pula (3) – Technical School Pula (1)
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Relevant people in the institution	Each school has its own head-teacher and School Board.
Level of the institution	Regional
Nature of the institution	Public
Description of the institution (mission)	Secondary schooling is optional in Croatia, although there is a strong movement to make it compulsory. There are three different types of secondary education: grammar schools, vocational school and art schools. Grammar schools offer four different tracks, based on your speciality: mathematics, informatics and science, classics, general education and foreign languages. Vocational schools can last between one and four years, and offer a practical education, at the end of which students are awarded a vocational qualification. Art schools last four years and students are taught music, dance, visual art.
Involvement in Skills formation	Direct. Education is the main purpose of secondary education institutions.
Involvement in Skills use	Indirect. Schools provide relevant skills for the labour market. Some vocational schools organise practical education in trade and craft institutions, where students participate in the trade and craft market.
Relation with other actors/institutions	Mainly with the Ministry of Science and Education and with regional and local authorities. Vocational schools cooperate with local and regional employers.
Other information	https://www.istra-istria.hr/index.php?id=590

Annex 3: Juraj Dobrila University of Pula (Istria)

Name of institution	Juraj Dobrila University of Pula
Relevant people in the institution	Rector - prof. dr. sc. Alfio Barbieri

Level of the institution	National
Nature of the institution	Public
Description of the institution (mission)	Through innovation and development of the existing social, humanist and artistic programmes, the University shall provide high-quality, modern and original university programmes which are in line with the market needs, and develop postgraduate specialist and doctoral study programmes which lead to highly specialised qualifications and education which adheres to the lifelong learning and education requirements.
Involvement in Skills formation	Direct. Education is the main mission of the university.
Involvement in Skills use	Indirect. Through their scientific and educational activities, the university provides relevant skills for the labour market.
Relation with other actors/institutions	Mainly with the Ministry of Science, Education and Sport, international university organisations and other stakeholders involved in scientific activities and projects.
Other information	http://www.unipu.hr

Annex 4: College for Technology and Business – Pula Polytechnic

Name of institution	College for Technology and Business Pula
Relevant people in the institution	Dean – mr. sc. Davor Mišković
Level of the institution	Regional
Nature of the institution	Private
Description of the institution (mission)	The Polytechnics study unifies the knowledge from the fields of technology, business economics, management, informatics and social sciences. The professional knowledge with polyvalent functions is formed as the symbiosis of the higher technical and business education of modern experts, enabling graduate students to develop

	creativity and to orient themselves in the contemporary conditions of production and business. The strategic goal of the Polytechnics study is the education of experts for expert professional work according to the standards of the globalized world and the requirements of the consumers of products and services in the open market.
Involvement in Skills formation	Direct. Education is the main purpose of the institution.
Involvement in Skills use	Indirect. The institution participates in the process of ensuring a better alignment of vocational education and training with labour market needs. There are opportunities to modernize VET, exchange knowledge and best practices, encourage working abroad, and increase the recognition of qualifications.
Relation with other actors/institutions	Mainly with the Ministry of Science and Education, as well as with local and regional employers, regional authorities and other higher education institutions.
Other information	http://www.politehnika-pula.hr/politehnika_info

Annex 5: Example of public open universities (Istria)

Name of institution	Public University "Diopter" in Pula
Relevant people in the institution	Manager – Maja Milevoj
Level of the institution	Regional
Nature of the institution	Private
Description of the institution (mission)	This is an institution for lifelong learning providing a wide range of high quality formal and non-formal education programmes and cultural activities for all citizens who want to improve their vocational and key competencies with the inclusion of unemployed, older adults, disabled persons and other disadvantaged groups.
Involvement in Skills formation	Direct. Education is the main activity of the institution.

Involvement in Skills use	Direct. The institution provides programmes that are relevant for the labour market in the region.
Relation with other actors/institutions	They are the Agency for Vocational Education and Training and Adult Education, local and regional schools and employers, other educational and labour market institutions.
Other information	http://www.diopter.hr

Annex 6: Croatian Employment Service, Branch in Pula (Istria)

Name of institution	Croatian Employment Service – Branch in Pula
Relevant people in the institution	Head – Tanja Lorencin Matić
Level of the institution	Local
Nature of the institution	Public
Description of the institution (mission)	<p>Effective labour market mediation by developing high quality services in line with the needs of clients; alongside with the development of its own knowledge, skills and abilities; and by promoting partnerships with stakeholders in the labour market. Strategies goals of the institution are:</p> <ol style="list-style-type: none"> 1. Designing the services of the Croatian Employment Service (CES) with the aim of increasing the competitiveness of the labour force, as well as meeting the needs of the labour market. 2. Developing human resources and strengthening the administrative capacity of the CES in order to design and provide new services in the labour market. 3. Assuming the leading position of the CES in the labour market by establishing partner relationships and having a greater influence on the adoption and implementation of public policies.
Involvement in Skills formation	Direct. The CES is involved in the process of prequalification of unemployed people.
Involvement in Skills use	Direct. The CES is the main public institution at the labour market, as mediator in the connection of employers and

	employees.
Relation with other actors/institutions	Mainly with the National Employment Service, the Ministry of Labour and Pension System, local and regional employers as well as with other relevant institutions.
Other information	http://www.hzz.hr

Annex 7: Istria County Chamber of Trades and Crafts

Name of institution	Istria County Chamber of Trades and Crafts
Relevant people in the institution	President – Jasna Jaklin Majetić Manager – Damir Sirotić
Level of the institution	Regional
Nature of the institution	Public
Description of the institution (mission)	<p>The mission of the CCE is the County economic development, by the:</p> <ul style="list-style-type: none"> – promotion of Istria economy, emphasizing especially the process of business upgrade and internationalization of small and medium companies and the creation of appropriate business conditions – organisation of a continuous process of professional and business education, work upgrade and general business of member companies – preparing and organising economic delegations as well as various economic activities, such as conferences, forums, presentations, individual meetings with foreign companies and both domestic and international fairs – expanding the network of economic representations abroad – offering assistance in the process of selection and professional trainings of commercial attachés and economic advisors – educating both the public and its members about the activities

	– supporting the regional and local authorities in the creation of a more appropriate business surrounding.
Involvement in Skills formation	Indirect. The CCE provides some educational activities and supports some educational activities of other actors.
Involvement in Skills use	Direct. The CCE has essential interests for a better connection of education and labour market.
Relation with other actors/institutions	Mainly with the Croatian CCE, as well as other participants in educational and labour market policies.
Other information	http://www.hgk.hr/english/about-us

Annex 8: Regional authorities in Osijek-Baranja County

Name of institution	Regional Assembly
Relevant people in the institution	Antun Kapraljević, president Boris Antunović, vice-president Goran Ivanović, vice-president
Level of the institution	Regional
Nature of the institution	Public (the representative body of the Region)
Description of the institution (mission)	The Regional Assembly performs the following activities: <ul style="list-style-type: none"> – adopts the Statute of the Region and rules of procedure of the Assembly – adopts general acts in the Region's jurisdiction – makes decisions on the amount of county taxes and other revenues of the County, in accordance with the law, – nominates and absolves the President of the Region and members of the Regional Government – establishes institutions and trade societies founded by the Region

	<ul style="list-style-type: none"> – nominates members of administrative bodies of the above institutions and trade societies – makes agreements on the nomination of the directors of the institutions founded by the region – adopts the budget of the Region and reports of budget execution – performs other works defined by the Regional Statute.
Involvement in Skills formation	Direct. The County carries out operations of regional importance, particularly in the domains of education, health care, zoning and town planning, economic development, transports and transportation infrastructure, planning and development of the network of educational, health care, social and cultural establishments.
Involvement in Skills use	Indirect. The Assembly is responsible for political decisions that are important for the improvement of possibilities for education and employment of young adults at the regional level.
Relation with other actors/institutions	They are administrative departments and Region's services established for the performance of works in the self-governing domain of the Region, as well as for the performance of works of state administration transferred to the Region. Administrative bodies closely collaborate with town and municipality administrations, pass information to each other, collaborate with legal persons in the domain they were established for, coordinate their work, and commonly prepare professional background for the decision-making process of the President, the Government, and the Regional Assembly. They directly perform and monitor the implementation of the decisions of the Regional Assembly, the decisions of the Government, and individual acts of the President. In this sense, they take concrete measures with the objective of harmonious functioning, improvement, and the development of the work they were established for. In terms of education, training and employment, two departments are important. They are: the Administrative Department for Education, Culture, Sports and Technical Culture and the Administrative Department for Economy and Regional Development.
Other information	http://www.obz.hr/hr/index.php?tekst=60

Annex 9: Higher secondary education institutions in Osijek-Baranja County

Name of institutions (total: 30)	<ul style="list-style-type: none"> – First Gymnasium (Grammar School) Osijek, Second Gymnasium Osijek, Third Gymnasium Osijek, Gymnasium Beli Manastir, A. G: Matoš Gymnasium, Jesuit Classical Gymnasium with right of public in Osijek
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	<p>(6)</p> <ul style="list-style-type: none"> – Electrical engineering and traffic school Osijek, Mechanical Engineering School Osijek, Ruđer Bošković Technical school and Natural Gymnasium, Osijek (3) – Medical School Osijek (1) – Architectural-Geodesy School Osijek (1) – Agricultural and Veterinary School Osijek (1) – School of Applied Arts and Design Osijek (1) – Economic and Administrative School Osijek, Braća Radić Economic School (2) – School of Catering Industry and Tourism Osijek (1) – Davor Milas Commercial School (1) – Trade School Osijek (1) – Franjo Kuhač Music school Osijek (1) – Educational and Cultural Centre of Hungarians in Croatia (1) – Vinko Bek School for Training and Education (1) – First Secondary School Beli Manastir Second Secondary School Beli Manastir, Secondary School Dalj, Secondary School Valpovo, Secondary School Donji Miholjac, Izidor Kršnjavi Secondary School Našice, Josip Kozarac Secondary School Đurđenovac, GAUDEAMUS, first private secondary school on Osijek with right of public (8) – Antun Horvat Vocational School (1)
Relevant people in the institution	Each school has its own head-teacher and School board.
Level of the institution	Regional

Nature of the institution	29 public and 1 private
Description of the institution (mission)	Secondary schooling is optional in Croatia, although there is a strong movement to make it compulsory. There are three different types of secondary education: grammar schools, vocational school and art schools. Grammar schools offer four different tracks, based on your speciality: mathematics, informatics and science, classics, general education and foreign languages. Vocational schools can last between one and four years, and offer practical education, at the end of which students are awarded a vocational qualification. Art schools last four years and students are taught music, dance, visual art.
Involvement in Skills formation	Direct. Education is the main purpose of secondary education institutions.
Involvement in Skills use	Indirect. Schools provide relevant skills for the labour market. Some vocational schools organise practical education in trade and craft institutions, where students participate in the trade and craft market.
Relation with other actors/institutions	Mainly with the Ministry of Science and Education and with regional and local authorities. Vocational schools cooperate with local and regional employers.
Other information	http://www.obz.hr/hr/index.php?tekst=123

Annex 10: Josip Juraj Strossmayer University of in Osijek (Osijek-Baranja County)

Name of institution	Josip Juraj Strossmayer University of in Osijek
Relevant people in the institution	Rector - prof. dr. sc. Željko Turkalj
Level of the institution	National
Nature of the institution	Public
Description of the institution (mission)	Through innovation and development of the existing social, humanities and artistic programmes, the University shall provide high-quality, modern and original university programmes which are in line with the market needs, and

	develop postgraduate specialist and doctoral study programmes which lead to highly specialised qualifications and education which adheres to the lifelong learning and education requirements.
Involvement in Skills formation	Direct. Education is the main mission of the university.
Involvement in Skills use	Indirect. Through its scientific and educational activities, the university provides relevant skills for the labour market.
Relation with other actors/institutions	Mainly with the Ministry of Science and Education, international university organisations and other stakeholders involved in scientific activities and projects.
Other information	http://www.unios.hr/o-sveucilistu/portret/

Annex11: Example of public open universities (Osijek-Baranja County)

Name of institution	Public University "Poetika" in Osijek
Relevant people in the institution	Manager – Eržebet Tomić
Level of the institution	Regional
Nature of the institution	Public
Description of the institution (mission)	This is an institution for lifelong learning providing a wide range of high quality formal and non-formal education programmes and cultural activities for all citizens who want to improve their vocational and key competencies with the inclusion of unemployed, older adults, disabled persons and other disadvantaged groups.
Involvement in Skills formation	Direct. Education is the main activity of the institution.
Involvement in Skills use	Direct. The institution provides programmes that are relevant for the labour market in the region.

Relation with other actors/institutions	They are the Agency for Vocational Education and Training and Adult Education, local and regional schools and employers, other educational and labour market institutions.
Other information	http://www.poetika.hr/programi.php

Annex 12: Croatian Employment Service, Branch in Osijek (Osijek-Baranja County)

Name of institution	Croatian Employment Service – Branch in Osijek
Relevant people in the institution	Head – Anto Barukčić
Level of the institution	Local
Nature of the institution	Public
Description of the institution (mission)	<p>Effective labour market mediation by developing high quality services in line with the needs of clients; alongside with the development of its own knowledge, skills and abilities; and by promoting partnerships with stakeholders in the labour market. Strategies goals of the institution are:</p> <ol style="list-style-type: none"> 4. Designing the services of the Croatian Employment Service (CES) with the aim of increasing the competitiveness of the labour force, as well as meeting the needs of the labour market. 5. Developing human resources and strengthening the administrative capacity of the CES in order to design and provide new services in the labour market. 6. Assuming the leading position of the CES in the labour market by establishing partner relationships and having a greater influence on the adoption and implementation of public policies.
Involvement in Skills formation	Direct. The CES is involved in the process of retraining of unemployed people.
Involvement in Skills use	Direct. The CES is the main public institution in the labour market, as mediator in the connection of employers and employees.
Relation with other	Mainly with the Nacional Employment Service, the Ministry of Labour and Pension System, local and regional

actors/institutions	employers as well as with other relevant institutions.
Other information	http://www.hzz.hr

Annex 13: Osijek-Baranja County Chamber of Trades and Crafts

Name of institution	Osijek-Baranja County Chamber of Trades and Crafts
Relevant people in the institution	President – Zoran Kovačević
Level of the institution	Regional
Nature of the institution	Public
Description of the institution (mission)	<p>The mission of the CCE is the County economic development, by the:</p> <ul style="list-style-type: none"> – promotion of Osijek-Baranja economy, emphasizing especially the process of business upgrade and internationalization of small and medium companies and the creation of appropriate business conditions – organisation of a continuous process of professional and business education, work upgrade and general business of member companies – preparing and organising economic delegations as well as various economic activities, such as conferences, forums, presentations, individual meetings with foreign companies and both domestic and international fairs – expanding the network of economic representations abroad – offering assistance in the process of selection and professional trainings of commercial attachés and economic advisors – educating both the public and its members about the activities – supporting the regional and local authorities in the creation of a more appropriate business surrounding.

Involvement in Skills formation	Indirect. The CCE provides some educational activities and supports some educational activities of other actors.
Involvement in Skills use	Direct. The CCE has essential interests for a better connection of education and labour market.
Relation with other actors/institutions	Mainly with the Croatian CCE, as well as other participants in educational and labour market policies.
Other information	http://www.hgk.hr/zupanijska-komora-osijek/o-zupanijskoj-komori-osijek



Work Package 6
Analysis of Skills Supply and Demand
National Report Finland

University of Turku

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Executive Summary

The objective of this national report is to describe and understand the governance of the supply and demand of skills within and across the functional regions of Southwest Finland and Kainuu. The aim is to identify the main actors and institutions involved in the regional skills system and the activities in which they are involved, being the main focus on actors, institutions and activities relevant to young adults and LLL policies. In addition, the aim is to identify and understand the policy orientations driving these actors and institutions to the activities they develop, as well as the forms of cooperation of these actors. Further, the types of mismatch at the local/regional level are identified. The findings are contextualized in a given socio-economic and institutional framework. Since in Finland the state-level actors have major influence on regional and local level actors and in many cases the measures taken at the regional and local levels are a part of a larger programme launched and regulated by the state level actors, the report at hand includes the description of Finnish labour market system and mapping of the main national level actors, institutions and structures of the formation and use of skills in Finland.

Results presented in this report are based on the following data sources: policy documents, national report of WP3, the websites of the main institutions involved in the regional skills system in each FR, quantitative statistical indicators, exploratory interviews with relevant local actors and semi-structured interviews with key policy informants and interviews of key actors of WP 5 and WP 6 in particular.

Finland consists of 19 regions of which we have chosen two contrasting regions for further analysis and comparison: *Southwest Finland*, representing the urban and marine southwest, and *Kainuu*, which represents the rural northeast by the Russian border. In terms of policy planning and implementation hierarchy, regions can be placed between national and municipality-level government authorities. The regions are governed by regional councils, which serve as cooperation forums for the municipalities of the region. The regional councils are responsible for general regional policy planning as well as policy programmes within the region. Local and national authorities must take the councils' plans and programmes into account in their own operation.

The main actors and institutions of the regional skills system are the same in both regions: alongside individuals, education and training institutions and public and private employers, the most important actors are *the regional councils, municipalities, regional centres for economic development, transport and the environment (ELY-centres), local employment and economic development services (TE-offices)*, as well as *the apprenticeship training offices*, and in the case of Southwest-Finland also *Turku chamber of commerce*.

The regions under comparison differ from each other in terms of both socio-demographic features and the educational and labour market opportunities available for young people. In Kainuu, the population growth rate is negative and the dependency ratio is much higher than in Southwest Finland, which, in turn, is a wealthier region with a growing population and more versatile life opportunities available for young people. The differences between the regions, in

terms of regional challenges as well as LLL-policy orientations largely stem from the differences in the economic and social conditions of the regions. In Kainuu, the negative population development trend is intensified by young people moving out of the region for jobs or education. The scarcity of educational and labour market opportunities is reflected in young people's lack of faith in the future which is one of the LLL-policy challenges in Kainuu. In Southwest Finland, in turn, the greatest LLL-policy challenge identified by the interviewed experts is the increasing polarization and segregation among young people and young adults.

The above-mentioned differences are reflected in regional LLL-policies as follows: In Kainuu, LLL-policies are more comprehensive by nature, and providing support for youth and young adults in their life management is at the core of the policies. In Southwest Finland, on the other hand, the focus is more on facilitating smooth school-to-work transitions for youths and young adults.

However, despite the above mentioned differences, there is a mismatch in the demand of skills supply and demand in both regions. In Kainuu, due to both limited higher education opportunities and young people's willingness to move away from the region without coming back, there is a demand for highly educated experts. In addition there is a demand for workers in the metal and wood industries. In Southwest Finland, there is a demand for both engineers and workers in marine-, metal- and automobile industries. What is common for the both regions is that one reason for the mismatch between skills supply and demand is the low-attractiveness of the traditional male-dominated industries among young people. Even though there is a shortage of labour for example in metal industry, young people's occupational aims and wishes are targeted at the fields, where employment prospects are worse, media being an example of these fields.

Most of the LLL-policy programmes in both regions are funded by public actors, such as ministries and municipalities. The role of regional councils is mainly coordinative, bringing various actors and groups together. Along with European Union the state actors are the biggest funding source. The initiative and funding for youth projects mainly come from public actors and authorities. What comes to the level of coordination, in many cases vertical coordination is quite strong, but at the same time horizontal coordination is weaker. Projects in a given region are not very well informed of each other. They mostly concentrate on carrying out their own function without having spontaneous interaction with each other. State wide policy programmes are implemented and monitored from above to make sure that the policy aims, decided by the government, will be met.

1. Introduction

The objective of this national report is to describe and understand the governance of the supply and demand of skills within and across the functional regions of Southwest Finland and Kainuu. Our aim is to identify the main actors and institutions involved in the skills system and the activities in which they are involved, being the main focus on actors, institutions and activities relevant to young adults and LLL policies in Finland and the chosen functional regions in particular. In addition, our aim is to identify and understand the policy orientations driving these actors and institutions to the activities they develop, as well as the forms of cooperation of these

actors to pursue their activities. It is also important to contextualize and frame these actors and institutions, their activities and forms of cooperation in a given socio-economic and institutional framework.

Since in Finland the state-level actors have major influence on regional and local level actors and in many cases the measures taken at the regional and local levels are a part of a larger programme launched and regulated by the state level actors, the report at hand begins with the description of Finnish labour market system and mapping of the main national level actors, institutions and structures of the formation and use of skills in Finland. After that, the results concerning skills supply and demand with regard to the chosen functional regions are presented. The final part of the report consists of the comparison of the regions. In appendices, both national and regional level actors in skills formation and use, as well as their relation with other actors/institutions are presented in detail.

2. National Context

2.1. Labour market system in Finland

Finland is a typical unitary state without any federal elements. Until the changes in the 1990s, the regional level of the administrative machinery was weak. Since then, the regional administration has been strengthened through internal reorganization and by creating new regional organizations for regional development. The development of the Finnish labour administration has its historical roots in Finnish society, and under neoliberal regime it had to adapt to major changes in the same way as society has had to. The development of labour administration is thus linked to the development of the political-administrative system of the whole society. The tripartite cooperation between the labour administration, the employer organizations and the worker organizations has a fairly long tradition in Finland. The labour legislation in Finland, as well as in other Nordic countries, has been developed through cooperation between the labour market organizations and the Government. The development of labour legislation and formal labour relations between labour market organizations are both central elements in the evolution of governing the labour market. (Temmes & Melkas 2000.)

The major changes during the past few decades in welfare state policies and especially in the administration that is responsible for planning and producing welfare state services are also relevant features of the development of the Finnish labour administration and governance of labour market. During the first half of the 1990s, characterised by the economic recession and the great changes it caused in the labour market, both labour legislation and social legislation were substantially revised. The Governments ever since have carried out measures to increase flexibility in the labour market. In general, the revisions have reversed the earlier approaches, which gave more protection to the rights of the employees. The new approach emphasises more the flexibility of work and the rights of the employers and enterprises. (Temmes & Melkas 2000.)

In Finnish labour market policy, a key actor is *The Ministry of Economic Affairs and Employment* (formerly Ministry of Labour), which directs and supervises the entire labour administration. It is

responsible for the planning and implementation of national labour policy and for labour legislation. The ministry is also responsible for developing working life, for promoting employment, for public employment and business service and for immigrant integration. The Ministry prepares the ground for legislative activity by Parliament and the Government and is responsible for the results-oriented management of the administration and issues binding administrative norms. The Ministry allocates resources for the implementation of employment policy.

The Ministry of Economic Affairs and Employment is responsible for employment, entrepreneurship and labour policy and for immigrant integration policy. The ministry directs, steers and monitors the process in which *Public employment and business services (TE Services)* are provided in all parts of Finland in a customer-focused and performance-oriented manner. (see MEAE.) TE services governed by the Ministry of Economic Affairs and Employment aim at labour market functioning optimally by ensuring the availability of competent workforce and by improving jobseekers' employment prospects and employability. The employment and business services serve individual customers, enterprises and organisations. TE Services are used by jobseekers living in Finland and persons who would like to find work in Finland. TE Services also provide

- information about vacancies, professions and trends in different professional sectors,
- advice and coaching for job-seeking and defining of one's own skills,
- personal guidance in career choices and support for career planning,
- training for skills updates or for finding work in a new area,
- support for re-entering working life as life situations change and
- information about entrepreneurship as a career option.

The service procedures in the employment offices were reformed in the late 1990s along with the reform of the Finnish labour market policy delivery system. The rights and duties of jobseekers were also defined in the course of the reform for the first time. The aim of the reform was to make the services form a continuous process and to encourage jobseekers in active job seeking. Another goal was to match jobseekers and vacancies as quickly as possible. (Temmes & Melkas 2000.)

For individual employee TE services become actual when he or she loses his/her job and becomes unemployed. Many of the labour market regulations are for protecting employees from economic catastrophies unemployment causes. Information about vacancies, unemployment benefits and labour market training are the most important services for the unemployed. To qualify for the Labour Market Subsidy, person must be between 17 and 64 years of age, resident in Finland and an unemployed jobseeker. The purpose of the Labour Market Subsidy is to provide financial assistance for

- unemployed job seekers who enter the labour market for the first time or otherwise have no recent work experience
- long-term unemployed persons who have exhausted their 400-day eligibility for the basic or earnings-related unemployment allowance. In cases in which employment history is shorter than three years the unemployment allowance is payable for a maximum of 300 days.

The Labour Market Subsidy is a means-tested benefit. This means that any other income that the unemployed person or, if they live in the same household as the unemployed person, his or her parents may have decreases the amount of the subsidy. Labour Market Subsidy can be paid for an indefinite period. (see The Social Insurance Institution of Finland)

Labour market training is built on the idea of matching labour supply and demand. Training is principally vocational training for adults who have work experience. The training is flexible in form and can last from a few days to more than a year. Labour market training is available for persons over 20 years of age. The labour administration purchases labour market training from various providers of training, such as adult training centres, other vocational institutions, institutions of higher education, and private suppliers of training. In fact, these suppliers of training form a market of labour market training services. At this market, both the Ministry of Labour and suppliers of training can follow the demand and operate along market lines. (Temmes & Melkas 2000.) In 2015, labour market training was attended on average by 22 400 students. The average duration of labour market training was 5,5 months.

2.2. National actors, institutions, and structures of the formation and use of skills in Finland

In Finland, public commitment in skills-formation is high and the system of skills is relatively centralised. Even though the use of market mechanisms in governance of education has become more common in Finland, institutional mechanisms of coordination of skills supply and demand are still relatively strong.

At the national level as well as at the regional level, the state is the main actor deciding policy measures for the unemployed and youth in disadvantaged position in the labour market. At the local level, municipalities are responsible for providing youth with education and training. In Finland, the main actors in the field of skills formation for disadvantaged youth are *the Ministry of Education and Culture (MoEC)* and *the Ministry of Economic Affairs and Employment (MEAE)* at the state level, and municipalities at the local level. The state level actors have major influence on regional and local level actors. In many cases the measures taken at the regional and local level are a part of a larger programme launched and regulated by the state level actors. At the regional and local level, and along with the state level policy guidelines, several (minor scale) actors can take part in the articulation and construction of the concrete measures for young people with difficulties in acquiring qualifications and in integration in the labour market.

There is a certain duality in the governance of skills production in Finland. The contents of education and training courses that can be accepted as a part of a formal degree are regulated strictly by MoEC. Contents of all other training and courses are not in the central governance of MoEC. Labour market training (LMT) is governed by MEAE, but the provision of LMT courses is local. MEAE purchases LMT courses from local training providers. Courses are planned by the local providers but they need to meet certain standards. MEAE tenders out the training providers. The selection of tenders is based on quality-price ratio. It is not rare that inexpensive but low quality courses will be selected to be provided to the unemployed. There has been strong criticism towards LMT for its low effectiveness in increasing the employment of participants. In 2015, of those having completed labour market training, 49 per cent were

employed two months after the end of training. (MEAE 2016)

Local employers with *the Confederation of Finnish Industries (EK)* and *Chamber of Commerce* are spokesmen for apprenticeship training. However the content of apprenticeship training is publicly regulated. Employers eligible of providing apprenticeship training have to meet certain criteria, but in practice the training an apprentice receives much depends on the workplace in which he or she is working. In Finland apprenticeship is based on the employment relationship, and the apprentice has the duties and responsibilities of an employee. However, in Finland apprenticeship training has traditionally been, and still is a marginal route to obtain a vocational qualification. While in 2015, 11,3 % of all basic level VET qualifications (including qualifications obtained through competence tests) were based on apprenticeship training, the equivalent share concerning school-based qualifications was only 0,6 % (Statistics Finland). Along with apprenticeship training and personnel training employers are mainly involved in skills formation of students coming from vocational institutes as interns to have practice in workplaces. Despite the fact that employers in many cases are advocates for apprenticeship training, they can be reluctant to take on young people without a basic-level qualification (Level 2 in ISCED 1997) as apprentices. However, the majority of young people who engage in apprenticeship training in Finland do not already hold a qualification at this level. Further, the strong inclusion of general education content in the Finnish apprenticeship training programme suggest an aim to prepare apprentices for life not only as workers, but also as citizens, which is perhaps not corresponding with the interests of the local employers. (Mazenod 2016.)

Besides providing practical training and work experience to interns and apprentices, employers are involved in various projects devoted to integrate disadvantaged youth to labour market and work life by providing opportunities to acquire work experience. Lack of work experience is one of the most serious obstacles for young people to get employed in the first place. In case of these kinds of projects employers have a major influence on what young people learn in workplace. In many cases young people and interns are used as cheap labour force with not systematic plan for diversity of skills to be learned.

There is quite a clear distinction between the two parties - private employers vs. public authorities - in the area of skills formation in Finland. For employers engagement in skills formation is a by-product of employment. Employers are interested in investing in firm specific skills – skills that are necessary for coping with the tasks and getting along in the workplace. Firms are not eager to invest in generic skills which they think are in the responsibility of education system. This main division of responsibilities is true in the national as well as in regional and local level. In this respect, there is not much difference between the two selected regions.

In Finland, the most important public actors and institutions involved in the governance of the skills system of national level are the following: *The Finnish Government, Ministry of Education and Culture (MoEC), Ministry of Economic Affairs and Employment (MEAE)*, as well as *National Board of education, VATT institute of economic research and National audit office of Finland (NOA)*. The other important national actors of the skills system are *Confederation of Finnish Industries (EK)* and *Finland Chamber of commerce*, which represent and defends the interests of the Finnish business community, and *The Central Organisation of Finnish Trade Unions (SAK)* defending the interests of the employees.

The Finnish Government defines the national guidelines and strategic priorities and objectives related to employment and education. *The Ministry of Education and Culture* is responsible for all publicly funded education in Finland. The main tasks of *the Finnish National Board of Education*, in turn, include implementing national education policies, preparing the national core curricula and requirements for qualifications. The central role of *Ministry of Economic Affairs and Employment* is related to the governance of skills and supply demand by planning and implementing labour market policy and labour legislation. It is also responsible for promoting employment and providing public employment services. In addition, it evaluates, together with the *Ministry of Finance (FM)*, the national policies targeted at reducing unemployment. *VATT institute of economic research* and *National audit office of Finland* provide research-based information that can be used in policies with the aim of integrating the supply and demand of skills. *Confederation of Finnish Industries*, “the voice of Finnish business”, represent and defend the interests of the Finnish business community and is also strongly interested in influencing educational policies. *Finland Chambers of Commerce* has similar interests. *The Central Organisation of Finnish Trade Unions*, in turn, defends the employees’ interests in the skills system and markets.

3. Methodology

In order to describe and understand how the local/regional skills system is governed the first four main objectives of WP6 are to be attained: 1) mapping the relevant actors and intuitions, 2) identifying their policy orientations, 3) identifying their levels and forms of coordination, and 4) identifying the types of (mis)match at the local/regional level. With regard to mapping task, the most relevant actors and institutions involved in skills formation and use at national, regional and local levels are presented in detail in the appendices section.

As the data sources we are using policy documents (skills strategy), grey literature such as reports by regional councils and centres for economic development, transport and the environment, and Ministry of Economic Affairs and Employment, national report of WP3, the websites of the main institutions involved in the regional skills system in each FR, quantitative statistical indicators, exploratory interviews with relevant local actors and semi-structured interviews with key policy informants and interviews of key actors of WP 6 and WP 5. The main methodology is the content analysis of interviews with key actors of WP6 and WP5.

We have conducted nine semi-structured interviews with key policy informants: three from national level, three from FR Southwest Finland and three from FR Kainuu. In addition We have interviewed nine exploratory interviews: four from FR Southwest Finland and five from FR Kainuu. The length of the national level interviews varied from 42 minutes to 1 hour 29 minutes and the regional level interviews from 1 hour 2 minutes to 1 hour 26 minutes.

3.1. Choosing functional regions for comparison

Finland consists of 19 regions of which we have chosen two contrasting regions for further analysis and comparison: *Southwest Finland*, representing the urban and marine southwest,

and *Kainuu*, which represents the rural northeast by the Russian border. In terms of policy planning and implementation hierarchy, regions can be placed between national and municipality-level government authorities. The regions are governed by regional councils, which serve as cooperation forums for the municipalities of the region. The regional councils are responsible for general regional policy planning as well as policy programmes within the region. Local and national government authorities must take the councils' plans and programmes into account in their own operation. Programme-based regional policy can also be implemented in cooperation with industry, enterprises, civic organisations and the third sector. Actions are planned with the special characteristics of the region in mind.

The regions to be compared differ from each other in terms of both socio-demographic features and the educational and labour market opportunities available for young people. In Table 1, the main differences between the chosen functional regions are presented in the nutshell in comparison with the whole country. As presented in Table 1, there are several socio-economic and demographic factors that make Southwest Finland and Kainuu a good pair of contrasting functional cases of comparison for the purposes of the Young Adullt project. While Kainuu is larger in terms of acreage, it is much more sparsely populated than Southwest Finland. In Kainuu, the population growth rate is negative and the dependency ratio is much higher than in Southwest Finland or in the whole country on average. Southwest Finland, in turn, is a wealthier region with a growing population and more versatile life opportunities available for young people. It is also a more multi-cultural region than Kainuu, where the share of immigrants is much lower than in Finland on average. The educational level of citizens is higher in Southwest Finland than in Kainuu, where, in turn, the overall unemployment rate, as well as the share of unemployed youth of all the unemployed people, is higher than in Southwest Finland.

Table 1. Key data of Finland and functional regions selected for empirical research.

Region	<i>Whole country</i>	<i>Southwest Finland</i>	<i>Kainuu</i>
Population¹⁵	5,486,616	474,164	75,315
Number of municipalities	313	27	8
Capital/main city (inhabitants)	Helsinki (630,752)	Turku (185,908)	Kajaani (37,622)
Acreage, km²	302,347 (mainland)	10,663	20,197
Population density¹⁶	18.1	44.5	3.7
Regional GDP¹⁷	100	91	69

¹⁵ Statistics Finland (2015)

¹⁶ Population per square kilometer; January 2016 (Statistics Finland)

¹⁷ Index (whole country 100); 2013 (Statistics Finland)

Dependency ratio¹⁸	58.3	58.8	65.8
Population growth rate¹⁹	+ 15,555	+ 1,598	- 795
Population with foreign background²⁰	5.9%	6.0%	2.5%
Unemployment level 2015 (2010)²¹	9.4% (8.4%)	10.2% (8.1%)	14.9% (10.2%)
Youth unemployment level 2014 (2010)²²	13.2% (12.4%)	15.6% (10.4%)	23.7% (15.4%)
Share of youth under 25 of all the unemployed 2016²³	12.6%	12.5%	15.2%
Educational level / post-compulsory education²⁴	70.1%	69.5%	67.4%
Education level / higher education²⁵	31.7%	29.1%	23.0%

4. Analysis of skills supply and demand in Southwest Finland

4.1. Context information on economic and labour market conditions

Southwest Finland consists of 27 municipalities, two of which have a Swedish-speaking majority. It is located by the coast of the Archipelago Sea and it is known for its unique archipelago comprising over 20,000 islands. Its central location as a gateway to the West makes it an important international actor in the Baltic Sea area. While Southwest Finland mainly encompasses urban and marine areas, the region also includes some rural areas. Southwest Finland has a population of around 473,000 inhabitants, which makes it the third largest region in Finland. The capital city of the region is Turku, which, with a total population of around 187,000 inhabitants, is the fifth biggest city in Finland. Turku is surrounded by smaller towns, some of which are rather wealthy and from which many people commute on a daily basis to

¹⁸ Number of under 15-year-olds and over 64-year-olds per 100 working-aged population; 2015 (Statistics Finland)

¹⁹ Total change; 2015 (Statistics Finland)

²⁰ Foreign citizenship, country of birth, mother's tongue and origin combined; 2014 (Statistics Finland)

²¹ 15-74-year-olds; 2015 (Statistics Finland)

²² 20-29-year-olds; 2014 (Statistics Finland)

²³ May 2016 (Statistics Finland)

²⁴ Percentage of the population of 15-year and older with post-compulsory education degrees; 2014 (Statistics Finland)

²⁵ Percentage of the population of 15-year-old and older with higher education degrees; 2014 (Statistics Finland)

Turku for work or study. (Regional Council of Southwest Finland.)

For centuries, Southwest Finland was the centre of Finland, and Turku, the oldest city in Finland, was the nation's capital. Today, Southwest Finland is the second largest economic area in Finland with strong links to the Stockholm business area. The main industries of the region are marine industry and metal construction, which, together with the research and development in biosciences and food industry, form the base of the economic life of the region. However, over the past few decades, the traditional industries have been complemented by the service sector, one example of which is the increase in tourism. In 2011, Turku was the Cultural Capital of Europe. (Regional Council of Southwest Finland.)

Southwest Finland is a strong educational region. There are two universities in Turku, the University of Turku (Finnish), and Åbo Akademi University (Swedish). Additionally, there are four universities of applied sciences in the region. Altogether there are 75 post-compulsory educational institutions that are located throughout the region. Every year about 9,500 new students enrol in the universities, universities of applied sciences, and vocational institutions of Southwest Finland. (Regional Council of Southwest Finland.)

One of the Southwest Finland's main challenges is that despite the recent rapid economic growth, the positive development of employment is still slow and there is also a relatively large number of long-term unemployed in the region. Furthermore, even though the situation is not as bad as in Kainuu, more people are retiring from working life than entering the workforce also in Southwest Finland. (ELY Centre of Southwest Finland 2013, 7.) Higher education policies stress the importance of lifelong learning and entrepreneurship education, because the changes and growth of the knowledge and skill requirements, the aging workforce and educational differences between generations mean they are needed (Regional Council of Southwest Finland 2010, 24; Regional Council of Southwest Finland 2014, 30). Education developments are centred around pre-emptive measures, projects and entrepreneurship education. Co-operation networks will be expanded, management of expertise improved and collaboration with businesses encouraged. The goal of the education strategy is to ensure the availability of skilled labour in the area. (ELY Centre of Southwest Finland 2013, 2.)

4.2. The main actors and institutions in the governance of regional and local skills supply and demand

The most important actors and institutions of the skills system alongside *individuals, education and training institutions* and *public and private employers* in the region are the following: *Regional Council of Southwest-Finland, Centre for Economic Development, Transport and the Environment of Southwest-Finland (ELY Centre), The Employment and Economic Development Services of Southwest-Finland (TE Offices), Apprenticeship training offices* and *Turku Chamber of Commerce*. These actors can be tentatively placed to the regional skills systems as presented in Figure 1. The role of the national level actors in regional skills markets is described in chapter 2. On the *supply side of the skills formation market* there are actors offering skill training, that is local and regional educational institutions as well as public and private employers providing places for internships and apprenticeships. On the *demand side of skills formation market* and on the *supply side of the skills use market*, there are individuals who want to improve their skills and who provide their skills for the use of market. On the *demand side of*

the skills use market there are actors who has demand for economically productive skills, most evidently public and private employers of the region. In Southwest Finland this concerns Marine and car industries and companies (e.g. Meyer Turku, Valmet automotive) in particular, as well as private services (e.g. Arkea) and public health care services (Hospital District of Southwest Finland). Some actors have more diverse role in the field of skills supply and demand and thus cannot be unambiguously placed to none of the abovementioned sides of the regional skills market. *Municipalities*, for instance, not only are responsible for providing youth with education and training, they have also demand for skills produced by education and training institutions. The role of the different actors, as well the co-operation between them is described in more detail later in this chapter.

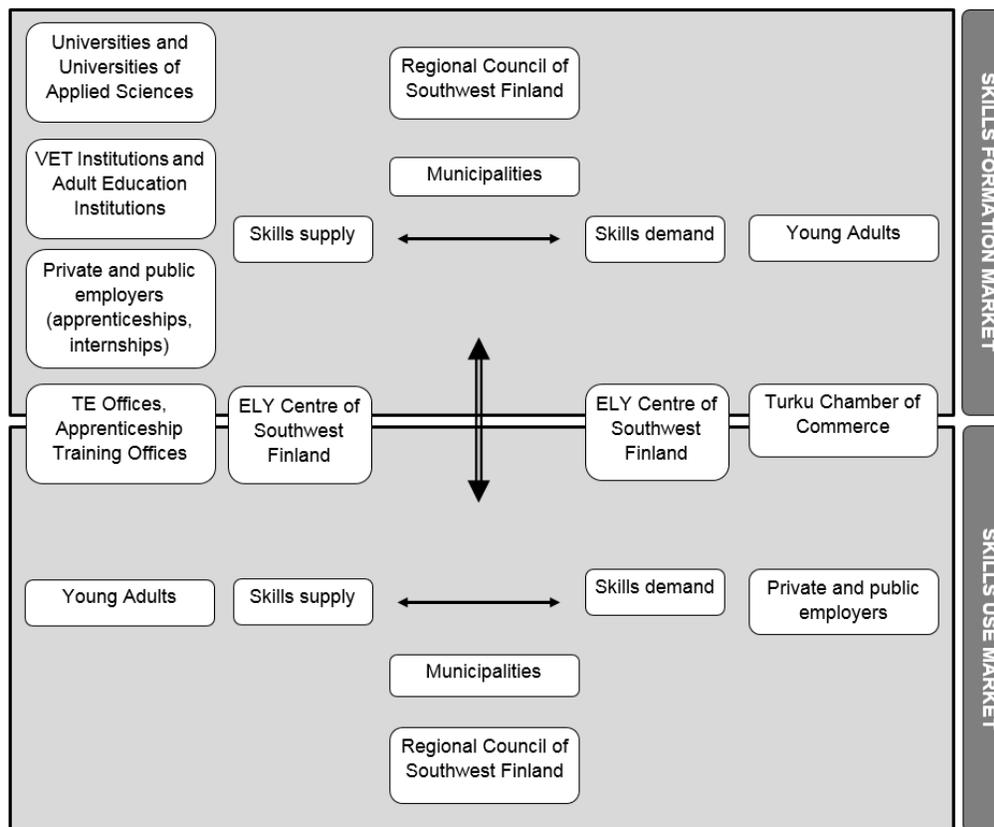


Figure 1. Regional skills markets in Southwest Finland

4.3. The economic and social challenges of the region and their implications on the young adults' transition to the labour market

The economic and social challenges of Southwest-Finland are related to the rapid economic changes of recent years and their consequences. On the one hand, the economy of the region is increasing, and hence is the demand for the labour. On the other hand, both unemployment rates and youth unemployment rates have remained relatively high. In the region, there is a mismatch between the demand and supply of skills. The growth industries, such as marine and automobile industries have shortage of labour. However, the jobs available in shipyards or

automobile factories are not as attractive as they used to be among young people and young adults alike, the fact that is, according to the experts interviewed further strengthening the mismatch of the demand and supply of skills in the region. And there is also the serious problem of unemployment:

"... like from the perspective of the supply of the labor force or let's say the unemployment perspective, then now of course like firstly there is, so frankly our unemployment is basically mass unemployment, still in Southwest Finland there are two times more unemployed people than what we had nine years ago in the spring of 2008... This long term unemployment is one, one central problem, so we are now with the long term unemployment at around the same figures where we were 20 years ago." (WP6_FI_SF_1)

The young adults of Southwest Finland cannot be treated, however, as a uniform group. The challenges and difficulties individuals are facing in their school-to-work transitions are different in the different sub-groups among young adults. The experts are most worried about the increasing polarization and segregation among young people and young adults. According to their view, approximately 10 – 30 per cent of the region's young people under 30 years are at a serious risk of social exclusion. As special risk groups, they mention early school leavers, NEETs and young people with immigrant backgrounds, who often have a low proficiency of Finnish language and among whose the educational level is lower in comparison with region's young people on average. In addition, as interviewed experts are pointing out, there is a group of young people who have graduated from educational fields that are not corresponding with their occupational wishes. The main reason for this is that since 1996, Finnish young people below the age of 25 and without a vocational qualification have been obliged to apply to several educational programmes at least every spring in order to be able to receive unemployment benefits if they cannot find work. If they succeed in getting a study place, it can happen that the study place they have to accept is the kind that does not match with their own wishes, which in many cases can lead either the interruption of studies or getting a qualification from the field that does not correspond with their occupational interests. Further, while there is a growing demand for the higher educated young people in the field of technology, the risk of becoming unemployed has increased among the higher educated of some other disciplines such as humanities.

The interviewed experts find several background factors that are simultaneously affecting on the challenges and difficulties young people and young adults are facing in their school-to-work transitions. First, the industries that have shortage of labour, such as the marine and metal industries are not attractive among young people. Secondly, many young adults are reluctant to change their place of living and leave their home town even in a case when work opportunities are better in some other part of the country. The fact that further strengthens the unwillingness of young people to move to Southwest Finland is related to the housing situation of the region, particularly the fact that there is a lack of rental apartments with reasonable rent. Further, according to the experts' views, the region's system of public transport is not good enough for day-to-day travelling from city to another within a region. Thirdly, as a result of the recession of the last years, the economic situation of the educational organizations is still relatively weak, which have decreased both the educational opportunities available and thus possibilities for occupational mobility. Further, there is a scarcity of apprenticeship training places for young people below 25 years old. In addition, social services targeted at young people have been

diminished, which, in turn, has further increased the segregation and polarization of young people.

As one of our interviewee said, this is also the question of too strict educational system:

“To this like positive structural change thing... So well what is needed around this area is a lot more like this support for the educational counseling and youth counseling. So it is like, when in papers they say one thing, teachers say another thing, at home they say fourth and fifth, and then the youth like is in the middle with their own unsure dreams, so there like needs to be, a strong investment on this, especially as today’s youth and their families are made to take those decisions like very young, about which way to gravitate. And when they, in this current system begin to be like pretty much, if not final, but at least binding for a number of years ahead, those decisions.” (WP6_FI_SF_3)

4.4. Demand and supply of skills in the region

Southwest Finland has a large network of educational institutions, including two universities and four universities of applied sciences. In all, there are 75 post-compulsory educational institutions in the region, which means that there is a large-scale and wide-range supply of skills in the region. According to the interviewed experts, the most valued and needed skills are related to the field of technology. This concerns skills obtained in higher education and post-compulsory vocational education alike. The growth male-dominated industries, such as marine and metal industries, as well as construction industry have an increasing demand for skilled labour. In addition to this, the changing age-structure will cause the growing demand for the skilled labour also to the field of social and health care.

4.5. Policy orientations, main actors and their co-operation

The main objectives of the LLL-policies of Southwest Finland are reducing the number of young people and young adults who are at a risk of social exclusion and marginalization, and ensuring a good match between skills supply and demand. With regard to first mentioned objective, the special target groups of the policies are young people below 30 years, who have no post-compulsory educational qualification and particularly those young people, who drop out of both education and working life immediately after completing compulsory education at the age of 16. Youth guarantee with its various programmes and measures of support, as well as youth workshops are seen by the experts as means to fight against dropout and early school leaving. The experts also highlight the ongoing national VET-reform, of which the central aim is to bring VET and labour market closer to each other by increasing learning in the workplace. Further, the special regional campaigns with the aim of increasing the attractiveness of certain fields of industries, as well as educational and training programmes have been launched. Despite the fact, that the youth unemployment rate of the region has begun to decrease in 2016, the experts perceive that the targets set out for youth guarantee has not been fully achieved. The fact that young people with immigrant background have more difficulties in getting a foothold in the labour market in comparison with young people on average, in turn, refers to the difficulties and challenges faced by LLL-policies and educational institutions in integrating of young immigrants. As our interviewee said, there are difficulties for the educational system to tempt the young:

“A big challenge, of course culminates into this so called positive structural change. It surely is a positive challenge, the problems are positive, where to get more work force to the factories and within this a huge number of different educational-educational actions have now been initiated, a degree of resources have then also been received from the government. After all, we all have read how shipyard and car factory and their subcontracting draw folks so this has now been very central lately and an extremely positive thing regarding the younger folks of the region without a doubt so it is now this kind of truly positive entirety... But then there is also this kind of interesting big challenge of like sort of these pull factor issues of different training programs”. (WP6_FI_SF_3)

In Southwest Finland, there are several important actors and institutions who participate in reconciling the skills supply and demand. As mentioned earlier, and illustrated in Figure 1, some of them cannot be unambiguously placed to none of the sides of the regional skills markets. *Regional council of Southwest Finland* is responsible for general regional policy planning as well as policy programmes within the region. It is involved in skills formation by evaluating and forecasting the needs for skills in long and medium term and organizing education to meet these needs. Its tasks include, e.g. planning of regional educational policy and promoting interactions between the regional labour market and education. The council is responsible for drawing up the educational strategy of the region.

ELY Centre of Southwest Finland can be placed to the markets of both skills formation and skills use. Further, it has interests related to both skills supply and demand. The centre is following and analyzing the structural changes in employment and unemployment and ensuring that the regional supply of education and training is in accordance with the demand. Its tasks include promoting the smooth functioning of the regional labour markets by ensuring that the necessary employment services are in place.

TE Offices of Southwest Finland provide information about the supply and demand of the labour, as well as provide public employment and business services one of their main target groups being the unemployed. They are involved in skills formation by organizing vocational labour market training, as well as personal training with the aim of strengthening one's labour market competencies. They are also involved in skills use most evidently by supporting apprenticeship training and organizing jointly produced training with companies. *The apprenticeship training offices*, in turn, which in Southwest Finland are operating within local/regional VET institutions coordinate and organise apprenticeships. They act in a close co-operation with TE offices, educational institutions and local/regional employers.

Turku Chamber of Commerce (TCC) plays a significant role in promoting interests of the commercial and industrial companies within the region of Southwest Finland. One of its goals is to promote the availability and development of skilled labour force for companies. In this purpose, it is co-operating with different actors involved in the regional skills market such as the city of Turku, The Regional Council of Southwest Finland and the University of Turku.

As an example of the co-operation between the actors of Southwest Finland is *the Education Committee of Southwest Finland* which has representatives from the Regional Council of Southwest Finland, the ELY-Centre, Regional State administrative agency, labour market organizations, educational institutions and regional business community. The committee has e.g. the following tasks: to promote the implementation of regional strategy in the issues related to education and skills formation, the development of regional educational policy strategy and to

promote the co-operation between the representatives of education and working life.

Business sector is not only involved in skills use, but to a certain extent in skills formation. There are several private providers of VET in Southwest Finland, the most important ones being those of *Meyer Turku* and *Valmet Automotive*. There are also private suppliers from whom the labour administration purchases labour market training courses. In addition, business sector is represented in the most important co-operation networks related to the task of forecasting the future skills need in the region. Companies are also providing places for apprenticeship training and internships. Further, ongoing national reform of VET, with the aim of increasing learning in the workplace will increase the role of the business sector in the regional skills formation system.

While regional level experts do not have strong opinions about the power relations between different actors, national level actors see that the power the actors have in the skills market is related to their overall resources. As one national level experts puts it:

“It is the cold fact, that the standpoints and opinions of certain actors and interest groups are more influential than those of the others when decisions are made. I can easily imagine that for instance in the case of the ongoing VET-reform, the voice of the students’ organizations has not been heard as loud as the voice of the labour market organisations or the Ministry. Who has the money, has the power as well.” (WP5_FI_NAT_3)

The shared view of all the interviewees was, however, that the experiences and perceptions of young adults themselves should be taken more seriously into account when making decisions that has impact on their life and career opportunities.

In Southwest Finland, the LLL policies are governed by several educational project coordinating institutions and education institutes on different levels. The majority of the projects are organized by the City of Turku but also the cities of Raisio and Salo are collaborating in different projects. All the major development projects especially related to NEET are presented on the website koulutustakuu.fi. It is also a platform for good practices, publications and tools for students and teachers. It can be argued that the planning for future has been quite active in this region: there is a clear strategic plan for *organizing education in Southwest Finland* and a plan that specifically focuses on the *youth and their transition to the labour market*. (ELY-Centre of Southwest Finland 2013.) At least on a rhetorical level, the transitions are strongly emphasized. The exclusion or marginalization of youth is seen as a major disaster for the individuals themselves and an expensive issue for the society itself. These plans for youth include immigrants, NEET, young entrepreneurs and more educated youth.

It is hard to distinguish which of the three policy sectors (education policy, labour market policy, youth policy) are mainly emphasized in the region, since a majority of the projects include elements from all of the sectors. Many of the projects focus on youth who need educational support, qualifications and personal guidance in order to reach the labour markets and become employable. Relatively speaking, it can be argued that the focus in many projects is turned to the ‘learning’ of the individual and policies tend to be more individual or ‘learning centred’. For example, there exist plenty of ‘guidance services’ in the region. The target groups for these services are young immigrants, youths who need special support (the girls house for example), but also young entrepreneurs who need instructions and advice on how to run their businesses.

According to our sample of projects, it seems that many municipalities do collaborate with each other intensively. It is also noteworthy that some municipalities are completely missing from these projects. The reasons for this are impossible to analyse here and would require a more accurate analysis. Overall, it can be argued that various policy sectors are well covered and the emphasis on youth is considerable. Southwest Finland has a high number of educational organisations and it seems that they collaborate in many projects, many of which are funded by the EU.

In the regional level LLL-policy decisions, particularly information gathered from statistical analysis and forecasts concerning skills supply and demand are utilised. ELY-Centre analyses the structural changes in the regional labour market. The occupational barometer, which is carried out twice in a year is, in turn, the view of the TE offices about the development prospects in key occupations in the near future. These analyses provide information for policy makers and regional council, and are also guiding the work made in the TE-offices. **Further**, this information is also utilized by the Ministry of Economic affairs and Employment, which directs, steers and monitors the action of TE-offices in all parts of Finland. All the key information related to regional supply and demand of skills is available also in various websites and platforms, such as ForeAmmatti, which includes for instance the following information: open vacancies in different occupational sectors by regions, employers' perceptions on the current and future skill demands, and the future employment prospects of different occupations.

5. Analysis of skills supply and demand in Kainuu

5.1. Context information on economic and labour market conditions

Kainuu, being a much smaller region than Southwest Finland, consists of eight municipalities, which are primarily rural. The region is located in northern Finland and it borders the regions of Northern Ostrobothnia, North Karelia and Northern Savonia in Finland and the Republic of Karelia in Russia. While Southwest Finland is culturally affected by the West, particularly Sweden, Kainuu is culturally closer to the East. The population of Kainuu is around 75,000, which makes it the second smallest region in mainland Finland. The capital city of the region is Kajaani, which is the only municipality of the region that can be described as mainly urban. However, with its 38,000 inhabitants, Kajaani is notably small for a capital city of a region. (Regional Council of Kainuu.)

Material conditions and features are clearly reflected in an interview with a manager from the Employment and Economic Development Services in Kainuu:

"Kainuu is such an awfully small area of operation, so then, then this cooperation is good, because the many operators are known, there is a long common history of working together and having a dialog. And there are no such thresholds or boundaries, so that's why, so this smallness means in this case agility, flexibility, and good cooperation." (WP6_FI_K_1)

Compared to Southwest Finland, there are much fewer post-compulsory educational opportunities in Kainuu. In the region, there are no universities and only one university of

applied sciences, which is located in Kajaani, the capital city of the region. Altogether, there are 21 post-compulsory educational institutions in the region. While Southwest Finland, Turku in particular, is a rather attractive city for youth and young adults to live in due to versatile educational opportunities, the young people living in Kainuu are, in many cases, forced to leave their home towns due to the scarcity of educational opportunities in the region.

In Kainuu, the negative population development trend is intensified by young people moving out of the region for jobs or education. One of the challenges that Kainuu faces is how to attract new inhabitants from elsewhere in Finland or even abroad. (Regional Council of Kainuu 2015, 14.) On the other hand they also struggle with a youth unemployment rate that is above the national average. In the Kainuu welfare plan for children and young people, the fact that the region's children and young people are in poorer health than the rest of the country on average is highlighted as a major challenge. Education's effect on well-being is emphasized, so one of the objectives is to reduce the number of young people left outside active measures while implementing the Youth Guarantee. (Kainuu Social Welfare and Health Care Joint Authority 2014, 29, 36; Regional Council of Kainuu 2015, 19.)

5.2. The main actors and institutions in the governance of regional and local skills supply and demand

The most important actors and institutions of the skills system alongside *individuals, education and training institutions* and *public and private employers* in the region of Kainuu are the following: *Regional Council of Kainuu, Centre for Economic Development, Transport and the Environment of Kainuu (ELY Centre), The Employment and Economic Development Services of Kainuu (TE Office), Apprenticeship training offices* and *Edukai Ltd.*, a company offering educational and labour market services, as well as skills development services. In Figure 2, the main actors of the regional skills market are presented. The rationale behind the placement of the actors to the different sides of the regional skills markets is equivalent to that presented in a chapter concerning Southwest Finland. In Kainuu, the most important private and public employers involved in skills markets are metal, forest and mining industries and companies (e.g. Transtek, Woodpolis, Terrafame mining company) and public health care services.

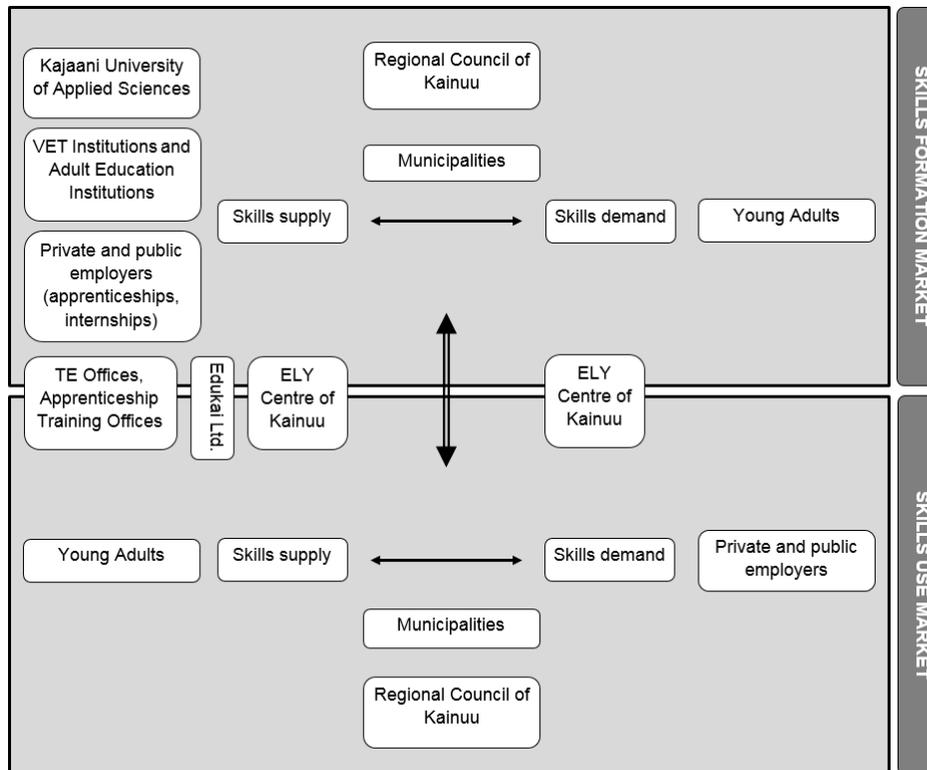


Figure 2. Regional skills market in Kainuu.

5.3. The economic and social challenges of the region and their implications on the young adults' transition to the labour market

The interviewees saw the main problems and challenges of Kainuu quite similarly:

"Central challenges are now probably, has been for long for us especially this long-term unemployment... rising to the top also these availability problems of skilled work force. So this like mismatch problem, and these kinds of structural problems. ... problems precisely with this aging, and population decrease, and these kinds that are like very, very like similar also elsewhere in Finland, but with us they surely are horribly highlighted." (WP6_FI_K_2)

"... the vacation of the young population and then the aging of the existing, remaining population. And, and well, and then it has then various ripple effects, attached like to these labor markets as well, that then, well, there is, on the other hand there are long-term unemployed, who are very elderly people. And then there are, well, opens up these available assignments that require expertise and skills, high level of skills" (WP6_FI_K_3)

"They fail just at the availability of competent work force, that, so well, we have traditionally had relatively high reserve for available work force, but already for over a year now the unemployment in Kainuu has improved tremendously, the most in Continental Finland ... We no longer have university level education here, then erm, the youth, the youth leave Kainuu to go elsewhere for a university level education" (WP6_FI_K_1)

The greatest economic and social challenges of Kainuu are related to the age-structure and the negative population development trend of the region. The average age of population is high and partly due to that, the general level of education is low in the region. There is a scarcity of educational opportunities, which is the main reason for young people's unwillingness to stay in Kainuu. Only a small minority of those moving away, will come back. Kainuu region is not attractive to young adults, particularly to those with families. Kainuu has no large-scale labour markets, but mainly single employees, of which most important are operating in metal and wood industries. In a situation like this, it can be challenging to find work for the both adults of a family. While the share of pensioners is increasing in Kainuu, the relative share of working-age population is correspondingly decreasing. The average age of the unemployed is relatively high as well. A large share of the long-term unemployed is over 55 years old and has a low-level of education. There is a mismatch between supply and demand of skills. The decrease in the amount of the employed sets the challenge for the maintaining of service structure of the region. The big challenge in Kainuu is related to the question how to reconcile the skills of the unemployed and the needs of the business sector.

Kainuu has few educational opportunities for young people and young adults alike. According to the interviewed experts, the biggest problem related to that is that due to the recent changes in Finnish higher education policy, region has no university-level education and training anymore. Of all young people under 30 years old, the situation is, however, the most challenging and difficult to those without post-compulsory education degree. The non-permanent jobs have become more common among young people and young adults. Interestingly, even though young people have difficulties in finding their first job, the trades with a high demand of labour (metal and forest industries) are not attractive among young people of the present Finland.

5.4. Demand and supply of skills in the region

There is a mismatch between demand and supply of skills in Kainuu. On the one hand there is a lack of highly educated experts in Kainuu, doctors in particular. On the other hand, there is a demand for workers in the metal and wood industries. Further, the ageing of population guarantees that there will be need for professionals in the field of social and health care in future. There are two explaining factors for the lack of highly educated professionals in the region. First, there is no university-level education available in the region. Since there is no university available in Kainuu, young people are forced to move to other cities to get higher education. Kainuu tries to convince young experts to move back into the region. Yet throughout the early 2000s, the number of young adults moving away has exceeded the number of those who move into the region. (Regional Council of Kainuu 2015, 14.) Kainuu has also been found to suffer from a lack of faith in the future, experienced by young adults in particular. There are attempts to combat this by highlighting local values and positive mental images (Regional Council of Kainuu 2016, 7). In the regional plan, the goal is to refresh Kainuu's image by marketing and commercializing its special characteristics using the concept of "*kainutlaatuisuus*" (Kainuu + *ainutlaatuisuus*, "uniqueness"). (Regional Council of Kainuu 2015, 33, 69–70).

"People in Kainuu are, are like this kind of jealous people, so we are tremendously, well, shy

and modest and, and maybe equipped with this kind of low self-esteem, so just that kind of encouragement, and the fact that, that you recognize your own know-how ja you go out to offer it to those employers, ... always gotten used to that, that you should not toot your own horn and brag and you need to like be humble and wait, but it's just that the workers don't, don't really come and get us from home..." (WP6_FI_K_1)

There was also in Kainuu a strong and unique political and governmental experiment, the so-called "Kainuu model", which began in 2004 and ended in 2012. In that model the whole Kainuu region with all its municipalities was combined under one governing body, which was elected by direct region elections. There were combined all the public services of the health care services, welfare and social services as well as large parts of educational services. The aim of the up-to-date government to reform the whole province/region structure in Finland is actually going just to this direction.

5.5. Policy orientations, main actors and their co-operation

The LLL-policy orientations of Kainuu region are related to the availability of skilled labour and promoting remigration. Increasing the attractiveness of the region is seen as a means to achieve these general policy objectives. In labour market policy, support measures are particularly targeted at young job seekers. Due to the insufficient supply of post-compulsory educational opportunities in the region, the focus of the educational policy is on supporting occupational mobility with adult education, and career training in particular. Various projects concentrating on the strengthening of life-management and promoting employment, of which many are funded by EU, have a central role in policies supporting young people who are defined as being at risk of social exclusion. A special target group of these policies is young people and young adults without post-compulsory educational qualification.

The actors in Kainuu-region who participate in reconciling the skills supply and demand are largely corresponding to those of Southwest-Finland. In addition to educational institutions (see appendices for more details), the most important actors involved in skills formation in Kainuu region are *Regional Council of Kainuu*, *ELY Centre of Kainuu*, *TE offices of Kainuu* and *Apprenticeship offices of Kainuu*. As its counterpart in Southwest Finland, *Regional council of Kainuu* is responsible for general regional policy planning as well as policy programmes within the region. Its tasks include, e.g. planning of regional educational policy and promoting interactions between the regional labour market and education.

ELY Centre of Kainuu is involved in skills formation by following and analyzing the structural changes in employment and unemployment and ensuring that the regional supply of education and training is in accordance with the demand. Its tasks include promoting the smooth functioning of the regional labour markets by ensuring that the necessary employment services are in place. It is not only developing and coordinating employment services but also career training and vocational labour market training.

TE Offices of Kainuu provide information about the supply and demand of the labour, as well as provide public employment and business services one of their main target groups being the unemployed. They are involved in skills formation by organizing vocational labour market training, personal training with the aim of strengthening one's labour market competencies. They are also involved in skills use most evidently by supporting apprenticeship training and

organizing jointly produced training with companies. TE – offices are at the junction in reconciling the demand and supply of skills. Their task is to both ensure that companies get the labour they need and to find work corresponding with the competences and skills of the unemployed individuals. The only *Apprenticeship office* of the region has similar role in the regional skills market to that of its counterpart in Southwest Finland. The office acts in a co-operation with education institutions, local and regional authorities and employers.

Business sector is not only involved in skills use, but to a certain extent in skills formation, for example by participating in the funding of vocational labour market training. Companies are also providing places for apprenticeship training and internships. As in Southwest Finland, ongoing national reform of VET, with the aim of increasing learning in the workplace will increase the role of the business sector in the regional skills formation system also in Kainuu. Further, private education provider *Edukai Ltd.* provides various types of education and training, such as continuing education, entrepreneur training, labour market training and integration training for immigrants. It has co-operation with local and regional authorities as well as with the business community and employers and organizations of citizens (so-called third sector).

As in the case of Southwest-Finland, statistical analysis and forecasts concerning skills supply and demand is utilised also in Kainuu when making LLL-policy decisions. Regional and national websites are providing information that is utilized job seekers, authorities and employers alike. Overall, the LLL policies are fairly well organised and different institutions and actors work in collaboration within the Kainuu functional region. This is not only possible but also necessary, since there is a very limited amount of resources to be used for this purpose in the region, and there are only a relatively small number of people living in an area that is large in acreage (Kainuu is roughly the size of Belgium). Most of the LLL policy actors work or provide their services in more than one of the region's municipalities, although many actors work mainly in and from Kajaani, which is the capital of the region. Out of the three central policy sectors, social and youth policy is best represented in the (concrete) LLL policies of the Kainuu region. There are also several LLL policies that can be categorised as belonging to the labour market policy sector trying to take steps towards a policy aim of reducing social exclusion, which is a typical goal for social and youth policies). While goals and objectives related to educational policy are, of course, taken into account in many of the social and youth policy documents and projects as well as in more general policy plans and programmes, it is nevertheless quite surprising that educational policy objectives are in almost all the cases subsumed in more 'comprehensive' LLL policies.

One factor behind the absence of a larger number of LLL policies in the category of educational policies is that there is really only one major institution in the region that provides vocational education in the municipalities, so it seems (based on the policy mapping results) to also be the only relevant actor when it comes to executing more concrete educational sector LLL policies with regard to the target group of the Young Adulllt project. One reason behind this could be that vocational education is likely to be a more realistic and desired choice compared to general upper secondary education for most of the young adults in vulnerable situations, so the Kajaani University of applied sciences and the general upper secondary schools of the municipalities are not targeting their resources to cater to the needs of this group of young people. The dominance of LLL policies leaning towards the social and youth policy sector can be explained

by the urgent need for these types of projects and interventions considering the poorer health and lower level of wellbeing and life management skills of the youth and young adults in Kainuu when compared to the country as a whole.

The main goals of projects in Kainuu often include supporting the wellbeing of young people and/or helping them find employment or education. Most youth policy projects aim to comprehensively improve the wellbeing of each young person. They provide everyday skills, improve life management and help the youths prepare for studies or work. Many projects stress the youth's own active participation and take their plans and wishes into account.

Kainuu uses both regional and local strategies to try and improve the employment rates of young people. In accordance with the national objectives, all projects emphasize the importance of cooperation between the different actors and different regions in order to provide the most appropriate services to each individual. Labour market policy projects generally target unemployed youths who already have a vocational degree and the basic skills required by working life. On the other hand, youth policy projects include a lot of supportive activities for young people who lack skills and that are both outside education and outside the labour market. To give young people who are outside education and the labour market tools to improve their life management and chances in their transitions to education or employment.

When comparing the situation in Kainuu and Southwest Finland, it seems that in a smaller region, with smaller number of actors involved in education and employment issues, it is easier to coordinate policies, programmes and projects related to training and tackling marginalization. Lack of resources is, however, the key issue that experts are referring to when they are asked about the challenges related to the co-operation between actors.

In Kainuu there are separate services for young people who need to improve their life management skills and for young people who already have the motivation and the potential for direct employment. It is, however, clear from the project descriptions that young people are expected to actively look for help and support. In the evaluation report concerning youth services (Regional Council of Kainuu 2016, 4), it is noted that there is a group of young people whom the services do not reach.

6. Comparison of the two Functional Regions

The differences between the two regions we are comparing largely stem from differences in the economic and social conditions of Southwest Finland and Kainuu. Life opportunities available to young people are more versatile in Southwest Finland than in Kainuu, where youth unemployment rates are higher and also the level of well-being of young people is lower than in Finland on average. There are much fewer educational opportunities available for compulsory school graduates in Kainuu than in Southwest Finland. The risk of dropping out of the standardized life trajectory is hence much more significant in Kainuu than in Southwest Finland. Furthermore, the labour market in Southwest Finland is much larger and more versatile than the labour market in Kainuu. It is more likely for young people to find employment in the open market than in Kainuu.

In Kainuu, the negative population development trend is intensified by young people moving out of the region for jobs or education. One of Kainuu's main challenges, therefore, is to find a way to get people to move to Kainuu from elsewhere in Finland or from abroad. The scarcity of

educational and labour market opportunities is reflected in young people's lack of faith in the future which is one of the LLL-policy challenges in Kainuu. In Southwest Finland, in turn, the greatest LLL-policy challenge identified by the interviewed experts is the increasing polarization and segregation among young people and young adults.

Large-scale labour markets and wide network of educational institutions in Southwest Finland are ensuring the wide-range supply of skills in the region. Instead of large-scale labour markets, in Kainuu there are single big employees. The fact that there are only a few educational institutions and no university-level education in the region is, in turn, connected with the limited supply of skills in Kainuu.

However, despite the above mentioned differences, there is a mismatch in the demand of skills supply and demand in both regions. In Kainuu, due to a both limited higher education opportunities and young people's willingness to move away from the region without coming back, there is a demand for highly educated experts. In addition there is a demand for workers in the metal and wood industries. In Southwest Finland, there is a demand for engineers and workers in marine-, metal- and automobile industries. What is common for the both regions is that one reason for the mismatch between skills supply and demand is, at least according to the views of interviewed experts, the low-attractiveness of the traditional male-dominated industries among young people. Even though there is a shortage of labour for example in metal industry, young people's occupational aims and wishes are targeted at the fields, where employment prospects are worse, media being an example of these fields.

The above-mentioned differences are reflected in regional LLL-policies as follows: while in Kainuu the social and youth policies are emphasized the most, in Southwest-Finland the focus is more on educational and labour market policies. In Kainuu, LLL-policies are more comprehensive by nature, and providing support for youth and young adults in their life management is at the core of the policies. In Southwest Finland, on the other hand, the focus is more on facilitating smooth school-to-work transitions for youths and young adults. Furthermore, while in Southwest Finland reducing young people's exclusion from education and working life is high on the political agenda, in Kainuu the policies are more focused on reducing young people's overall social exclusion.

The projects in Kainuu cite youth wellbeing and helping them find a job or educational programme as a main goal more often than the projects in Southwest Finland. Most youth policy projects aim to comprehensively improve the wellbeing of each young person. They provide everyday skills, improve life management and prepare the youths for studies or work. Many projects stress the youth's own active participation and take their plans and wishes into account. In accordance with the national objectives, all projects emphasize the importance of cooperation between the different actors and different regions in order to provide the most appropriate services to each individual. The main differences in economic and social contexts, policy challenges, demand and supply of skills and LLL policy priorities and orientation between Southwest Finland and Kainuu is presented in Table 2 below.

Table 2. The differences in economic and social contexts, policy challenges, demand and supply of skills and LLL policy priorities and orientation between Southwest Finland and Kainuu

Region	Southwest Finland	Kainuu
Economic and social context:	urban context, high population density	rural context, sparsely populated region
	Positive population growth rate	Negative population growth rate
	Versatile educational and life opportunities for young people and young adults	Scarcity of educational and life opportunities for young people and young adults
policy challenges	Despite the economic growth unemployment rates have remained relatively high	High age and low educational level of population
	Increasing polarization and segregation among young people and young adults	Young people's unwillingness to stay in the region due to scarcity of educational opportunities, young people's lack of faith in the future
Demand and supply of skills	Large-scale labour markets, wide network of educational institutions, wide-range supply of skills	Single big employees, few educational institutions, limited supply of skills
	Mismatch between skills supply and demand	Mismatch between skills supply and demand
	Demand for engineers and workers in marine-, metal-, and automobile industries	Lack of highly educated experts, demand for workers in the metal and wood industries
LLL policy priorities and orientation	<i>Priorities:</i> reducing educational and social exclusion, ensuring a good match between skills supply and demand	<i>Priorities:</i> Increasing the attractiveness of Kainuu region, promoting remigration and ensuring a good match between skills supply and demand, strengthening of life-management of those at a risk of exclusion
	<i>Special target groups:</i> Early school leavers, NEETs and immigrant youths	<i>Special target group:</i> Young job-seekers, particularly those under 30-years without post-compulsory education degree
	<i>Policies:</i> Youth guarantee with its various programmes, relatively equal emphasis on educational, labour market and youth policies	<i>Policies:</i> Youth guarantee with its various programmes, youth policies are most emphasized

The differences between the regions in co-operation between the actors and institutions involved in skills formation seem to rise from practical factors like the size of the region and severity of the youth unemployment as a problem. In a smaller region, with smaller number of actors involved in education and employment issues, it seems to be easier to coordinate policies, programmes and projects related to training and tackling marginalization. One should also bear in mind that the number of persons in the target group (youth at risk, the marginalized/disadvantaged/unemployed) makes a difference for coordination of policies and measures.

Most of the programmes in both regions are funded by public actors, such as ministries and municipalities. The role of regional councils is mainly coordinative, bringing various actors and groups together. Along with European Union the state actors are the biggest funding source. Private organisations seldom take part in funding the programmes where skills formation takes

place. The traditional idea of the Finnish skills formation system with vocational institutes and school-based learning is that publicly funded and governed schools and institutes produce skilled labour for the labour market and private firms and employers are used to expect to get vocationally prepared recruits. The state-led skills formation system has been very strong but in the 2000's it has been criticized for being too rigid and inflexible to meet the rapidly changing needs of the labour market. The policy in recent years has been to move vocational learning from vocational institutes to workplaces. Actually, this shift towards more practical way of acquiring vocational skills and qualifications may help those young people who dislike and evade school-like learning settings. It will also increase the role of business sector in the skills formation. The reform has been criticised, in turn, for its bad timing. It is implemented in a situation where resources of VET are seriously reduced. Secondly, funding of VET will be based more than before on the number of certifications and the employment rate of the students. This may result to a situation where schools are becoming less willing to support and educate the most disadvantaged young people, whose labour market prospects are the most weakest.

In Finland the degree of public commitment to skills development for young adults is very high regardless of the region or municipality. Employers' commitment to skills development for young adults is based on the apprenticeship system, personnel training and informal workplace learning. The employer-provided personnel training is very common form of adult and lifelong learning in Finland. On average, the participation rate in personnel training is about 50 percent in employed population which is one of the highest participation rates in Europe. But statistics show that, in Finland, personnel training is mostly provided for middle aged, middle class employees, not for the members of youngest age groups without formal qualifications. So, the initiative and funding for youth projects mainly come from public actors and authorities. The practical execution of publicly funded projects is very varied. In many cases the realization depends much on the persons planning and organizing the practices of the projects. (However, this is different in projects funded by European Union, e.g., ESF funded projects tend to be rigid and bureaucratic in nature.) Several studies on youth projects in Finland have shown poor effectiveness and heterogeneous quality. In the areas of high youth unemployment the worst-off young have to attend youth projects repeatedly in order to maintain their right to unemployment benefits.

What comes to the level of coordination, we can conclude that in many cases vertical coordination is quite strong, but at the same time horizontal coordination is weaker. Projects in a given region are not very well informed of each other. They mostly concentrate on carrying out their own function without having spontaneous interaction with each other. State wide policy programmes are implemented and monitored from above to make sure that the policy aims, decided by the government, will be met.

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Appendices

Appendices: In Tables 3 and 4, the most relevant actors and institutions involved in skills formation and use at national, regional and local levels are shortly presented.

Table 3. National actors and institutions involved in skills formation and use

ACTOR/ INSTITUTION	NATURE	DESCRIPTION OF THE INSTITUTION	INVOLVEMENT IN SKILLS FORMATION	INVOLVEMENT IN SKILLS USE	PERSON IN CHARGE	RELATION WITH OTHER ACTORS/INSTITUTIONS
Ministry of Economic Affairs and Employment (MEAE)	Public	MEAE's task is to build an operating environment and to ensure productivity, growth, high levels of employment and well-being in the Finnish society. The areas that fall within the ministry's remit include, e.g., industrial policy, markets' functionality, matters related to employment and unemployment, public employment services, regional development and co-operation of the regional councils, and administrative steering of ELY Centres.	Develops and implements Government's LLL strategy, promotes and evaluates employment services, promotes the availability of skilled labour force, forecasts recruiting problems and so forth.	Yes, it develops and evaluates labour market training as well as career and vocational selection guidance services.	Minister of Economic Affairs Mika Lintilä; Minister of Justice and Employment Jari Lindström	The administrative branch of the MEAE covers seven agencies, three companies, a large number of organisations eligible for government aid and funds, as well as 15 ELY Centres and 15 TE Offices. Cooperation with, e.g., the Government and other ministries.
Ministry of Education and Culture (MoEC)	Public	MoEC is responsible for the development of education, science, cultural, sport and youth policies. Its mandate covers, e.g., early childhood education and care, education, research, arts and culture, and youth work.	Line of MoEC's activities includes general education, vocational education and training, and higher education. As an example, MoEC prepares VET legislation and steers and supervises the sector; it also grants the education providers' permits to provide VET, which is developed and delivered	Not directly, but it aims to take the needs of the labour market into account in its actions, e.g. by developing education in collaboration with labour market actors.	Minister of Education and Culture Sanni Grahn-Laasonen	Cooperation with, e.g., the National Agency for Education, the Finnish Education Evaluation Centre, the Regional State Administrative Agencies (AVI), and the ELY Centres.

			in close cooperation with the labour market.			
Finnish National Agency for Education	Public	Finnish National Agency for Education is a national development agency, which is responsible for the development of early childhood education and care, pre-primary, basic, general upper secondary, vocational upper secondary and adult education. It is subordinate to MoEC and its tasks and organisation are set in the legislation. The agency follows the development of educational objectives, content and methods according to the performance agreement with MoEC. Publishes monitoring information on, e.g., the costs of education, student numbers, applicants and graduates.	Implements national education policies, prepares the national core curricula and requirements for qualifications, develops education and teaching staff as well as provides services for the education sector and administrative services.	Not directly, but it assist MoEC in the preparation of education policy decisions.	Olli-Pekka Heinonen, Director General	Works in close cooperation with MoEC and is managed by the Board, which is nominated by the Government and the members of which represent political decision-making, local authorities, teachers and social partners.
National Audit Office of Finland (NAO)	Public	NAO is an independent body that audits the state's financial management and compliance with the budget and monitors fiscal policy rules. NAO assists in ensuring the principles of the rule of law, democracy and sustainable finances in the EU's financial management and other international cooperation.	Publishing performance audit reports related to the labour market, unemployment, and social exclusion.	No, but it provides information to support education policy planning so that it meets the needs of the labour market.	Tytti Yli-Viikari, Auditor General	Operates in affiliation with the Parliament.

ACTOR/ INSTITUTION	NATURE	DESCRIPTION OF THE INSTITUTION	INVOLVEMENT IN SKILLS FORMATION	INVOLVEMENT IN SKILLS USE	PERSON IN CHARGE	RELATION WITH OTHER ACTORS/INSTITUTIONS
Institute for Economic Research (VATT)	Public	VATT evaluates and forecasts the impact of policy actions. The aim is to analyse the economic effects of policies on the behaviour of individuals, households or companies and on people's well-being. Topics VATT focuses on include the supply and demand for graduate skills and the effect globalisation has on the demand for skills.	No, but one focus theme is labour markets and education. Education, skills and future working life are among its key research subjects. Explores how the education system can be made to work better for all, and how to increase the number of people in the labour market.	No, but it provides information to support education policy planning so that it meets the needs of the labour market.	Anni Huhtala, Director General	VATT belongs to the administrative branch of the Ministry of Finance.
Research Institute of the Finnish Economy (ETLA)	Private, non- profit	ETLA's field is applied economic research. The main focus is on issues related to productivity and drivers of its growth, the functioning of the labour market, as well as challenges in maintaining a balanced macro economy. ETLA monitors economic development, compiles forecasts and assesses economic policy.	No, but it produces information based on economics to support decision-making on important issues concerning the Finnish economy. Has a current view and forecasts on the state of the Finnish economy including the labour market.	No, but it provides information to support education policy planning so that it meets the needs of the labour market.	Jorma Ollila, Chairman of the Board of Directors; Vesa Vihriälä, CEO	ETLA's operations are backed by the supporting association, which members are the Confederation of Finnish Industries (EK) and the Confederation of Finnish Industry and Employers (TT).
Finnish Business and Policy Forum (EVA)	Private, non- profit	EVA is a policy and pro-market think tank financed by the Finnish business community. Its aim is to identify and evaluate trends that are important for Finnish companies and for the long-term success of the society. It is a discussion forum and networking arena for decision-makers both in business and society. EVA's means to influence and create discussion are articles, reports, policy papers, debates in the form	No, but it identifies and evaluates trends that are seen important for Finnish companies, the labour market and the society, and proposes reforms to policy makers.	No, but it provides information to support education policy planning so that it meets the needs of the labour market.	Jorma Ollila, Chairman of the Supervisory Board and Board of Directors; Matti Apunen, Director	EVA's member organisations are the Confederation of Finnish Industries (EK), Confederation of Finnish Industry and Employers (TT) Foundation and General Employers' Association of Service Industries. Close co-operation with ETLA.

		of EVA Forums, seminars, guest visits and EVA Fellows network.				
Finland Chamber of Commerce	NGO	Finland Chamber of Commerce works on a national level promoting entrepreneurship and a favourable business environment in Finland. One of its most central goals is to promote the availability and development of skilled work force for companies.	Provides critical business advice, services, and skills development. One of the largest training organisations in Finland when it comes to running a business. Organises national events, training, lectures, and networking events.	Not directly, but the members of the regional chambers of commerce need skilled work force.	Risto E. J. Penttilä, CEO	19 regional chambers of commerce. Close cooperation with EK.
Confederation of Finnish Industries (EK)	NGO	EK is a business organisation with a main task of making Finland an internationally attractive and competitive business environment. It represents and defends the interests of the Finnish business community. EK represents the entire private sector and companies of all sizes, and it has 25 member organisations.	No, but one of EK's goals is to promote acknowledging and considering the labour force and skills needs of businesses and companies in political decision making about the labour force, education, and skills development.	No, but it provides information to support education policy planning so that it meets the needs of the labour market.	CEO Veli-Matti Mattila; Director General Jyri Häkämies	Member organisation of EVA. 25 member associations. Close cooperation with local Chambers of Commerce.

ACTOR/ INSTITUTION	NATURE	DESCRIPTION OF THE INSTITUTION	INVOLVEMENT IN SKILLS FORMATION	INVOLVEMENT IN SKILLS USE	PERSON IN CHARGE	RELATION WITH OTHER ACTORS/INSTITUTIONS
The Central Organisation of Finnish Trade Unions (SAK)	NGO	SAK is a national confederation of its affiliated trade unions serving as a stakeholder and lobbying organisation. SAK represents the interests of more than one million members in 20 affiliated trade unions in industry, the public sector, transport and private services, which have total of more than one million members. The largest lobbying organisation in Finland.	Engages in discussion and provides suggestions on how to improve, e.g., adult education and personnel training. Provides a wide range of training for its members. Improves the status of young adults in the labour market and in society; organises a wide range of activities for local young employees.	No involvement in skills use.	Jarkko Eloranta, President of SAK	SAK negotiates about developing the working life together with the central organisations of both employees and employers as well as with the Finnish Government.
Skills Finland	NGO	Skills Finland is a non-profit registered association with members including all the largest providers of vocational education and training. One of its central goals is to strive to find a way to get the youths' educational wishes to meet the skills needs of the labour market and the society and vice versa.	Skills Finland develops a training system for people with excellence in skills, educates skills trainers and carries out activities related to skills competitions.	Not directly, but an important perspective in its functions are the needs of the labour market.	Seija Rauski (MoEC), Chairman of the Board	Supported by MoEC, the Finnish National Board of Education, vocational institutions and the most important labour market and educational organisations.

The Finnish Association for the Development of Vocational Education and Training (AMKE)	NGO	AMKE is a guardian of interests and a service organisation for VET providers. Its principal function is working life oriented development of VET in cooperation with its members, which represent a wide range of VET providers from vocational colleges to specialised institutions and providers of continuing vocational training. One of MAKE's tasks is strengthening the status and position of VET providers in the Finnish society. The goal is that the VET providers have the necessary operational preconditions for meeting the needs of the labour market while simultaneously taking the individual student's views and needs into account.	Develops vocational training and education by influencing legislation and policy guidelines. The training is usually customised to meet the requirements of the workplaces, but the organisation of the training takes account of the student's situation as well. Annually, AMKE's members train over 300 000 people, and over 100 000 professionals in collaboration with companies.	Yes, AMKE provides educational services tailored to the needs of the customer (e.g. regional businesses), works in close collaboration with businesses and companies.	Petri Lempinen, CEO	AMKE participates in the development of VET as a member of different working groups and teams of MoEC, MEAE and the Finnish National Agency for Education.
ForeAmmatti service/ ForeData Ltd.	Private	ForeAmmatti is an online service provided by the ForeData Ltd. that aims to shorten the time spent in search of work. ForeAmmatti is targeted specifically for those seeking work, or planning to change the profession, but it also serves everyone interested in labour market information in Finland. There are answers to questions about the number of open vacancies per profession, where the jobs are situated, skills demanded from job seekers, and how tough is the competition for jobs.	No involvement in skills formation.	Offers information on 200 professions: forecasts of labor market situation, the number of unemployed per profession per region, the number of open vacancies, competencies valued by employers, and the average salary of the professions.	Jari Järvinen, CEO	Recommended by several regional TE Offices and ELY Centres.

Table 7. Local and regional actors and institutions involved in skills formation and use

ACTOR/ INSTITUTION	LEVEL	NATURE	DESCRIPTION OF THE INSTITUTION	INVOLVEMENT IN SKILLS FORMATION	INVOLVEMENT IN SKILLS USE	PERSON IN CHARGE	RELATION WITH OTHER ACTORS/INSTITUTIONS
Regional Councils	Regional	Public	Regional Councils of Southwest Finland and Kainuu govern the regions and serve as cooperation forums for the municipalities of the regions. The regional councils are responsible for general regional policy planning as well as policy programmes within the region. The regional councils are legally obligated to evaluate and forecast the needs for skills in long and medium term and to organise education to meet these needs.	The Education Committee of the Regional Council of Southwest Finland and the Advisory Committee for Education of the Regional Council of Kainuu develop and coordinate education in the respective regions. Their tasks include, e.g., planning regional education policy and promoting interactions between the regional labour market and education.	Not directly, but they promote cooperation between regions' educational institutions and the labour market and the availability of skilled labour force to ensure region's competitiveness.	Southwest Finland: Esa Höglblom, Senior Planning Officer, Member of the Regional Council's Education Committee; Kainuu: Paavo Keränen, Director of Regional Development	In Southwest Finland, the Education Committee has representatives from the ELY Centre, Regional State Administrative Agency (AVI), labour market organisations, educational institutions and the regional business community. In Kainuu, the Committee has representatives from education institutions, region's municipalities, the ELY Centre, regional businesses, and labour market organisations.

Employment and Economic Development Services (TE Offices)	Regional	Public	TE Offices of Southwest Finland and Kainuu provide public employment and business services that are offered to the unemployed, those who are currently working or entering working life, as well as employers, e.g., by providing assistance on the recruitment procedures.	TE Offices organise vocational labour force training, further development of personnel's competence by personnel training, jointly procured training with respective companies and apprenticeship training. Also entrepreneurial career coaching and entrepreneur training.	Yes, they provide employment and recruitment services, and support apprenticeship training and organise career coaching.	Southwest Finland: Jaana Hernelahti, Head of Employment and Business; Kainuu: Kirsi Hämäläinen, Head of Employment and Business	Administrative branch of the Ministry of Economic Affairs and Employment (MEAE); activities steered and supervised by the respective ELY Centre; cooperation with Regional Councils, educational institutions etc.
Centre for Economic Development, Transport and the Environment (ELY Centres)	Regional	Public	ELY Centres of Southwest Finland and Kainuu are responsible for the regional implementation and development tasks of the central government. ELY Centres have three areas of responsibility: 1) business and industry, labour force, competence and cultural activities, 2) transport and infrastructure, and 3) environment and natural resources.	Ensuring that the regional supply of education and training is in accordance with the demand, forecasting business and employment trends and skills needs. Supporting the small and medium-sized enterprises by providing advisory, training and expert services. Promoting the smooth functioning of the labour market by ensuring that the necessary	Not directly, but supports employment services and ensures that education meets the skills demand in the respective region.	Southwest Finland: Kimmo Puolitaival, Chief Director of the Centre, Head of the department of Industries, Labour Force and Skills; Kainuu: Jaana Korhonen, Head of the department of Industries, Labour Force	Administrative branch of the Ministry of Economic Affairs and Employment (MEAE) but deal also with tasks coming under the administrative branches of the Ministry of the Environment, Ministry of Transport and Communications, Ministry of Agriculture and Forestry, Ministry of

				employment services are in place. Developing and coordinating employment services.		and Skills	Education and Culture and Ministry of the Interior; ELY Centres steer and supervise the activities of the TE Offices; cooperation with the respective Regional Council
EDUCATIONAL INSTITUTIONS AND SERVICES IN SOUTHWEST FINLAND							
Vocational education in Southwest Finland	Local/Regional	Public	Turku Vocational Institute; RASEKO Raisio Regional Education and Training Consortium; Novida Southwest Finland Vocational College; Salo Region Vocational College; Livia College	Yes, they provide vocational education and training.	Yes, they support apprenticeships and have contacts with local and regional employers.	Public VET institutes are led by a principal and/or a director.	Varying levels of cooperation with other educational institutions, local and regional authorities, local and regional employers, and third sector actors.
Private providers of VET in Southwest Finland	Local/Regional	Private	Several private VET providers. In addition to 'general' VET, there are also specialised VET providers (e.g. Bovallius Vocational College offering special needs VET, Aboa Mare providing maritime education in Swedish and	Yes, they provide vocational education and training.	Yes, some of them support apprenticeships and most have contacts with local and regional employers.	Status of the person in charge depends on the institution	Varying levels of cooperation with other educational institutions, local and regional authorities, local and regional employers, and third sector actors.

			English, and Turku Christian Institute with mission based on the Evangelical Lutheran Church and Pietism)				
Apprenticeship training in Southwest Finland	Local/ Regional	Public	Six Apprenticeship Offices (Turku, Raisio area, Parainen, Salo area Loimaa, Vakka-Suomi), which work within the local/regional VET institutions	Apprenticeship training offices and centres provide advice in questions related to concluding an apprenticeship agreement and the practical arrangements.	Yes, they organise apprenticeships and have contacts with local and regional employers.	Apprenticeship Offices are typically led by a chief inspector of education	Cooperation with TE Offices, educational institutions, local and regional employers and so forth.
Higher education in Southwest Finland	Local/ Regional	Public	Two universities (University of Turku, Åbo Academi), four universities of applied sciences (polytechnics; Turku University of Applied Sciences, Novia University of Applied Sciences, Diaconia University of Applied Sciences, HUMAK University of Applied Sciences)	Yes, they provide higher education.	To some extent, especially universities of applied sciences, which have more practical training in companies and institutions, and usually more direct labour market contacts.	Universities are led by a rector, polytechnics by a rector-CEO	Varying levels of cooperation with other educational institutions, local and regional authorities, local and regional employers, and third sector actors.

Adult education in Southwest Finland	Local/Regional	Public/Private	AKK Turku Adult Education Centre, ARBIS Swedish Adult Education Centre of Turku, public and private VET institutes, higher education institutes, open universities, open universities of applied science, trade unions, chambers of commerce, folk high schools etc.	Yes, they provide adult education.	Depends on the organiser.	Status of the person in charge depends on the institution	Varying levels of cooperation with other educational institutions, local and regional authorities, local and regional employers, and third sector actors.
EDUCATIONAL INSTITUTIONS AND SERVICES IN KAINUU							
Vocational education in Kainuu	Regional	Public	Kainuu Vocational College (KAO), which is part of the Public Utility of Education of the City of Kajaani and is based in Kajaani but has branches in several of the region's municipalities.	Yes, it provides vocational education and numerous intensive competence training programmes, which can also be tailored to meet a company's immediate needs.	Yes, it supports apprenticeships and has contacts with local and regional employers.	Raimo Sivonen, Principal	KAO is a competent key partner in TE Service joint procurement programmes. Varying levels of cooperation with other educational institutions, local and regional authorities and employers, and third sector actors.

Apprenticeship training in Kainuu	Regional	Public	Apprenticeship Training Office of the Kainuu Vocational College	The KAO Apprenticeship Training Office provides advice in questions related to concluding an apprenticeship agreement and the practical arrangements.	Yes, it organises apprenticeships and has contacts with local and regional employers.	Hannu Räsänen, Head of the Apprenticeship Training Office	A key partner in TE Service apprenticeship training programmes. Varying levels of cooperation with other educational institutions, local and regional authorities and employers, and third sector actors.
Higher education in Kainuu	Local/ Regional	Public	Kajaani University of Applied Sciences (KAMK) and Kajaani University Consortium (KUC), which is a separate unit of the University of Oulu.	Yes, they provide higher education. KAMK provides recruitment services through its direct canal to students. KUC's goal is to develop collaboration with business and commerce.	Yes, KAMK provides recruitment services through its direct canal to students. KUC's goal is to develop collaboration with businesses.	Turo Kilpeläinen, Rector and CEO of KAMK; Vesa Virtanen, Director of KUC	KAMK and KUC form a consortium of higher education in Kajaani, which is a model to coordinate collaboration in strategy and activities in Kainuu. Cooperation with several regional actors.
Adult education in Kainuu	Regional	Public	AIKOPA is an adult and continuing education unit of KUC and KAMK. Skills Centre Kainuun Aalto is an educational establishment formed by Kainuu Summer University and Aalto Fold High School.	Yes, they provide adult education. AIKOPA provides university level continuing education and development services. Kainuun Aalto offers open university and open university of applied sciences	Yes, AIKOPA provides also staff training and development services for companies.	Irene Salomäki, Development Manager of AIKOPA; Mira Huotari, Administrator of the Skills Centre Kainuun Aalto	Cooperation with Universities of Eastern Finland, Lapland, Jyväskylä and Oulu, as well as with local and regional authorities such as the TE Office and ELY Centre.

				instruction as well as vocational further education and training.			
Edukai Ltd.	Regional	Private	Edukai is a company that offers educational and labour market services as well as skills development services to meet the needs of the customer. It is owned by the Public Utility of Education of the City of Kajaani.	Yes, it provides continuing education, entrepreneur training, labour market training, vocational further education, integration training for immigrants and so forth.	Yes, Edukai provides educational services tailored to the needs of the customer (e.g. regional businesses)	Petra Tolonen, CEO	Cooperation with local and regional authorities as well as with the business community and employers, and third sector actors.



Work Package 6

Comparative Analysis Skills Supply and Demand

Germany National Report

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0. Executive Summary

Lifelong Learning (LLL) policies are characterised by a high fragmentation and inconsistencies in terms of target audience, measures of implementation as well as intended and unintended effects, even though designed to create economic growth and guarantee social inclusion. In particular regarding measures aimed at young adults a lack of coordinated policy-making can be observed. The project YOUNG_ADULLLT aims to identify parameters for future decision-making support systems by understanding LLL policies for young adults in their interplay between economy, society, labour market and education and training systems at regional and local levels, including discussing issues of fragmentation and discrepancies, but also identifying best practices. Thus, the objectives of the project are:

1. To understand the relationship and complementarity of LLL policies in terms of orientations and objectives to their specific target groups including (intended and unintended effects);
2. To enquire into policies' fit and potentials from the perspective of the young adults;
3. To research LLL policies in their embedding and interaction in the regional economy, the labour market and individual life projects of young adults to identify best practices.

This sub-study (WP 6) focuses on the analysis how countries govern the relationship (match and mismatch) between the supply and demand of skills and support the transitions of young people across education, training and the labour market. As LLL policies become effective at the regional/local level, the sub-study – in view of the third objective – provides insight into the local context LLL policies are embedded in and how the interactions among the actors involved within this regional economy, the labour market and the individual life projects of the young adults is governed. The aim is by paying particular attention to these actors, dynamics, trends, (mis)matches and redundancies in a regional setting (Functional Regions, cf. Bittlingmayer et al. 2017; Weiler et al. 2017), to describe and understand the governance of the supply and demand of skills within and across the functional regions under study.

Thus, this national report provides a systematic overview of the actors, their involvement and policy orientations as well as their coordinated efforts within the regional/local realities of the two functional regions of Germany in this study (Rhein-Main and Bremen²⁶) as means of identifying different patterns of a skills ecology.

In order to describe and understand the governance of local/regional skills in both FR, four main tasks were performed:

- Identifying and mapping the actors, institution, structures and their main activities relevant to the local governance of the skills ecology.
- Analysing main actors' policy orientations (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults.
- Understanding the level and forms of coordination of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults.

²⁶ For a detailed description of the two Functional Regions see Bittlingmayer et al. 2017 as well as Weiler et al. 2017.

- Report and assess evidence on the quality and the relevance of the skills developed and used by young adults in the workplace and society.

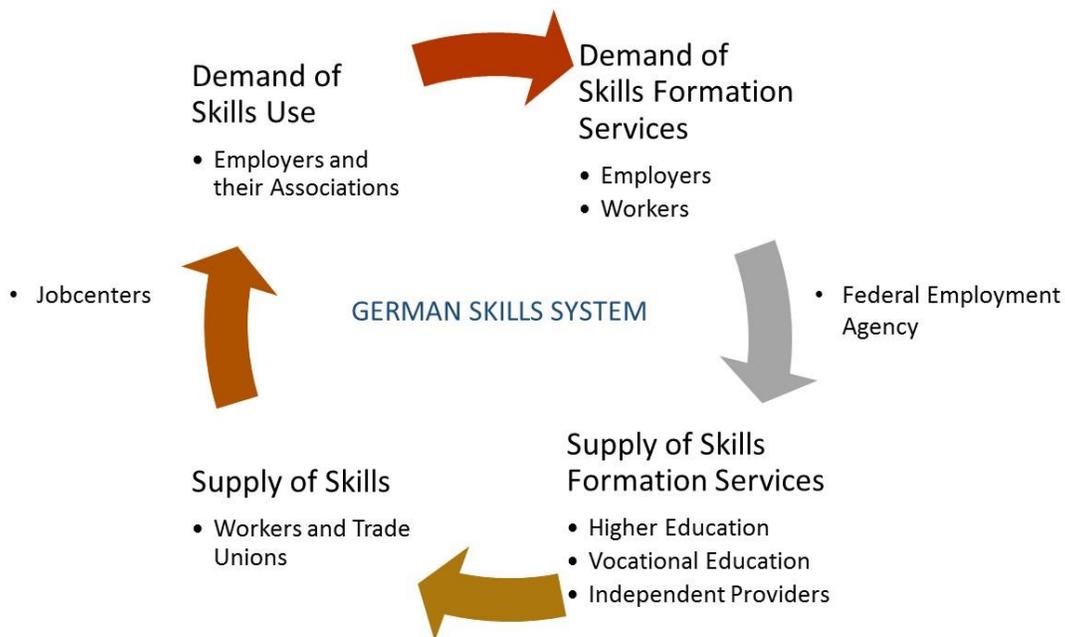
In this study, the research object has been conceptualised (chapter 2) as a regional/local skills ecology. The skills ecology approach suggests a holistic view that highlights the interconnections between the education and training systems, and the labour market in a specific socioeconomic context (Green 2013). That means distinguishing between a local/regional skills system in terms of skills formation and skills use and its embeddedness in the socio-economic local/regional context.

The skills system describes, *first*, a skills formation market, which refers to the space where different actors offer skills training and some others take part in this training. *Second*, it describes a skills use market, which refers to the space where different actors use or make use of others' skills. The skills system is influenced by its socio-economic context, which differs between the various regional/local contexts. Moreover, the skills system itself influences its context, affecting relevant actors and their activities. Doing so the actors are involved in a skills ecology that is specific for each functional region and displays a unique set of coordination between those involved.

The results of this report are based on an empirical study including document analysis and context analysis of semi-structured interviews. The documents (N = 17) for both functional regions considered are educational and statistical reports as well as strategy papers by the actors involved. The interviews (N = 8) were conducted with local key actors enquiring into the process of developing local skills strategies, including the perspective from employers' and workers' representatives as well as policy experts asking questions regarding the economic and social development of the FR, which skills need to be targeted and if the match between supply and demand of skills is monitored. All procedures regarding the data collection have been conducted according to good conduct in research, ethical standards and data protection (Parreira do Amaral et al. 2016).

The German skills system (chapter 3) is embedded in a coordinated market economy, according to Hall & Soskice's (2001) typology of institutional frameworks (Parreira do Amaral et al. 2017). Within the German skills system, the occupational labour market, based on institutionalised occupational fields and a coordinated wage system, give little incentive for workers for 'job hopping' between employers. This feature creates a suitable scenario for high public and private commitment to skills formation and use. Therefore, one of the main characteristic of the German skills system is the provision of specifically in-company trained workers (the dual vocational education system) as the market depends on firm-specific skills.

In addition, the corporatist political structure of Germany features in a unique way in the skills system. The German skills system is based on consensus with three different kinds of agents coming together: the national and state (*Länder*) governments, the "intermediate institutions" (i.e. the state-approved social actors such as the chambers and trade unions) and the employers (Bosch 2017: 428). All actors have their specific role and entitlement within this corporatist structure and complement each other in their actions.

Figure 13: The German Skills System

The demand of skills formation services in Germany is mainly driven by the demand of skills identified by employers, however the expectations of workers, and especially young adults, seems to play a crucial role in creating or solving skills mismatches. Consequently, the occupations with less reputation among young adults are the ones with lower number of candidates in the German vocational education system. Public institutions such as the *Agentur für Arbeit* (Federal Employment Agency) act as bridges between workers and the education and training system. While doing or after finishing a qualification, workers are integrated in the labour market by public actors such as the Jobcenters, responsible for matching the supply of skills and the demand of skills use identified by employers and their associations.

Current challenges of the skills system are stagnant numbers of young people entering vocational education, while at the same time the numbers of young adults entering higher education, i.e. university or university of applied sciences, are rising. One of the findings of this study is related to the growing academisation of society, relegating the intermediate school-leaving certificates and vocational training as an increasingly unattractive choice of a career for young adults. Even though the completion of a master craftsman entitles to enter university, the issue of low permeability between the different tracks of schooling prevents more and more young people from entering TVET in favour of higher education institutions (Autorengruppe Bildungsberichterstattung 2016).

The skills ecology in the Rhein-Main Region (chapter 4) is characterised by a strong core, the city of Frankfurt, as an (inter)national hub for economic activities (banks, stock market) and logistics and services (airport, train hub). That means a distinct trend towards high skilling and academic training on the one hand, attracting (young) people from all over the FR, as well as different types of foreigners. On the other hand, the peripheral parts of the Functional Region it is still characterised by a high demand of low skilled or untrained workers. This point out to a process of polarization of skills that is can also be observed throughout the functional region with rich areas with a high skilling/academic profile and areas of low socio-economic status and a high amount of low skilled workers.

There is a dense network of cooperation between the actors on the skills formation side of the

skills systems in the FR Rhein-Main. The cooperation is often organised marketwise (e.g. customer – contractor relationship between public institutions and independent service providers in order to offer a specific skills formation service), but it can also have different patterns, especially when we look at the cooperation between the institutions and workers or individuals from the target groups. In sum up, the skills system in Frankfurt can be described as a “loose coupling” (*lose Koppelung*) of involved actors. We see a dense mesh of actors, measures, cooperation and locations and opportunities for contact. The system works without a central actor who is responsible for the whole system. Instead all participating actors work with a relatively high degree of independence for their own interests or in line with their public mandate. The aim each actor has to fulfil (with regard to the cooperation) is the result of a common process, which of course does not mean that these processes are democratic or free of hierarchy.

Yet what characterises the local governance of actors is a public-private-partnership. To foster the cooperation, the state of Hesse has implemented a unique strategy – OloV Strategy (Hessian Strategy for Employment; *Optimierung der lokalen Vermittlungsarbeit im Übergang Schule - Beruf*) – to identify best practice examples. The aim is to create transparency and consensus among the actors in view of adapting these best practices state-wide.

Within the skills ecology in Rhein-Main Region, specific types of skills are more valorised: *first*, the specific skills that are defined by the demands of the labour market. The *second* characteristic is given by the focus on “soziale Kompetenz” (social competencies, or soft skills). The *third* point is related to the communication skills, in particular in terms of self-presentation and command of the German language given the high levels of immigration.

In general, the expectations of jobs and salaries of a large part of young adults increases, growing the demand towards higher education. The group of young adults that possesses the social conditions and motivation to develop high skills seems to have less problems to proceed from school to work in a labour market with big capacity to absorb high skilled workers. In contrast, the group of young people that seems to lack higher expectations on jobs and salaries is the one with bigger challenges in finding decent jobs or opportunities in vocational education, especially in the less developed parts of the region. This is the group of young people that are mainly target by LLL policies in the FR Rhein-Main. The initiatives that have been adopted to address qualifications mismatches are being successful in increase the supply of high skills within the region. However, while there is still an unredeemed demand of qualified workers, those initiatives seem to fail in qualifying foreigners and women, as well as guaranteeing high quality in the apprenticeship system.

This study also looked at the FR Bremen (chapter 5), characterised by a flourishing industry and scientific sector in need of high skills on one side and on the other side by high rates of early school leavers, NEETs and unemployed youth, which are hardly absorbed by the labour market. The skill system in the FR Bremen is characterised by very dynamic changes in its structure, because of the economic and demographic trends in the region. With the recent reorganisation of the economy, the FR Bremen demands now different occupations related to the economic activities such as logistics, automotive, energy and aerospace.

The demand for skilled workers produces an intense circulation of students and workers between the city of Bremen and the State of Lower Saxony. Bremen (and to a lower degree the other regional centres Oldenburg, Wilhelmshaven and Bremerhaven) works as an attractor of skilled workers as well as apprentices and university students commuting into town from the more rural areas.

The coordination of the several actors among the local skills ecology remains a challenge, despite the general consensus on the role of the actors and how the power is distributed. This

study found out that: *first*, there is plenty of collaboration at the regional level, in which all the key actors are involved, however less so the independent service providers and the young adults. *Second*, it seems that there is a lack of communication on the distribution of roles among the public actors involved in the creation of the *Jugendberufsagentur*, *third* a lack of transparency on how organisational structures work exists and *finally*, each actor defends its own interests and pushes its own agenda in spite of regulations and consultations.

The FR Bremen is defined by an increasing demand for high skilled workers and, consequently, a process of academisation. However, despite the process of increasing economic activity and growing labour market, there are high numbers of unemployed and unqualified young adults who do not have access to the labour market, as the low-skilled sectors are hardly available. Those young adults, and especially foreigners, are the main target groups of local LLL policies, being not only as a matter of concern but also as a solution to the lack of skilled workers. If and to what degree they can respond to the demands of the labour market depends mainly on the level of their German language and on the recognition of their previous professional skills.

Looking in a Comparative Perspective (chapter 6), both FRs display similarities as to the challenges regarding lifelong learning and the emphasis in the development of communication skills. There seems to be a focus on the development of social competencies which the young adults, especially those with low or no school leaving certificates, are lacking according to the labour market actors. In order to facilitate these competencies as early as possible information on how to develop a competency to make an informed career choice (Berufswahlkompetenz) is widely publicised among schools, parents and the potential candidates. However, in both regions there is no evidence that the target groups of LLL policies have a voice in the process of policies' development.

Differences between the FRs are regional strategies and in the governance of the skills system. While in Bremen the recent changes in the local governance are mainly related to the creation of the Youth Jobcenter, the FR Rhein-Main presented more stable governance structures since the creation of the OloV Strategy in the middle 2000s. The focus of the OloV Strategy is to create the conditions for local actors to develop in cooperation their own objectives, target groups, and initiatives. By doing so, the OloV Strategy integrates the private sector in a more active way as both public and private organisations are set to create formal commitments.

Finally, in the last chapter we present some of the emerging issues (chapter 7). The data collected and analysed in this report suggest that there is a tension between the current use of the term skills in European policies and the German concepts of *Qualifikation* and *Kompetenz*. The use of the term 'skills' has come to dominate current education and training debates and policies, and is being supported by an international agenda conducted by organizations such as the OECD and the European Union (for example the 'European Qualifications Framework') which seem to impact the German discussions and policies with possible problems as the analysis of the interviews in Germany shows.

The tension between European policies based on an output-centred perspective of skills and the German holistic tradition of skills formation in an occupational labour market can be seen in different consequences. *First*, there seems to be an increasing pressure to change the German education and training systems to a skills-centred approach to the detriment of qualifications. *Second*, this contradiction presents a problem for LLL policies as it can help to generate precarious forms of education for work. *Third*, the intention of a European Qualifications Framework based on competence, skills and knowledge is that "(l)earners, graduates, providers and employers can use these levels to understand and compare qualifications awarded in different countries and by different education and training systems" (European Commission 2017b). However, there is no evidence that the European Qualifications Framework is being able to fulfil its objective.

1. Introduction

Lifelong Learning (LLL) policies are characterised by a high fragmentation and inconsistencies in terms of target audience, measures of implementation as well as intended and unintended effects, even though designed to create economic growth and guarantee social inclusion. In particular regarding measures aimed at young adults a lack of coordinated policy-making can be observed. The project YOUNG_ADULLLT aims to identify parameters for future decision-making support systems by understanding LLL policies for young adults in their interplay between economy, society, labour market and education and training systems at regional and local levels, including discussing issues of fragmentation and discrepancies, but also identifying best practices. Thus, the objectives of the project are:

1. To understand the relationship and complementarity of LLL policies in terms of orientations and objectives to their specific target groups including (intended and unintended effects);
2. To enquire into policies' fit and potentials from the perspective of the young adults;
3. To research LLL policies in their embedding and interaction in the regional economy, the labour market and individual life projects of young adults to identify best practices.

To do so, we conduct a policy analysis mapping and analysing the policies regarding their target group, sector orientation (education, labour market or social policy) and potential effects (WP 3) and to identify patterns of different kinds of (coordinated) policy-making (WP 7). Assuming that LLL policies are played out on a regional level, the project enquires into the regional/local realities by identifying potential risk profiles of young adults as these vulnerabilities emerge on the regional/local level (WP 4). Moreover, the project includes the perspective of the young adults, exploring into the young adults' perceptions of social expectations underlying policies and initiatives, enquiring into their compatibility with personal interests and orientations as well as elucidating the specific meaning of the target group 'young adults' as put forward by policy experts (WP 5).

This sub-study (WP 6) focuses on the analysis how countries govern the relationship (match and mismatch) between the supply and demand of skills and support the transitions of young people across education, training and the labour market. As LLL policies become effective at the regional/local level, the sub-study – in view of the third objective – provides insight into the local context LLL policies are embedded in and how the interactions among the actors involved within this regional economy, the labour market and the individual life projects of the young adults is governed. The aim is by paying particular attention to these actors, dynamics, trends, (mis)matches and redundancies in a regional setting (Functional Regions, cf. Bittlingmayer et al. 2017; Weiler et al. 2017), to describe and understand the governance of the supply and demand of skills within and across the functional regions under study. As studies have shown the regional/local policy field is dominated by a vast amount and heterogeneous collection of actors. That being the case, coordinated efforts regarding a formulation of consistent and coherent skills demands as well as analysis of available and required skills supply are difficult to undertake, especially as it is not just a matter of coordination than understandings and interests. The results are fragmented and mismatched policy measures supported by a variety of policy providers. This sub-study aims at mapping and analysing the field by asking who the actors involved in the policy-making process are, in which way they get involved and what their interest in getting involved is. Thus, this national report provides a systematic overview of the actors, their involvement and policy orientations as well as their coordinated efforts within the

regional/local realities of the two functional regions of Germany in this study (Rhein-Main and Bremen²⁷) as means of identifying different patterns of a skills ecology.

In order to describe and understand the governance of local/regional skills in both FR, four main tasks were performed:

5. Identifying and mapping the actors, institutions, structures and their main activities relevant to the local governance of the skills ecology. This task helps us to understand which actors, that is which institutions, persons, employers – public and private, are directly or indirectly involved in the local/regional skills system of formation and use as well as the connection between them. These actors may be local/regional participants, but may also be on the national level. In order to do so, this task involves the analysis of policy documents, relevant websites and interviews with local actors, thereby also drawing on the data gathered in the previous sub-studies on policy mapping (WP 3) and interviews with policy experts (WP 5). (For FR Rhein-Main see chapters 4.1 and 4.2; for FR Bremen see chapters 5.1 and 5.2)
6. Analysing main actors' policy orientations (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults. This task helps us to enquire into the different interests and needs the different actors have within the skills system and what kind of power relations can be detected among them, questioning what kind of actors take predominance and why. While the study of policy documents (WP 3) provides an integral part for this task, enquiring into the policy orientations by means of interviews with relevant local policy makers is essential. (For FR Rhein-Main see chapter 4.3; for FR Bremen see chapter 5.3)
7. Understanding the level and forms of coordination of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults. This task helps us to understand the kind of coordination and relation between the previously identified actors by, *first*, exploring the relationship between the central and local government and the extent of public and private involvement, and, *second*, by the market or institutional coordination between education and training authorities and employers. Key data sources are information provided by local policy makers and experts as well as policy documents (WP 3). (For FR Rhein-Main see chapter 4.3; for FR Bremen see chapter 5.3)
8. Report and assess evidence on the quality and the relevance of the skills developed and used by young adults in the workplace and society. This task helps us to understand the influence of the identified actors within their coordinated form of policy-making on the skills system by, for instance, considering the relationship between the skills available for use and the ones demanded by the labour market. Key data sources for this task are information provided by policy makers and experts as well as data sources, such as Eurostat and the labour market and labour force survey providing information on educational participation and attainment, unemployment rates or socio-demographic information. (For FR Rhein-Main see chapter 4.4; for FR Bremen see chapter 5.4)

²⁷ For a detailed description of the two Functional Regions see Bittlingmayer et al. 2017 as well as Weiler et al. 2017.

The sub-study draws on different empirical data sources. The analysis is based on policy documents, local/regional statistics as well as documents on local/regional skills formation and use. The document analysis is complemented by semi-structured interviews with local policy makers and experts in particular regarding the coordination of governance activities of the identified actors and the assessment of the quality and use of skills. We thank all interview partners for their cooperation and participation in this study.

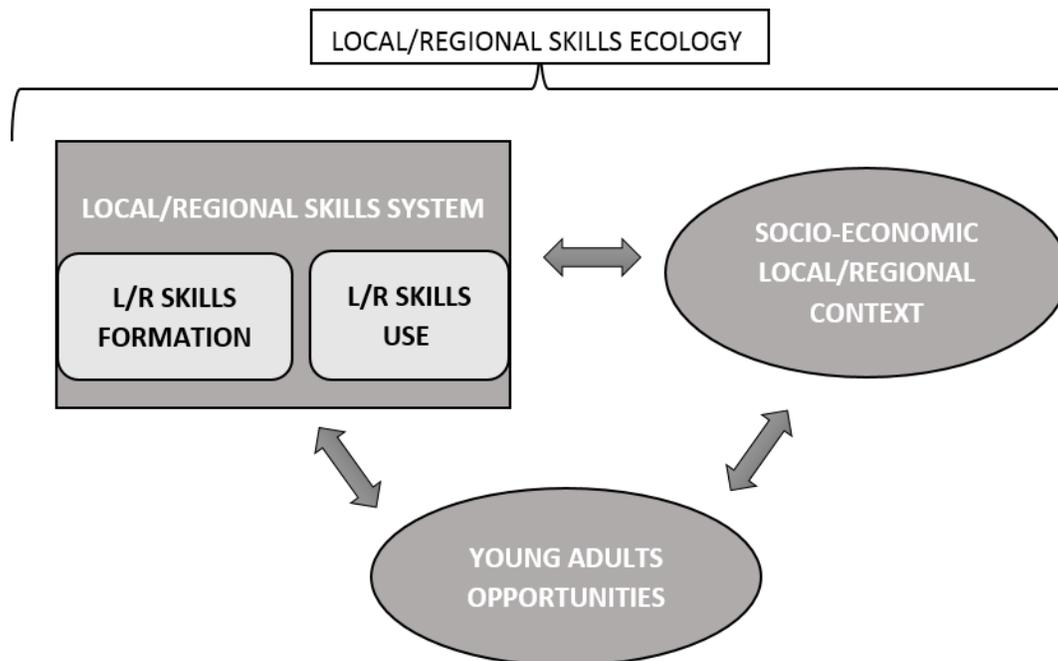
The present report is organised in six main sections besides this introduction. *First*, the methodology used to develop the analyses is described and discussed drawing on the skills ecology as conceptualisation of the research object. *Second*, the national skills system is described focusing on the corporatist, i.e. public private partnership, set up of the German skills system. *Third*, the analysis of the FR Rhein-Main is presented showing a unique way of coordinating measures that lean, however, towards the labour market leaving out the young adults in the process; this analysis follows, *fourth*, for the FR Bremen showing that general consensus as to the role of the actors exists, however that there is a lack in the transparency of the organisational structures with each actor pursuing their own agendas. The two concluding chapters present the two FRs in a comparative perspective highlighting that both functional regions encounter challenges regarding the integration of young adults into the dual system, however for different political, economic and social reasons within each FR. In the last section, we pay attention to the emerging issues such as different ideas and concepts of education in the German language – there is a tension between the English concept of skills and the German terms *Kompetenz* and *Qualifikation*.

The national report provides knowledge on the governance of the supply and demand of skills within and across the two German functional regions Rhein-Main and Bremen.

The next chapter outlines the methodological approach of this study.

2. Methodology

Based on the overall theoretical perspectives of the project (cf. Weiler et al. 2017), the research object has been conceptualised as a regional/local skills ecology. That means distinguishing between a local/regional skills system in terms of skills formation and skills use and its embeddedness in the socio-economic local/regional context (see Figure 2).

Figure 14: Skills system, context and skills ecology

The skills system describes, *first*, a skills formation market, which refers to the space where different actors offer skills training and some others take part in this training. *Second*, it describes a skills use market²⁸, which to the space where different actors use or make use of others' skills. The skills system is influenced by its socio-economic context, which differs between the various regional/local contexts. Moreover, the skills system itself influences its context, affecting relevant actors and their activities. These actors may be public or private institutions, organisation or networks that pursue different agendas and partake in different ways within the skills system as they are either active in the skills formation market or in the skills use market. Doing so the actors are involved in a skills ecology that is specific for each functional region and displays a unique set of coordination between those involved.

Based on the overall theoretical framework of the project (cf. Weiler et al. 2017) we ask from a Governance (GOV) perspective, which public and private actors are involved from a national and regional/local level and what kind of forms are used to coordinate their activities. Moreover, we enquire from a Cultural Political Economy (CPE) perspective into the policy orientations and power structures within the governance of the skills ecology asking which actors influence the decision making process which skills are considered relevant and needed – and conversely which are superfluous – and what their perceptions of the main economic and social challenges of the FR are. Lastly, from a Life Course (LCR) perspective, we look into the types (mis)match of skills and their social implications in terms of to what extent the young adults are affected by this in their lives' opportunities and outcomes.

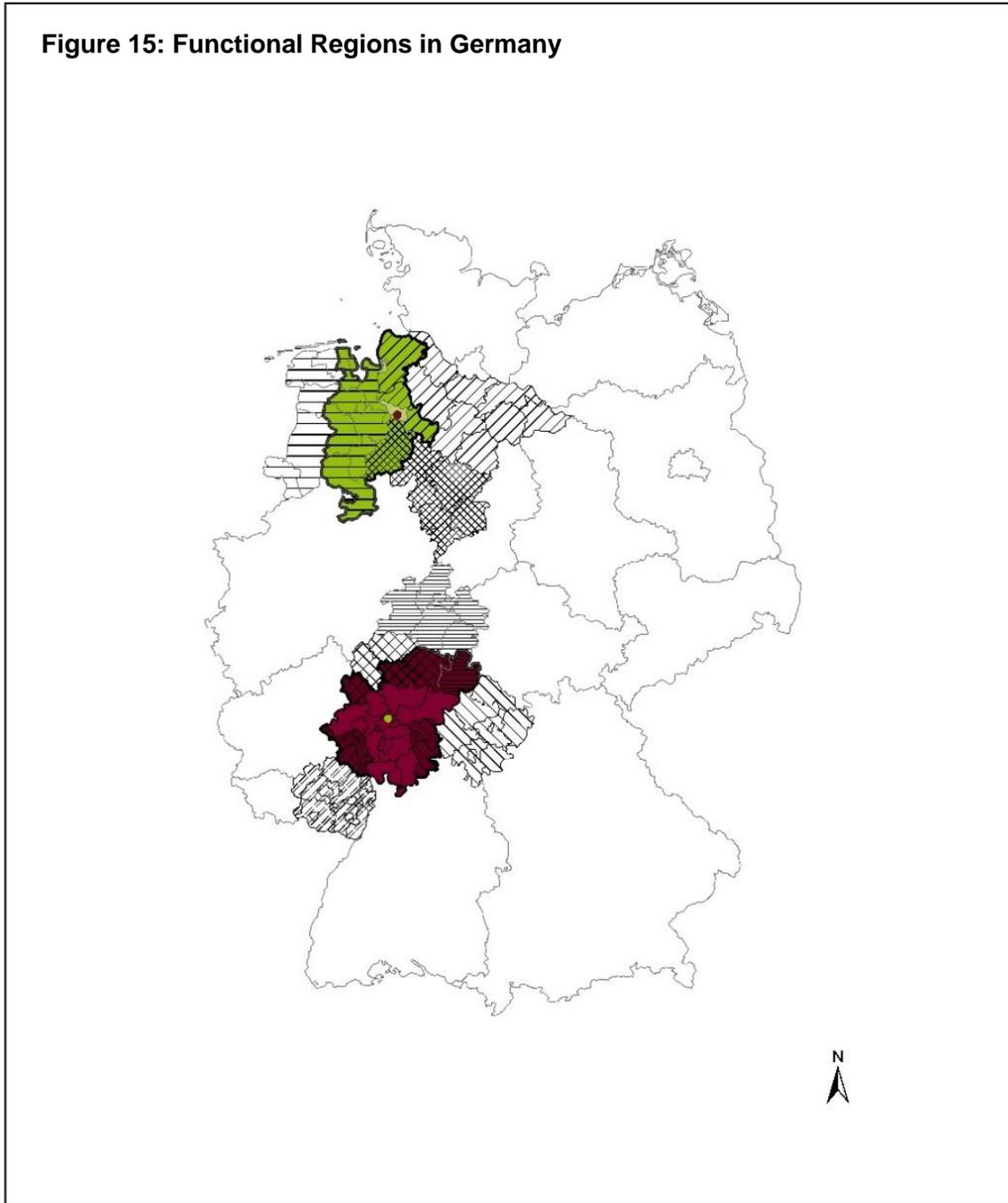
Departing from this conceptualisation this report provides a study of the mechanisms of coordination among the actors by describing and analysing the governance of the supply and demand of skills within and across the two functional regions (FR) in Germany, Rhein-Main and

²⁸ We understand that for the German context it is not quite accurate to talk about a "market" as the notion of a "system" is better suited for reasons how the skills ecology is structured and governed in Germany (see chapter 3), however, for analytical purposes we will keep to the concept.

Bremen. The data presented here draws on pre-existing datasets for the regional level based on the Nomenclature des Unités territoriales statistiques (NUTS). It represents a hierarchical subdivision of the territory of the European Union into 98 major socio-economic regions (NUTS 1), 276 basic regions (NUTS 2), and 1.342 small regions (NUTS 3) (Weiler et al. 2017: 12). The data is collated from national administrative sources and comparative surveys compiled by international organisations such as the EU and the OECD. The local data was mainly collected from national statistical offices of the federal and local regions as well as representative surveys, for instance the German Microcensus, the Socio-Economic Panel Study (SOEP) or the DEGS-study from the Robert Koch-Institute.

However, the data aggregation along the territorial administrative responsibilities is challenging for our two FRs as they differ from the projects concept of regional units (cf. Parreira et. al. 2017: 10ff). This means, that most of the NUTS 2 units overlap several regions not included in our research project resulting in data distortion. Thus, only one unit per FR could be used, Darmstadt (FR Rhein-Main) and Bremen (FR Bremen), both smaller than our conceptualization of the FR yet being completely covered by the FR and representing its metropolitan core (cf. Schaufler et al. 2017). In the case of the FR Rhein-Main the NUTS 2 level, it is Darmstadt, which includes the city of Frankfurt am Main, Darmstadt, Offenbach and Wiesbaden (see Figure 4). In the case of the FR Bremen, it is the city of Bremen and Bremerhaven (see Figure 6). These NUTS 2 levels are highlighted in light red (Darmstadt) and light green (Bremen) in the following map (Figure 3).

Figure 15: Functional Regions in Germany



Legend

Functional Regions

- FR Bremen
- FR Rhein-Main

NUTS2

- Bremen (FR Bremen)
- Darmstadt (FR Rhein-Main)
- Gießen (FR Rhein-Main)
- Hannover (FR Bremen)
- Kassel (FR Rhein-Main)
- Lüneburg (FR Bremen)
- Rhein-Hessen (FR Rhein-Main)
- Unterfranken (FR Rhein-Main)
- Weser-Ems (FR Bremen)

Cities

- Bremen
- Frankfurt

When applying the theoretical framework to the German context, it is necessary to consider the use of the term 'skills', not in an analytical perspective, but rather on how this term is being introduced by different LLL policies in Germany. There is a tension between the English concept of skills informing the European policies and the German terms *Kompetenz* and *Qualifikation*. The introduction of a skill-centered perspective through the European Qualifications Framework represents a challenge to the holistic idea of *Kompetenz*, as well as suggest a critic to the way the German labour market is organized around qualifications. We will use the CPE to highlight the relevance of the cultural dimension for the interpretation and explanation of our findings (cf. chapter 7).

The report is based on different empirical sources. The analysis is based on a systematic review of documents and official websites in relation to regional/local skills policies (N = 17). The main reports for both functional regions considered are educational and statistical reports as well as strategy papers by the actors involved. Thus, these comprise training reports by the trade unions (DGB), the labour market integration program by the Jobcentres, regional monitoring reports and regional statistic data provided by the regional associations (Regionalverband FrankfurtRheinMain and Metropolregion Nordwest) and an evaluation report on the kind of required knowledge by the Initiative Science Region FrankfurtRheinMain (WiR 2016).

Moreover, the report is based on semi-structured interviews with key local actors (N = 8) for which two approaches have been applied. *First*, interviews were conducted for this sub-study with local authorities involved in the process of developing local skills strategies, employers' representatives and workers' representatives. The interview partners were recruited via mail, following the mapping and analysis of the actors involved. In total eight interviews were conducted, four in each FR, based on a semi-structured interview guide that has been developed during the phase of conceptualising this sub-study. The guides were translated into German and adapted to the regional/local context, focusing on aspects of policy orientation, skills governance and implications for young adults and have been analysed based on methods of content analysis.

The interviewees for the FR Rhein-Main are

- Chamber of Industry and Commerce office Frankfurt; (E_GER_F_1_WP6)
- Hessian Strategy for Employment OloV; (E_GER_F_2_WP6)
- Hessian Industry's education organization; (E_GER_F_3_WP6)
- Federal Employment Agency office Frankfurt; (E_GER_F_4_WP6)

The interviewees for the FR Bremen are

- State Government of Education in Bremen; (E_GER_B_1_WP6)
- German Trade Union Confederation office Bremen; (E_GER_B_2_WP6)
- Chamber of Crafts in Bremen; (E_GER_B_3_WP6)
- Jobcentre office Bremen; (E_GER_B_4_WP6)

Second, the sub-study is based on secondary analyses of interviews from a different sub-study with experts from employment and training. These interviews enquire particular into the interaction of LLL policies, young people's living conditions and country or region specific contexts (for instance migration/mobility) in promoting (or hindering) growth and social inclusion. Questions relating to the skills systems have been included and used for this sub-study regarding the economic and social development of the FR, which skills need to be targeted and if the match between supply and demand of skills is monitored.

All procedures regarding the data collection have been conducted according to good conduct in

research, ethical standards and data protection (Parreira do Amaral et al. 2016). Before entering the field, all necessary authorisations and approvals according to national and institutional legislations have been obtained. All copies of informational material, letters, and forms used for the collection of informed consent have been submitted to the EC's Research Executive Agency (REA) prior to start of the fieldwork research. The interviewees contributed voluntarily and have been explained their rights to withdraw from the study at any time, even after the completion of the interview. Moreover, the interviewees were given the opportunity to review the written transcript of their interview, which has been made use of. The interviews have been transcribed and anonymised according to scientific and ethical conduct to avoid othering, stereotyping, stigmatization and the like, thus preventing the reproduction or exacerbation of inequalities and discrimination. The Data will be stored in secure servers at the partner universities; access to data is provided only to authorised project users and will be deleted at the end of the project's lifetime.

3. Germany's National Skills System

A national skills system is a system constituted by autonomous social sub-systems with their own forms of communication, institutional stability and a "self-referential completeness and delineation" between itself and the environment (Bosch 2017: 428). It refers to a space where different actors come together for skills formation and skills use with each actor being assigned a specific role within the system. While the formation market includes the supply of skills by formal education and training systems or employers supplying skills for their production activities and the demand of skills coming from individuals who want to improve their skills, it is essential to not only consider the formation. Rather the use of the skills in particular regarding the economic-productive use of skills in the labour market has to be included (Green 2013). The skills use market therefore includes the supply of skills by individuals ready to be used and the demand of skills as predominantly expressed by public or private employers. Thus, if we talk about a national skills system, we have to talk about vocational training as well as the labour market and its embeddedness in a specific national market economy.

Based on the *Varieties of Capitalism* approach, Germany represents a coordinated market economy (CME) according to Hall & Soskice's (2001) typology of institutional frameworks, such as industrial relations, vocational training and education, corporate governance, inter-firm relations, and employees that constitute specific political economies and realities (Parreira do Amaral et al. 2017). CMEs are characterised by skills systems that provide specifically trained workers as the market depends on firm-specific skills. These firm-specific skills (or cutting-edge skills as Lauder et al. 2008 call it) are transferrable across the entire labour market, emphasising "specific occupational competences" rather than more general knowledge or skills (Müller 2005: 464). Thus, the occupational labour market in Germany is characterised by little incentive for workers for 'job hopping' between employers because of institutionalised occupational fields and a coordinated wage system within each specific occupation (Lauder et al. 2008: 23; Hillmert 2006: 13). Moreover, the matching of skills formation and skills use market is tighter in terms of a specific qualification and particular jobs. The occupational labour market in Germany, therefore, is catered by a highly standardised and highly stratified education and training system that emphasises occupational specificity with a high level of institutionalised coordination among the involved actors.

In Germany, this form of institutionalised coordination is based on a corporatist political structure. That means social actors, such as the chambers or trade unions play a crucial role, as they are state-approved, i.e. act as public statutory bodies, and are included in the policy-making processes and implementation (Rudzio 2008). This form of corporatist structure is led by consensus among all participants and is a specific feature of the German skills system in which three different kinds of agents come together: the national and state (*Länder*) governments, the

“intermediate institutions” (i.e. the state-approved social actors) and the employers (Bosch 2017: 428). All actors have their specific role and entitlement within this corporatist dual structure and complement each other in their actions.

The national government regulates the responsibilities among the actors involved in the Vocational Training Act (*Berufsbildungsgesetz*, in its current version from 2005) and in terms of the labour market foremost in the Code of Social Law (*Sozialgesetzbuch*). The latter regulates the work of the Federal Employment Agency (*Agentur für Arbeit*) in terms of employment protection and unemployment benefits. The former regulates the work of the Federal Institute for Vocational Education and Training (*Bundesinstitut für Berufsbildung*), which as a federal agency is responsible for the development and implementation of national strategies concerning the skills system as well as conducting research on emerging issues and new developments; for instance new training occupations (BiBB 2017a). Due to the federal political system of Germany, education and training is predominantly governed on the state level. Thus, the management of the school-based vocational training in full- and part-time vocational schools is the responsibility of the state governments. As intermediate institutions the chambers (Chambers of Commerce and Chambers of Crafts) have the task to certify the aptitude of the training instructors as well as the examinations of the apprentices, register the apprentices, provide counselling for the employers and on a regional/local level engage all actors in an active dialogue (Hippach-Schneider et al. 2007). The trade unions and employers’ associations are representing their clients’ interest in terms of collective bargaining, working conditions and counselling. The employers’ tasks are to provide in-firm training and provide certified training instructors. Hippach-Schneider et al. describe the tasks of the social partners, i.e. intermediate institutions and employers, on four different levels. *First*, on the national level the participation in the development of training and standards, recommendations in all areas and aspects of vocational education and training, *second*, on the regional level, recommendations in all areas of vocational training regarding the coordination between vocational schools and firms as well as consultation, monitoring the implementation of training in companies, granting degrees and qualifications (2007: 21). *Third*, on the sectoral level negotiations on the number of apprenticeship places and the collective agreements on training allowance as well as, *fourth*, on the company level the planning and implementation of the apprenticeship (ibid.).

While each partner within this corporatist system has its specific responsibilities, communication among each other is important in particular regarding aspects that require consensus among all partners as for instance the decision on new training occupations. Consultations among the federal agencies, the trade unions, chambers and employers’ associations determine the educational policies’ standards that form the basis for applying at the responsible federal ministry; usually the Federal Ministry for Economic Affairs and Energy (*Bundesministerium für Wirtschaft und Technologie*, BMWI). The interviewee at the Chamber of Industry and Commerce pointed out to define trade-off standards all actors involved in the skills system can approve of. This implies an occupational profile that is as abstract as necessary and as specific as possible in its outline (E_GER_F_1_WP6). The federal ministries and agencies (BiBB 2017b) officially recognise currently 327 training occupations.

Thus, the corporatist dual system is a unique form of organising VET and takes a prominent part in the German education and training system. In 2014, 56 % of all students of the same age group received the intermediate school-leaving certificate, which entitles them to enter VET; 53 % of the same peer group received the higher school-leaving certificate entitling them to attend university or university of applied sciences. 21 % of students of the same age group received the lowest school-leaving certificate, while 6 % did not receive any certificates at all

(Autorengruppe Bildungsberichterstattung 2016: 96).²⁹ Thus, about half of all students of the same age group enter VET. In 2015, 50.2 % entered the dual system, which includes part-time vocational schooling and part-time in-firm training, 21.5 % in full-time vocational schooling and 28.3 % entered the so-called transition system (*Übergangsbereich*) (Autorengruppe Bildungsberichterstattung 2016: 102). The transition system is a socio-political measure that serves as a support system to integrate the young people into education and training or work. It comprises various educational programmes that may lead to a formal qualification, such as the lowest school leaving certificate (*Hauptschulabschluss*), however, is mostly aimed at improving the chances to enter the dual system. Thus, most young people (about 70 %) in the one-year transition system do not have a school-leaving qualification or just a *Hauptschulabschluss* (Schultheis & Sell 2014; BMBF 2016, p. 56).

The different types of school leaving qualification are rooted in a highly stratified school system, channelling the young people into different tracks after completing primary school according to their performance – this may happen as early as fourth grade. Traditionally these tracks are the *Hauptschule* (lowest), the *Realschule* (intermediary) and the *Gymnasium* (highest). While the *Hauptschule* offers basic general education with a stronger technical and vocational orientation, teaching one foreign language, the *Gymnasium* offers an intensified general education programme with at least two foreign languages, leading to the *Abitur* (general higher education entrance qualification) (Eurydice 2017). The successful completion of the lower and intermediary tracks entitles young people to enter vocational school and the dual system. The *Abitur* or a completion of a *Meister* (master craftsman in VET) is required for university studies (Döbert 2015, p. 321).

The national skills system in Germany currently faces stagnant numbers of young people entering vocational education, while at the same time the numbers of young adults entering higher education, i.e. university or university of applied sciences, are rising. One reason maybe the growing academisation of society, relegating the intermediate school-leaving certificates and vocational training as an increasingly unattractive choice of a career. Even though the completion of a master craftsman entitles to enter university, the issue of low permeability between the different tracks of schooling prevents more and more young people from entering VET in favour of higher education institutions (Autorengruppe Bildungsberichterstattung 2016).

4. Analysis of skills supply and demand at FR Rhein-Main

In this chapter the regional/local skills ecology of the FR Rhein-Main is analysed focusing on the context and characteristics of the FR in terms of demographics, labour market and education and training, the identification of the main skills actors within the FR and analysing their local governance structures. The chapter will discuss the assessment of the quality and use of skills and what this implies for the young adults in this functional region.

4.1. Context information on economic and labour market conditions

The Rhein-Main is a metropolitan region with 5.6 million inhabitants. It is economically one of the most important regions in Germany locating various sectors in transportation, finance, trade show and science: *first*, it has an international outstanding position as a transport hub, with Frankfurt airport being the largest working place in Germany with ca. 80.000 jobs. *Second*, it is the trade show and finance centre, hosting both headquarters of the German and the European Central Bank, and, *third*, it is a science and service metropolitan region.

The functional region is located in the centre of Germany and is part of three federal states

²⁹ The sum of all school leaving rates exceeds 100 % due to the fact that more young people gain multiple school leaving certificates and it appears delayed in the statistical coverage (Autorengruppe Bildungsberichterstattung 2016).

(Hesse, Rhineland-Palatinate and Bavaria). The larger physical portion of the region is located in southern Hesse with the cities Frankfurt am Main, Wiesbaden, Darmstadt and Offenbach am Main. Important cities of the metropolitan region in Rhineland-Palatinate are Mainz and Worms. The most important city in the Bavarian area of the FR is Aschaffenburg.

The geographical, economic and functional centre of the metropolitan region Rhein-Main is the city Frankfurt am Main with over 700.000 inhabitants. That being the case Frankfurt occupies a special role within the FR in terms of demographic composition, business activities, employment sectors as well as skills system and educational attainment rates. One indicator is the slightly lower population of young adults compared to the German average. Thus, the region around the cities of Frankfurt, Darmstadt and Wiesbaden had in 2016 a youth population of 5.5 % (age 20-24) and 6.6 % (age 25-29) while in Germany their proportion is 5.6 % of 20-24 years old and 6.6 % of 25-29 years old (INKAR, 2017).

Considering this demographic aspect, it implies a higher percentage of people in an economically active age as the Gross Domestic Product (GDP) per capita in Frankfurt (91.000 EUR) in comparison to the rest of the FR Rhein-Main (37.338 EUR) and the German average (35.900 EUR) illustrates. One reason surely is the number of business located in Frankfurt: In 2013, the vast majority are micro-enterprises (under 10 employees) with 89.98 % followed by 7.9 % of small enterprises (between 10-15 employees), 1.7 % of medium-sized enterprises (between 50-250 employees) and 0.3 % of large enterprises (more than 250 employees) (INKAR, 2017). Taking a closer look at the FR in terms of economic strength, the stratification within the region becomes obvious. While the district Rheingau-Taunus-Kreis, located in the western part of FR Rhein-Main just above the city of Wiesbaden, has a GDP per capita of 23.400 EUR and a Gross Value Added (GVA) of 65.68,00 EUR per employee (2014), the numbers are almost a third higher in the city of Frankfurt (88.200 EUR) and its neighbouring district Main-Taunus-Kreis (86.000 EUR) (INKAR, 2017).

This is mirrored in the employment sectors as well as in the (un)employment rates in Frankfurt in particular and the FR in general. With Frankfurt being the economic, transportation and trade centre of the FR as well as the country, it houses all major banks, the stock market, the largest airport in the country (and fourth largest in Europe) and one of Europe's largest trade shows. Thus, in 2014 88.8 % of the workforce in the city of Frankfurt and 85.4 % of employees in the neighbouring Main-Taunus-Kreis were employed in the tertiary sector. Looking at the figures of young adults' unemployment rates, a similar picture occurs. With 7.4 % Frankfurt has the lowest share of youth unemployment in the FR compared to the cities of Worms (11.7 %) and Wiesbaden (10.7 %) as well the national average of 8.9 %. What can be detected as a common trend throughout the FR, except for the district of Fulda, is the steady decrease of unemployment between 1998 and 2014 (INKAR, 2017).

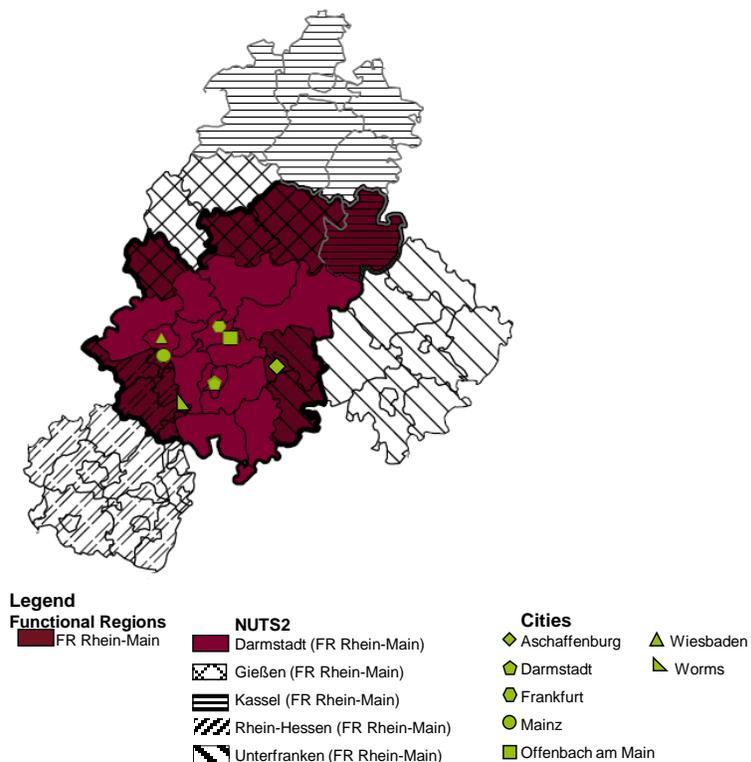
Taking into consideration the prevailing economic sectors within the city of Frankfurt, the workforce needed related to the tertiary sector are highly skilled workers. This demand is mirrored by an unusual degree of higher educational attainment. With six institutions of higher education, including a university of applied science and an academy of music and visual arts (in total around 50,000 students), the city of Frankfurt is not only the centre in terms of higher education, but also in terms of vocational education providing 27 public and private vocational schools. These schools offer a broad range of programmes ranging from engineering to social sciences, from administration to fashion and textile industry (Stadt Frankfurt am Main, 2017a & b). In 2014, a share of 43.9 % students obtained the general higher education entrance qualification (Abitur), compared to 33.4 % in Germany. Those rates continue in the higher education attainment as well, since as of 2005 the rate of students in tertiary education (ISCED 5-8) raised from 50.0 % to 64.8 % in 2012. During the same period, the overall rate for Germany only rose from 50.9 % to 57.1 % (Eurostat 2017). Thus, a large number of young people

enrolled in higher education aiming for a university degree. In the core area of the functional region, the cities of Frankfurt and Wiesbaden and its direct surroundings enrolment rates rose between 20 % in 1995 and 30 % in 2014. The numbers are even higher for the southern end of the FR, surrounding the city of Darmstadt with rates increasing between 30 % in 1995 and 50 % in 2014. Thus, the FR (11.0 %) ranges above the national average (7.8 %) in terms of employees holding an academic certificate (in 2014) (INKAR, 2017). Accordingly, the rates of early school leavers dropped between 2005 and 2012 (from 15.3 % to 10.2 %), however, accompanied by a slight increase of young NEETS (Not in Education, Employment or Training) between 2012 and 2016 (from 6.4 % to 7.3 %) (Eurostat 2017).

The FR Rhein-Main is characterised by a strong core, the city of Frankfurt, as an (inter)national hub for economic activities (banks, stock market) and logistics and services (airport, train hub). That means a distinct trend towards high skilling and academic training on the one hand, attracting (young) people from all over the FR, raising the living costs enormously. On the other hand, it is characterised by a high demand of low skilled or untrained workers, who can hardly afford living in the city, leaving the sector of skilled workers and VET somewhat vacant. A similar trend can be observed throughout the functional region with rich areas with a high skilling/academic profile (e.g., Bad Homburg) and areas of low socio-economic status and a high amount of low skilled workers.

4.2. Mapping of the main skills actors and institutions in FR Rhein-Main

In this section the main actors, institutions and the structures concerning the skills ecology of the Rhein-Main Region are described. The section first starts by identifying the main actors and institutions, providing a brief description of them. The main purpose of this exercise is to identify actors and institutions at any level of governance (local/regional/national/supranational) somehow involved in the local/regional skills ecology with a special focus on the core part of the FR the city of Frankfurt.

Figure 16: Functional Region Rhein-Main

Before the identification and description process it is worth mentioning that the majority of the Rhein-Main Region (see figure 2) is located in southern Hesse, but it is part of two more federal states (Rhineland-Palatinate and Bavaria). The distribution of the following mentioned institutions over the functional region shows all kind of variation. Furthermore, we must emphasise that the number of actors in the skills ecology in Germany and in the Rhein-Main Region is vast and the interrelations are highly complex. Therefore, we focus on the city of Frankfurt, especially if they are already organized in associations or interest groups as for instance in form of trade unions, chambers or stakeholder associations.

In Rhein-Main Region there are different institutions that have been identified as being major actors in the governance of the local skills ecology. A brief introduction to each one of them follows and a systematic description of each of these institutions is available in the annex (Annex 1).

- **Bundesagentur für Arbeit in Frankfurt (Federal Employment Agency):** This institution is the largest provider of labour market services in Germany. It has a network of more than 700 agencies and branch offices nation-wide. In general, their tasks are job and training placement, career counselling and providing benefits such as unemployment benefit and insolvency payments. With regard to young adults the most important task is the career counselling and vocational orientation, as for instance counselling of students at schools. Another offer is the Berufsinformationszentrum/BIZ (vocational information centre) offering different kind of information on vocational training and issues related to it. The Agency is also involved with and parent authority to the Jugendjobcenter Frankfurt (youth-jobcentre Frankfurt) by counselling young people on their vocational career. In terms of the LLL

policies landscape, the Agency considers itself the leading authority regarding vocational orientation, occasionally disregarding offers of from independent service providers. However, it cooperates with almost all other actors in the field. For example, with the Hessian State Ministry of Social Affairs and Integration and the Chamber of Crafts Rhein-Main the Agency runs the so-called “welcome centre”, which is a project to support migrants in the field of labour market integration. The Agency has an administration committee in which employee and employer representatives as well as official representatives influence the work of the administration. The Employment Agency also creates relevant statistics on the development of labour and apprenticeship market.

- Jobcenter Frankfurt (Jobcentres): The central task of the Jobcenters is to provide a basic income and secure the necessities of life for those in long-term unemployment or those not entitled to receive unemployment benefits by the Federal Employment Agency. The work also focuses on activating the clients, thus supporting them to get a job. The Jobcentre offers and finances support measures or engages other service providers to prepare the clients for entering the labour market. The Jobcenter Frankfurt has seven locations all over the city. The Jobcenter Frankfurt is a central funder of support measures for young people in Frankfurt. Because of their central task, to reduce the need of help (which is interpreted especially in a financial way), the main focus lies on the integration in the labour market. Thus, the Jobcbeter is engaged in the majority of all measures and projects there are, exercising a strong influence on the design of these measures. Due to their mediating position between the labour market and the unemployed, the Jobcenter cooperates with almost every partner involved in the skills system.
- Hessisches Wirtschaftsministerium, Hessisches Kultusministerium, Hessisches Sozialministerium (Hessian State Ministries on Economy, Education and Social Affairs): The Federal State Ministries are important players in the skills ecology in the Rhein-Main Region. Most important regarding the skills markets are the Ministry of Economics, the Ministry of Education and the Ministry of Social Affairs. Those ministries are important in every state related to the FR Rhein-Main (Hesse, Rhineland-Palatinate and Bavaria). The ministries set the legal framework especially in the field of education. Furthermore, they initiate or implement programs and initiatives, for example the so called “Hessische Fachkräfteoffensive” (Hessian skilled employee campaign). Usually they call for tenders and provide financial support for measures which are in accordance with the underlying program/initiative. Many of these initiatives and programs are supported by the European social funds (ESF). Depending on the focus of the project or initiative one of these ministries is responsible. Furthermore, the mentioned ministries try to work together, for example in the Hessian Landesausschuss für Berufsbildung (State Committee for Vocational Training). The committee is formed by employers’ and employees’ representatives, and well as several representatives of state government (Economic Affairs, Energy, Transport and Land Development, Social Affairs and Integration, Environment, Climate Protection, Agriculture and Consumer Protection, Science and the Arts). It is designed to promote cooperation between vocational training in schools and vocational training in accordance with the Vocational Training Act and to take account of vocational training in the reorganization and further development of the school system.

- Bundesinstitut für Berufsbildung, BiBB (Federal Institute for Vocational Education and Training): The BiBB's mandated tasks include conducting research on vocational education and training, developing vocational education and training, serving in an advisory capacity – in particular for the political level – and providing services. It has been established as a federal agency with the Vocational Training Act in 1970 and as such is under legal supervision of the Federal Ministry of Education and Research (BMBF). Thus, the BiBB's target groups are actors of VET planning, VET practice and the scientific community. On a regional/local level there seems to be a tension the local and the national level considering the high degree of autonomy on the local level. The involvement of the BiBB therefore in the local skills ecology is indirect providing strategic and political advice for the local development. This may be in the form of the design of new forms of apprenticeships and dual vocational training as well as identifying the need for apprenticeships in the future in cooperation with the local trainers, companies and chambers.
- Deutscher Gewerkschaftsbund, DGB in Frankfurt (German Trade Union Confederation): The DGB is the umbrella organization for eight German trade unions on federal level. Together, the DGB member unions represent the interests of over six million people. This makes the DGB by far the largest confederation of trade unions in Germany and one of the biggest national confederations of trade unions world-wide. Corresponding with their size the DGB is involved in all fields, which are of importance for their members. They are contact partner for the ministries, for the chambers of the employers, yet its main task is to represent the employees. As such, the DGB considers itself the voice of the employees and are one of the important contact institutions for any aspects touching their rights or interests. In this function, they participate in the State Committee for Vocational Training and other committees on all levels. They offer support for employees with regard to their professional career, remuneration, rights, further education and many more aspects, which are relevant for their members. In cooperation with the state of Hesse, they are funding the European Academy of Work (EADA), an international institution for further education. They see themselves as
- Die hessenweite Strategie OloV (Hessian Strategy for Employment OloV): OloV stands for "Optimizing local work placement in the transition from school to work". OloV is a network in the State of Hesse formed by the public and private sector to support young adults in their transition from school to work. In Hesse and in the whole Rhein-Main Region the number of actors, measures and projects is high and complex. Thus, the aim of OloV is to stabilize and permanently anchor structures in regional contexts by which young people are supported in this transition. The goal is to harmonise the different approaches in supporting young people and disseminate best practice examples. Through cooperation and co-ordination of the training market actors, OloV provides young people with training possibilities. By the coordination of OloV the regional and local actors meet periodically and reflect on the implementation of the OloV quality standards. Relevant actors in the network are the Chamber for Industry and Commerce Frankfurt, the Chamber of Crafts Rhein-Main, the federal employment agency Frankfurt, the municipality education authority, independent service provider, the association for youth employment (GJB), the Rhein-Main Jobcenter, the Rotary Club, companies, trade unions, business juniors, the Hessian industry's

education organisation and the women department of the city of Frankfurt. Important aspects of the cooperation are the steering committee, the school coordination vocational orientation, individual support for training maturity, regional vocational orientation events, company-based internships, application tests and parental participation.

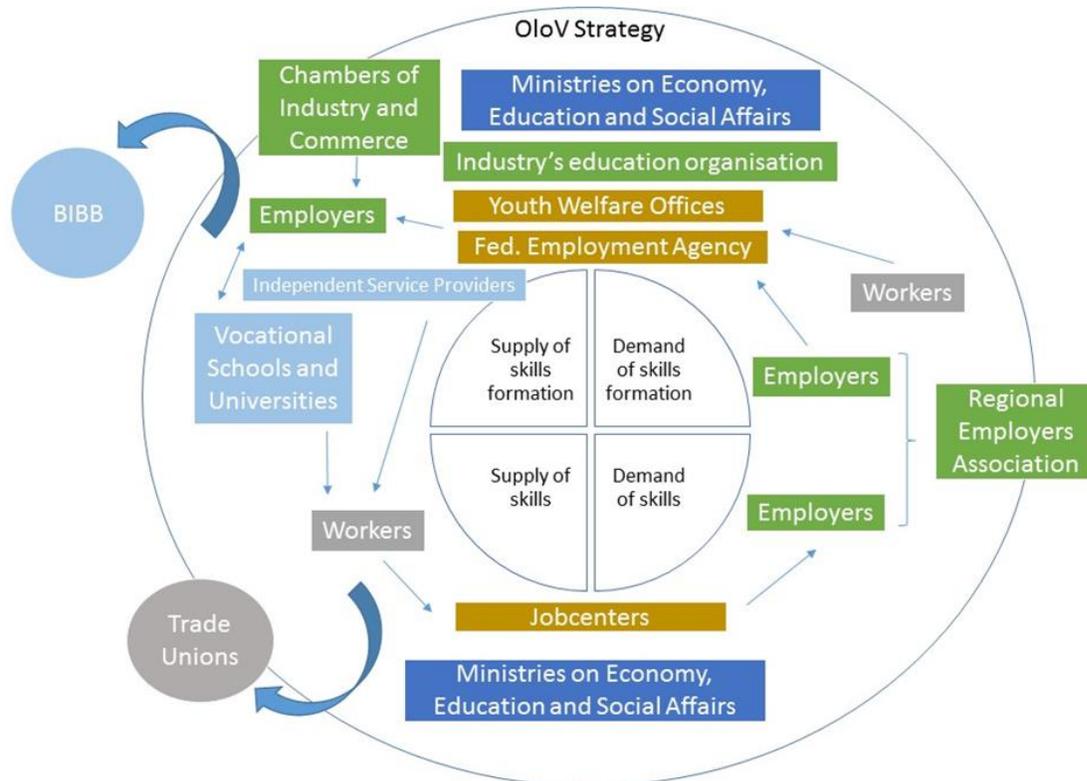
- Regionalverband FrankfurtRheinMain (Regional Association FrankfurtRheinMain): This institution is responsible for developing a common image of the region and also to set a regional plan for economic development. It is one of the few organisations focusing explicitly on the Rhein-Main Region. It consists of the 75 local municipalities of the Rhein-Main Region and other players in the region like companies, associations, chambers and representatives of culture, science and society. Even though the regional association Rhein-Main is not a direct actor in the skills markets, it is a relevant actor for the development of the whole region and also for the skills market in the region. Strongest instrument is their official mandate to plan the long-term development of the settlement, the landscape and the traffic. Therefore, the Rhein-Main Region and is a central actor for the regional development and maybe the only institution with an overview over the whole Rhein-Main Region.
- Bildungswerk der hessischen Wirtschaft, BHW (Hessian industry's education organisation): The aim of this organisation is to promote students on their way to professional life and is founded and funded by the employers' association of Hesse. It offers service for companies, schools and teachers through a comprehensive education and consulting program. It promotes the professional and social participation of people with disabilities. Moreover, it promotes the compatibility of work, family and care. Children, adolescents, parents and caring relatives are supported in difficult living conditions. They are service providers for customers like municipalities, ministries, the federal agency of employment, the Jobcenter and many more. Their outstanding position results from their close connections to the companies in the regions. Beside their task to be a service provider in the field of further education, they are contact organisation for companies and employer associations with regard to their expertise in field of further education, lifelong-learning and educational practice. Hence, they are a participant of OloV-Network and a relevant actor with different roles (service provider, educational experts and representatives of the regional companies) in the skills system.
- Hochschulen in Frankfurt (Higher education institutions): The higher education institutions, like the universities and the universities of applied sciences play an important role in the skills system in Germany. They are financed and run by the state governments though with a high degree of independence. They provide (higher) education and training. Frankfurt is a centre for higher education in the Rhein-Main Region but also nation-wide, with ten higher education institutions. The by far biggest and most important one is the Goethe-University with ca. 45.000 students. The Goethe-University offers studies in nearly all scientific areas. Beside the Goethe-University especially the Frankfurt university of applied sciences should be mentioned. Ca. 13.500 students are trained in more practice-oriented and more technical studies. The eight other higher education institutions are much smaller in numbers of students and importance. Among them are also some private institutions, which have no bigger importance in Germany.

- Arbeitgeberkammern in Frankfurt (Chambers of Employers): These institutions represent the employers in every area, which are relevant for their members, including the economic development of the functional region and securing the development of vocational training. They carry out a wide range of tasks with regard to vocational education, further education and lobbying for their members. The chambers are responsible for the organisation of the company-based side of the dual vocational system, including the responsibility for the training examination regulations, counselling and tests. They also advise companies in the topic of how to train young people and all other (financial, legal, practice etc.) aspects of conducting vocational training. There are different chambers in Germany regarding to the economic sector. The largest Chamber is the Chamber of Industry and Commerce (IHK). Each IHK office is allocated a particular region or city. The IHK Frankfurt has over 110.000 member companies. Almost 70.000 in the city of Frankfurt. The IHK Frankfurt also works together with nine more IHKs in the Rhein-Main Region and founded the IHK-Forum-RheinMain, which means their cooperation structures did not end at the borders of the federal states.
- Jugendämter in Frankfurt (Youth Welfare Offices): The Youth Welfare Offices offer a variety of services for young people. They support young people in vulnerable situations, including financial measures and engaging other service providers. Their activities are also related to different areas like vocational orientation, basic education, counselling or emotional support. A practical example is a young person who lives by her or his parents and experienced domestic violence: the youth welfare office is then the contact organisation, which helps to find a solution. For conducting their work, they cooperate furthermore with schools and all other authorities. There are also growing cooperation with the Jobcenter and the federal employment agency. Since 2012 the organisations cooperate and work together under one roof in the so called Jugendjobcenter (Youth Jobcenter) which was established with the aim to coordinate the support for the young people better and more efficient.
- Berufsschulen (Vocational schools): The vocational schools are a fundamental part of the vocational education system. They offer not only the school-based part of the dual training system, but also complete school-based apprenticeships and the courses of the so called "transition system" (vocational preparation). In Frankfurt, there are 27 vocational schools with different professional focus, most of them are in public schools, and the private ones play a subordinate role. There are schools with a focus on agriculture, civil engineering, health care, commercial, technic, fashion, IT and many more. The vocational schools are in contact with almost all other actors involved in the skills system, such as the state ministries, the Jobcenter or the federal agency of deployment. Because of the dual system, vocational schools are also in contact with the companies and their representatives, given the fact that both actors are partners in the vocational education of the trainees.
- Freie Träger in Frankfurt (Independent service providers): The independent service providers are a large and heterogeneous group of organisations that offer educational and social support. Regarding lifelong learning, they are an important part of the implementation of policies on-site. Some of the main service providers are the GJB (corporation for youth employment), the VbFF (association for the professional development of women), and the

ZfW (centre for further education). Some of their action include counselling, school social work, further education courses, vocational orientation and preparation. There are mainly two ways for them to get funding for their initiatives. They can apply for calls of tender or they can offer their expertise to the jobcentre, or other organizations like the youth welfare office, the federal agency of employment, and state. This encompasses on the one hand top-down initiatives from higher levels and on the other hand, it allows that initiatives from the bottom can develop.

Once the main institutions involved in the skills system in the FR Rhein-Main have been identified and briefly described, this section aims to describe the relationships among them. *First*, the institutions involved in the skills formation market and their relationship are explained. *Second*, the same exercise is presented for the skills use market. Based on the framework proposed to map these two markets the actors of the skills systems in the FR Rhein-Main are described.

In the following figure the skills system in the Rhein-Main Region is sketched. The different colours represent similar types of actors according to their functions in a skills system. In green, we represent the actors and institutions related to the employers and employers' associations. In grey, we present the workers and their collective representation in the form of trade unions. In dark blue, we present the main actors related to executive power in state politics. In light blue, we present the other educational institutions that are directly or indirectly involved in the supply of skills formation. Finally, the actors in orange represent the public institutions that create the bridges between supply and demand of skills and skills formation. Hence, the bigger circle represents the local context, where actors such as BiBB, the trade unions, the employers association and chambers of industry and commerce are represented as institutions that are also related to the national level. However, it is important to highlight that, given the complexity in the relationships among the actors; this graphic tends to simplify how local and national actors interact. By doing so, we chose to use only a few number of arrows: the smaller arrows demonstrate the main connections within the local level, while the bigger ones represent the interaction between local and national actors.

Figure 17: Skills system in the Rhein-Main Region: Skills formation and skills use market

The most part of the institutions identified in the previous section are involved in the skills formation side of the skills system. On the demand of skills formation, we identified that both employers and workers are the most relevant actors, however, there seems to be a focus on the demands related to the employers world, as the demands of skills formation from workers (and especially young adults) are constrained by the local economic opportunities. Within this skills system, the work of bridging the demand and supply of skills formation is not only made by local public actors, but also private institutions such as the Hessian industry's education organization. The state ministries are responsible for rules, guidelines, moderation processes and the initiation and implementation of policies (e.g. the above mentioned "State Committee for Vocational Training" or the "Overall concept for securing skilled personnel in Hesse"). The Youth welfare offices and the Federal Employment Agency intermediate the supply and the demand side of the skills formation market mainly offering orientation and counselling to workers and young adults. The BHW (Hessian industry's education organisation) offers education and consultancy for companies and workers, according to the economy's needs.

On the supply of skills formation, we identified six main actors. Universities and universities of applied sciences are the institutions, which offer qualifications and skills for the area of higher education. For the qualifications and skills offered in the form of apprenticeships, the vocational schools, the Federal Institute for Vocational Education and Training (BIBB), the employers, and the chambers of industry and commerce are the main institution. On a national level, BIBB conducts research on vocational education and training, and serves advisory capacity providing different services. In the local level, vocational schools offer the knowledge base; employers are responsible for providing practical training. Finally, the Chambers of Industry and Commerce are responsible for the training examination regulations, counselling and tests.

There is a dense network of cooperation between the actors on the skills formation side of the

skills systems in the FR Rhein-Main. The cooperation is often organised marketwise (e.g. customer – contractor relationship between public institutions and independent service providers in order to offer a specific skills formation service), but it can also have different patterns, especially when we look at the cooperation between the institutions and workers or individuals from the target groups. Initiatives such as the OloV strategy try to establish common structures and quality standards of cooperation. This leads to more places and opportunities for coordination and to more transparency for the involved actors.

Many of the identified institutions are also involved in the skills use side of the skills system. Here, the mapping of actors represents a traditional view of a labour market, where employers hire workers according to their demands and workers supply of skills. On the employers' side (demand), there is the Regional association Rhein-Main with an indirect involvement in the skills use market, as they are focused on the development of regional economic strategies.

On the supply side, the employees are the most relevant group. The German Trade Union Confederation represented them as collective actors, which is responsible to represent the interests of workers with a high impact on economic and labour policies. For example, they are important participants in the "State Committee for Vocational Training" and within the OloV strategy. The Jobcenter and the state ministries mainly represent the public sector in the skills use market. While the former creates the legal frameworks for local labour market, the Jobcenters have the role of acting as intermediary organisations between employers and employees through the work of job placements. The Jobcenters have different instruments to produce a fitting between both sides. However, their influence on the demand side of the skills use system is limited. Therefore, they focus their activities in offering support for workers to find and stay in jobs or supporting companies to find qualified workers.

In sum, the skills system in Frankfurt can be described as a "loose coupling" (lose Koppelung) of involved actors. We see a dense mesh of actors, measures, cooperation and locations and opportunities for contact. The whole system (see Figure 4) works without a central actor who is responsible for the whole system. Instead all participating actors work with a relatively high degree of independence for their own interests or in line with their public mandate. The aim each actor has to fulfil (with regard to the cooperation) is result of a common process, which of course does not mean that these processes are democratic or free of hierarchy. For example, the Federal Agency of Employment sets standards, which have to be accepted from potential service providers. However, the way each actor reaches his goal is more or less in his own responsibility. Typical for a system of loose coupling is the resource-overlapping. Different actors implement same or similar tasks. For example, the Federal Agency of Employment sees itself as the organisation for vocational guidance in the functional region. On-sight nearly all other involved actors offer vocational guidance and orientation measures. This form of organisation allows a minimum of bureaucratic effort for the system coordination. Because of the complexity of the system, it is assumed that a single actor will be very overstrained to organize all the processes which take place. This minimum of bureaucratic effort does not mean, that there is no bureaucracy in the system, it means that the system coordination needs low effort. It means further that the whole system is highly flexible. With regard to the effort of coordination, the system can react on new developments very fast. If ministries or other high-level actors making resource available and call for tender a large number of independent service providers can apply very fast. A good example of such a development is the so-called "migration-crisis". Because the Jobcenter, the Federal Employment Agency and the youth welfare offices are able call in the independent service providers they can use expertise and offer support, which they cannot offer themselves. This raises the possibilities and the quality of support for the young people. The independent service providers on the other hand can use their competences as its best because they are relatively free in implementing and conducting

their measures.

However, this system has its disadvantages, which are repeatedly points of criticism and starting points for reforms. Because of the overlapping of tasks and the redundancies (for example vocational orientation offered from every actor) the resources cannot be used optimally. Another point of critique is the difficult strategic guidance of the whole system, which is especially for politicians a difficult point to accept. In addition, a negative point of this organisation of the system is the complexity and the lack of transparency. Because of the independence and variety of the involved actors, nobody has an overview over all actors and measures. This complicates evaluation, controlling and ensure ideal fittings between measure and young person. This problem is tackled with the establishment of networks and cooperation like the youth-jobcenter or the OloV-strategy. However, it is an open question in how far an improvement of the disadvantages is possible and in how far improvement on the one side leads to deterioration on the other side.

4.3 Analysis of the local governance of skills

In the previous section we have identified and mapped the main actors, institutions and structures involved in the skills system of Rhein-Main. The identification of these actors, institutions and their interrelations serves as a starting point to draw on the policy orientations and interests of each one of the actors involved in the skills system in Rhein-Main and the level and forms of coordination of skills policies.

In this chapter, we are going to focus more specifically on the policy orientations of the main actors and their forms of coordination if existent. We will do so by first, identifying major challenges within the functional region as well as outline a skills agenda. Second, we will discuss the provision of the skills formation and the content and type of skills, and third, we will elaborate on the level and mechanisms of coordination, focusing on one unique form of coordination within the FR. The main source of information for the analyses provided in the following sections comes from the semi-structured interviews conducted with key informants in the skills system in Rhein-Main. These informants come from the Chamber of Industry and Commerce (IHK), the OloV Strategy (Hessian Strategy for Employment; *Optimierung der lokalen Vermittlungsarbeit im Übergang Schule - Beruf*), the Federal Employment Agency in the state of Hesse, and the Education Centre from the Hessian Industry (BHW).

In Germany VET and the transition system are organised as a “public-private-partnership” (Corporatist structure) (E_GER_F_1_WP6; L1034). Thus, the provision of skills formation in the FR Rhein-Main is made through a network of collective actors – public and private – such as the different types of vocational education schools, universities, federal employment agency and state ministries as well as the chambers of industries and commerce, the companies and independent service providers. Therefore, a strong link is given between the public sector and private companies, each of them being assigned a specific role within the partnership – the public sectors providing the schooling and the private sector providing the training in the companies each covering the costs of the respective section. The former funds mainly the general schools, a part of the vocational schools and the universities, while the latter funds the most part of the dual system by investing in educational centres and hiring apprentices. That being the case the actors display a rather homogenous account, “about 90 % of the topics are congruent [own translation, A.W.]” (E_GER_F_1_WP6; L567-568), of the current challenges that the FR is facing as well as a quite coherent understanding of which kind of skills are most important for young adults in order to enter the labour market successfully. With Frankfurt City

having an unemployment rate of 1.8 %³⁰, which technically means full employment, the core of the FR has a booming labour market that can absorb almost anybody who is looking for work (E_GER_F_4_WP6; L18-19). Problematic is the kind of jobs that are available, since many of them are untrained jobs in the logistic and transport sector in particular at the airport. Contrarily, many high skilled, i.e. academically trained, workers are required for the banking and service sector. This trend leads to quite a few challenges. *First*, most of the low skilled workers are not able to afford the living costs in the booming core Frankfurt, *second*, as part of a general trend within the region of academisation, young people tend to stay in the education system longer going for academic degrees, and, *third*, VET is considered a “care system for the low performers [own translation, A.W.]” and means “a loss of attractiveness of the dual system [own translation, A.W.]” (E_GER_F_1_WP6; L842). In the long run, this implies the loss of skilled workers. Thus, the overall common agenda of all actors is to ensure a lively VET system that produces skilled workers rather than simply low-skilled and academically trained employees. To do so, career counselling and guidance starts as early as elementary school and middle school latest (E_GER_F_1_WP6).

Both public and private sector are highly involved in skills formation system within FR Rhein-Main. The public sector is directly involved offering not only different types of educational services (basic education, vocational education, higher education), but also job orientation for young adults, social support for individuals and families, and supervision of private education institutions. The public sector also acts as an intermediary between the demands of the private sector and the supply of skills provided by the workforce. The private sector is focused on offering apprenticeships for young people, and personal development based on the companies’ demands. In order to foster this cooperation and partnership, to identify best practice examples and to attain the goals of securing a skilled workforce, the state of Hesse, where most part of the FR is located, has developed a strategy and way of coordinating activities and communication, which is to avoid power and information imbalances. Developed as early as 2005 and launched in 2009 the OloV Strategy (Hessian Strategy for Employment) is a unique example of cooperation on state and local level that is characterised by “mutual trust and appreciation [own translation, A.W.]” even though one might not have the same opinion, but knows why and can accept it (E_GER_F_1_WP6; L365). A major advantage is seen in the regular exchange between all actors on current issues and problems, each actor knowing the other and “working with each other, not only those who like each other [own translation, A.W.]” (E_GER_F_1_WP6; L433-434).

The OloV Strategy is funded by the Hessian Ministry of Ministry of Economics, Energy, Transport and Regional Development, the Hessian Ministry of Education and Religious Affairs and the European Social Fonds. The aim of the strategy is to “put young adults into education and training [own translation, A.W.]” and convey them the necessary information for an informed decision on the choice of a profession as early as possible (E_GER_F_2_WP6; L734). As a state-wide strategy the “key word” for OloV is “regional coordination [own translation, A.W.]” by advising and coordinating the activities of the 28 regions (*Kreise*) within the state (E_GER_F_2_WP6; L2234). The actors involved in the regional activities are public and private including the cities, local school boards, general and vocational schools, the job centres, the employment agencies, the chambers of industry of commerce and crafts, the companies and trade associations, youth social workers and independent education providers. The task of OloV

³⁰ This number has been mentioned by the interviewee. According to the unemployment statistics of the Federal Employment Agency these number refers to the unemployed that are part of the employment promotion (Third Book of the Code of Social Law). The number of long-term unemployed (Second Book of the Code of Social Law) is 4,0 % making up a total rate of unemployment of 5,8 % (Bundesagentur für Arbeit 2017d).

is to identify these actors and establish round tables in order for everyone involved to talk to each other. A steering group that has to ensure the communication and coordination between the actors and their activities heads each regional round table. Together, they create their own targets based on the OloV quality standards regarding career guidance, acquisition of apprenticeship and internship placements and in terms of counselling, matching and placement. By doing so, OloV steering groups decide which actions and projects should be implemented in cooperation between the private and public sector. During the implementation, the groups are responsible to check the status of the agreements. The aim is to create “transparency” and “consensus” among the actors by debating and discussing their different opinions and “logic of action” in order to ensure a steady and equal flow and distribution of information and knowledge (E_GER_F_2_WP6; L2288, own translation, A.W.). As such, OloV is organised as a bottom-up structure with the goal to identify best practice examples that can be adopted and adapted state-wide.

4.4 Assessment of the quality and use of skills

In this section, after identifying the main sources of information and assessment of the quality and use of skills in the FR Rhein-Main, we are going to describe the level and type of young people’s skills available to be used in the labour market at the regional level. Later, we are going to assess which are the problems employers are facing in using workers’ skills and which are the detected regional skills (mis)matches. From a regional perspective, we will also assess to what extent the regional labour market is attracting and/or retaining young adults and which are the characteristics that can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills.

We built this section based on the information provided by previous sub-studies, as well as official reports and statistical outlooks at the local/regional level. We identify the main sources of information on skills quality, skills shortages, mismatches, skills use, and labour market insertion of young people. We highlight the initiative Science Region FrankfurtRheinMain (WiR) that have been organising joint action at the level of the metropolitan region and promoting the economic development. Here, we use the document Wissensbilanz 2016 (The Knowledge Balance 2016) (Initiative Wissensregion FrankfurtRheinMain 2016) to present some of the current identified trends in economic data by means of indicators on the German metropolitan regions. Looking specifically for the State of Hesse, we identified the Fachkräftemonitor Hessen (Monitor of Skilled Workers) as an important instrument for the analysis of skilled labour supply and demand led by the chambers of commerce. In addition, the data provided by the Federal Agency of Employment showed to be very useful to describe the recent trends on the local labour market. Other documents, such as the “Arbeitsmarkt- und Integrationsprogramm 2016” (Labour Market and Integration Program 2016) (Jobcenter Frankfurt am Main 2016) and the one published by the German Trade Union Confederation on the dual training’s quality in the State of Hesse measured by the apprentices (Deutscher Gewerkschaftsbund-Jugend Hessen-Thüringen 2013), also presents some interesting data on skills (mis)matches. Finally, we make use of the Regionales Monitoring 2016 (Regional Monitoring 2016), published by the Regionalverband FrankfurtRheinMain (Regionalverband FrankfurtRheinMain 2016). We also identified a gap on the data available, as the documents collected did not allow us to have a direct look at the young adults’ characteristics that can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills. Here, only a few number of data were available that can indirectly tell us something about their situation.

The document Wissensbilanz 2016 gives us some interesting information on the level and type of young people’s skills available in the FR Rhein-Main. In the part related to education, the document shows us that the FR Rhein-Main has a specific focus on higher education – number

two in the German metropolitan regions ranking (Initiative Wissensregion FrankfurtRheinMain 2016, p. 23). The percentage of students that finish high school with a diploma that allows them to start a higher degree is almost 40 % (at least 4 % above the national average) (ibid.: 24). The same percentage only in the city of Darmstadt is around 57.7 %. From 2012 to 2016, this rate increased by almost 8 % in the whole region (ibid.: 24). The region has almost 40 students in higher education per 1000 inhabitants (the second highest rate when compared to the other metropolitan regions) (ibid.: 26). The region also attracts a great number of foreign students (until 2016, almost 13 % of the students enrolled in higher education were foreigners – the second-best result in Germany) (ibid.: 27). The situation changes when we move our attention to the numbers related to vocational education. The supply of vocational education is generally lower when compared to other regions. From 2012 to 2016, the number of workers with a vocational degree increased in almost four p.p., but this growth rate was not able to move the FR Rhein-main in the German metropolitan regions ranking. In 2014, the region was only ahead of the regions Berlin-Brandenburg and Central Germany (*Mitteldeutschland*) in the number of students in the dual training system (ibid.: 25).

The focus on higher education seems to be justified by the numbers presented by the Fachkräftemonitor Hessen. According to the website, there is a great demand and lack of high-qualified workers with higher education degrees in several professional fields: for example, in 2016, the state of Hesse lacked more than 4.100 engineers, 1.500 computer scientists, and 9.400 economists (IHK & WifOR 2017). The supply of highly qualified workers in the State was only bigger than its demand in the fields of humanities. The supply of workers with vocational education degrees also was below the demand, especially in the sector related to hospitality. The website also projects the future of demand of skilled workers: in 2020, the demand of skilled workers with higher degree will be 12.5 % bigger than its supply, while the demand of skilled workers with a vocational diploma will be 7 % bigger than its supply.

This pattern related to an increasing demand of skilled workers also seems to be true when we look at the data available for the city of Frankfurt. According to the document “Arbeitsmarkt- und Integrationsprogramm 2016” (Labour Market and Integration Program 2016) published by the Jobcenter Frankfurt am Main, almost 25 % of the workforce in Frankfurt has a higher degree, while 46.1 % has a vocational diploma. Only ca. 13 % has no qualification. The most part of the labour force is employed in the sectors of professional, scientific and technical services, trade, maintenance and repair of motor vehicles, health and social services, and hospitality (Jobcenter Frankfurt am Main 2016, p.20).

The same document also presents some interesting data on skills (mis)matches. For example, the document presents the ratio of unemployment to work opportunities. According to the data, the situation is worst in low skills jobs like cleaning services (almost 3.000 unemployed workers to 316 work opportunities), sales, food production, and floristic (Jobcenter Frankfurt am Main 2016: 14). However, high skills occupations related to health and medical professions, mechatronic, energy and informatics present more opportunities. As a result, the typical low skills jobs that are compatible with the level of skills among unemployed workers cannot be used by local labour market agencies to integrate those individuals into the labour market.

There are also important mismatches between demand and supply of vocational education within Frankfurt and the State of Hesse. In the core city of the region, the number of apprenticeships offered by employers in 2015 increased by almost 5 % when compared to 2013, while the number of individuals interested in apprenticeships decreased almost 4 % (Jobcenter Frankfurt am Main 2016, p.15). This tendency, however, is not the same, if we consider the whole State of Hesse. According to recent data published by the Federal Employment Agency, the number of candidates of apprenticeship in 2017 (until July) reached almost 40.000 while the number of places was lower than 35.000 (Bundesagentur für Arbeit

2017a, p.4). This gap, however, decreased since 2012, when the number of candidates was in 6000 higher than the number of apprenticeship jobs. (ibid, p.4).

The mismatch within the vocational education system is not only related to the number of job opportunities. A report on the quality of the dual system in the State of Hesse measured by the apprentices shows that a significant part of them is not satisfied with their job or education: in 2013, 22.7 % worked more than 40 hours per week; almost 40 % did extra hours; the salaries in the State were below the average (737 EUR in Germany, 666 EUR in Hesse); and almost 30 % did other activities in work that are not directly related to the occupation. (Deutscher Gewerkschaftsbund-Jugend Hessen-Thüringen 2013, p.6-7).

The data on the dual system can also provide interesting data on the attraction and retention of skills within FR Rhein-Main. According to the document published by the German Trade Union Confederation on the dual training's quality measured by the apprentices, the perception of quality by the students has a great impact on their choices in terms of occupations and companies. According to the study, employers and politicians may refer too often the allegedly lacking "training maturity" of young people, complaining about their deficit social skills and lack of willingness to perform. However, this idea is contrasted by the lack of training places and inadequate quality of training on the Hessian training market. Consequently, the occupations with negative performance were more likely to have less candidates, increasing the competition for the well-perceived occupations.

The supply and demand of skills is also unequally distributed within the region, as shows the data available on the Regionales Monitoring 2016, published by the Regionalverband FrankfurtRheinMain. There seems to be a correspondence between level of economic development, and workers qualification. The cities with bigger economic development attract workers from other parts of the region for better jobs. For example, within the core part of the region, almost half of the workers presented a high level of skills, and cities like Eschborn presented more than 1.500 workers per 1.000 inhabitant. On the other hand, cities as Niddatal had only 80 workers per 1.000 inhabitants (Regionalverband FrankfurtRheinMain 2016: 23). This scenario changes when we look at the data related to "mini jobs" (part-time jobs). While in Niddatal almost half of the workers were "mini jobbers", in Eschborn this number is reduced to less than a quarter (Ibid.: 29).

This scenario points out to a very specific pattern of segregation in the labour market. *First*, the number of unemployed is usually higher among workers with lower qualification. In Frankfurt am Main, almost 75 % of the unemployed in the city had no professional degree (Jobcenter Frankfurt am Main 2016: 10). *Second*, the number of women unemployed in the State of Hesse represent less than 40 % of the total unemployed people (Bundesagentur für Arbeit 2017b, p. 6), but the presence of women in low payed jobs is bigger (60 %) (Bundesagentur für Arbeit 2017b, p.13). Finally, more than 60.000 foreigners (33 %) are currently unemployed (Bundesagentur für Arbeit 2017c, p. 6).

What kind of skills and competencies are being valorised are, first, the skills that are available to the be learnt through the skills formation market are mainly defined by the demands of the labour market. Therefore, the private sector has a major influence not only in defining the occupations that are needed, but also, which skills are necessary to be learnt for each occupation. The second characteristic is given by the focus on "soziale Kompetenz" (social competencies, or soft skills) (E_GER_F_2_WP6). Here, the focus stays on teaching the young adults how to be engaged or motivated to work, and the importance of being proactive, flexible and organized. The third point is related to the communication skills: on the one hand, employers are interested in developing the capacities of their young adults' employees in terms of self-presentation. On the other hand, given the high levels of immigration, employers also

demand higher levels of proficiency in the German language.

In sum, the FR Rhein-Main present a high demand of skilled workers as well as strong tendency towards higher education. Therefore, especially the core parts of the region attract different workers profile such as high-qualified workers, young adults and foreigners. The initiatives that have been adopted to address qualifications mismatches are being successful in increase the supply of high skills within the region. However, while there is still an unredeemed demand of qualified workers, those initiatives seem to fail in qualifying foreigners and women, as well as guaranteeing high quality in the apprenticeship system.

4.5 Conclusions and Implications for young adults in FR Rhein-Main

The data presented above helps to identify the different aspects that can contribute to the integration of young adults in labour markets, and some of the main challenges that young adults have in the context of the FR Rhein-Main. First, the data shows a strong tendency of increasing demand for highly skilled workers, however with regional inequalities that shape the opportunities for young people and their attraction to different parts of the region. In the core parts of the region, the expectations of jobs and salaries of a large part of young adults increases, growing the demand towards higher education, in contrast to the vocational system. Therefore, the group of young adults that possesses the social conditions and motivation to develop high skills seems to have less problems to proceed from school to work in a labour market with big capacity to absorb high skilled workers. In contrast, the group of young people that seems to lack higher expectations on jobs and salaries is the one with bigger challenges in finding decent jobs or opportunities in vocational education, especially in the less developed parts of the region. This is the group of young people that are mainly target by LLL policies in the FR Rhein-Main.

Incoherently, there is a gap in the data provided by the local actors, as there was no document available related to the socioeconomic and skills profile of unemployed young adults and those in precarious forms of employment. Despite the lack of information, those young adults are constantly characterized by the local policy makers as not possessing the “social competences” (soziale Kompetenz) to work. According to their representation, those are the most important skills (soft skills) for vulnerable young people to access employment and secure decent work conditions.

Against this background, the answer given by local and regional authorities (in accordance with the OloV Strategy) to this situation is to focus on increasing young adult’s motivation to work, bringing information on jobs and labour market not only to the different types of schools, but also to the parents. Therefore, within the target groups there is also the concern to the family environment that surrounds the young people. By doing so, the LLL policies aim to avoid the lack of interest of young people into the future labour market, but consequently, there is an increasing pressure upon young adults (and families) to choose the best pathways to guarantee their transition between school and work as early as possible. This strategy also highlights problems related to their possibility of choices: despite the growing number of occupations and courses offered by the skill formation market, those possibilities are always circumscribed into the immediate demands of the labour market. Even more significantly, the strategy of bringing professional orientation into schools seems to be oriented to “find” the matches between the young people profiles and the labour market needs. Therefore, it is not clear how this strategy improves the situation of unemployed young adults and those in precarious forms of employment, especially considering the lack of data on their perception of their choices within the labour market.

Another significant target group is the group of young immigrants, which can be divided between European immigrants and refugees. Despite the differences of social perception and

exclusion, both groups are constrained by very similar problems. *First*, a good level of knowledge of the German language is a fundamental skill to be integrated into the labour market. *Second*, both groups struggle to have their previous professional skills recognized by the labour market institutions. In the case of European immigrants, this seems to be even worse, as recent developments in the European labour market policy reinforced the formal possibilities of previous skills recognition through the European Qualifications Framework. Here, there is no clear evidence of the success of this policy, given the fact that the German labour market is highly dependent of the dual system to give access to jobs to young adults. Consequently, several interviews mentioned that immigrants need to redo vocational education courses to access good jobs. This scenario constantly undermines the motivation of young immigrants to search for new vocational courses or professional courses in general.

Finally, the strategies of governance of the local skills system seem to ignore all those target groups regarding the conceptualisation and implementation of new LLL policies. In this sense, the target groups are not integrated in the process of development of policies, being rather understood as individuals that have no interest in participating in public decisions related to their own future. This was very clear in the words of one interview partner whose work revolves around the strategic planning and coordination of the various measures, saying that in the department the interviewee oversees they “do not work with the young adults themselves [...] however, we work with the skilled personnel [own translation, J.P.G.O.]” (E_GER_F_2_WP6; L58).

5. Analysis of skills supply and demand at FR Bremen

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, chapter 5 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in the FR Bremen.

4.1 Context information on economic and labour market conditions

The FR Bremen is a relatively large area in the North-Western part of Germany with roughly 2.7 million inhabitants. The region is economically quite diverse as it is mixed with rural and urban areas, has a high share of the agricultural sector as well as flourishing industry in Bremen City. With Bremerhaven being one of the biggest harbours in Germany, the FR owns one of the most important German seaports with an opening to the North Sea. Due to the prominence of the maritime logistic sector and trade, the industries in this FR are heavily export and import-oriented. Additionally, the automotive branch is significant for its economy, as Bremen holds the world's second-largest plant of Daimler-Benz car manufacturers, as well as the energy and food industry. Besides its economic role, the region has an outstanding position as knowledge region. The FR Bremen is the only European metropolitan region of which three cities hold the title ‘city of science’.³¹

The region is located in the north of Germany and is part of two federal states (Bremen and Lower Saxony). Compared to the FR Rhein-Main, the FR Bremen is rather small, geographically as well as demographically. The most important cities are Bremen, Bremerhaven, Oldenburg and Wilhelmshaven. Thus, the FR Bremen is marked by interesting demographic, economic, business and educational developments with direct impact on the skills formation market. Demographically, the youth population is slightly below the German average in 2016 with a youth population of 6.4 % (age 20-24) and of 7.5 % (age 25-29) (compared to the German average of 5.6 % of 20-24 years old and 6.6 % of 25-29 years old) (INKAR, 2017).

³¹ Available under: <http://www.metropolregion-nordwest.de/region/wissenschaft-und-forschung/>.

From an educational point of view, this region is defined by a high degree of educational attainment rates (39.5 % of students having general higher education entrance qualification (*Abitur*) in 2014, compared to 33.4 % in Germany) and high rates of students in tertiary education (ISCED 5-8) of 74.8 % in 2012 compared to 57.1 % in Germany. At the same time there are still high rates of early school leavers (of 14.0 % in 2014) and high rates of NEETs (Young people neither in employment nor in education and training) of 9.4 % in 2016 for the target group of 15-24 years old which ranks above the German average of 6.6 % in 2016 (Eurostat 2017). These educational indicators do have an impact on the employment as it means that there are more young adults available for employment than the market can absorb.

In spite of a diverse economy which characterises this region, the GDP per inhabitant had in 2014 an average of 29.693 EUR, being lower than the national average of 35.900 EUR (INKAR, 2017). However, the economic strength is distributed unevenly across its inhabitants, as the City of Bremen has a GDP of 47.300 EUR and a Gross Value Added (GVA) of 67.100 EUR per employee (thus slightly above the national average), Oldenburg a GDP of 41.000 EUR and Wilhelmshaven a GDP of 40.000 EUR (INKAR 2017). These economic indicators also show that 67.75 % of the workforce was employed in the tertiary sector, slightly under the national average of 69.8 % in 2014. Here, the economic role of FR Bremen's main cities takes effect as well, as 87.6 % are employed in Oldenburg, 78.6 % in Wilhelmshaven and 76.5 % in Bremen.

Furthermore in the city of Bremen, a high majority of employees hold an academic certificate. In 2014, 9.9 % per 100 inhabitants had completed an university degree, a rate above the German average of 7.8 %. However, in the surrounding areas of Bremen and Bremerhaven, the amount roughly halves to 5.4 % and 4.1 % (INKAR; 2017). This means that 16 universities and universities of applied sciences and 18 non-university research facilities provide the high demand of high skills in the region.

Additionally, the business sizes are also an important economic factor in the region. In 2013, the vast majority are micro-enterprises (under 10 employees) with 87.34 %, followed by 10.5 % of small enterprises (between 10-15 employees), 2.19 % of medium-sized enterprises (between 50-250 employees) and 0.31 % of large enterprises (more than 250 employees) (INKAR, 2017). Since the economic crisis from 2007/2008 many mainly small enterprises in the crafts sector either could not afford training apprentices or they started to train below the needs of the labour market which impacted negatively the labour market as a lack in the supply of skills arouse (E_GER_B_3).

Parallel to the high skills supply and demand the FR Bremen is also confronted with high rates of youth unemployment of 10.39 % (for youth aged between 18-25 in 2014), which is above the national average of 8.9 %. Especially in the more rural areas the unemployment rate is high: in the southern part, the district Vechta has an unemployment rate of 13.0 % having the highest overall youth unemployment rates within the last two decades; in the northern part, the two districts Wesermarsch 12.3 % and Osterholz 12.1 %. Thus, the development of the unemployment rates of the young people can indicate a shortage in the educational and training system, both in the skill development and apprenticeship vacancies.

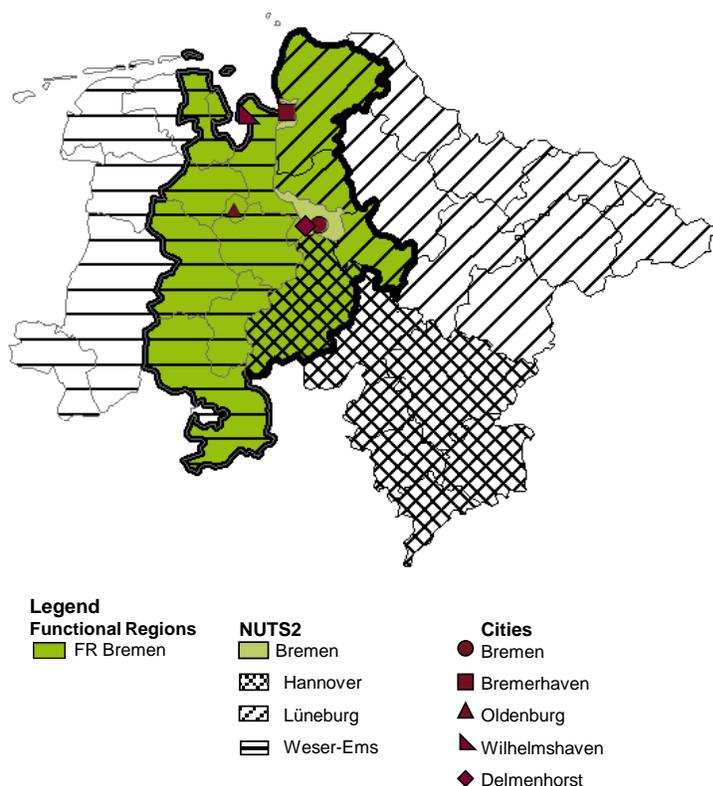
While the area of FR Bremen provides a broad and diversified range of vocational training (apprenticeship positions), vocational schools as well as providers of pre-vocational education and training within the so-called 'transition system', the number of apprenticeship vacancies is rather low and cannot absorb all the unemployed young adults available for employment. The following amount of vocational school students' ratio per 1000 inhabitants are to be found in the larger cities of the Bremen area (2013: Oldenburg: 63.3 %, Bremen: 27.2 %; Wilhelmshaven: 26.2 %) as well as the following range of apprenticeship places per 1000 employees: in Wilhelmshaven: 70.1 %, in Oldenburg: 59.4 %, in Delmenhorst: 59.2 %, Bremen: in 45.7 %.

As a conclusion we can say that the FR Bremen is characterised by a flourishing industry and scientific sector in need of high skills on one side and on the other side by high rates of early school leavers, NEETs and unemployed youth, which are hardly absorbed by the labour market which means that the low skill sector is almost non-existent.

4.2 Mapping of the main skills actors and institutions in the Bremen Region

In this section, we describe the institutions and the structures concerning the skills ecology in FR Bremen. The section first starts by identifying the actors and institutions that are involved at different levels of governance in the local skills system and providing a brief description of them.

Figure 18: Functional Region Bremen



In the FR Bremen, there are different institutions that have been identified as being involved in the governance of the local skills ecology. Before describing the main actors involved in the local skills ecology, it is necessary to mention that the FR Bremen is located in two federal states (Bremen and Lower Saxony). Therefore, we must emphasise that the number of actors in the local skills ecology is vast and the interrelations are highly complex. In what follows, we present a brief introduction to the relevant institutions in the city of Bremen, especially those organized in associations or interest groups, as for instance in form of trade unions, chambers or stakeholder associations – a systematic description of each of these institutions is available in the annexes (Annex 2).

- Bundesagentur für Arbeit in Bremen (Federal Employment Agency): is the largest provider of labour market services in Germany. It has a network of more than 700 agencies and branch offices nationwide. The most important tasks are job and training placement, career counselling and providing benefits such as unemployment benefit and

insolvency payments. The Agentur für Arbeit Bremen-Bremerhaven (Employment Agency of Bremen-Bremerhaven) provides among others vocational counseling and placement service for youth and young adult, as well as intermediation for apprenticeship training places, professional counselling for university students, counselling for companies and businesses, promotion of vocational and further education, professional rehabilitation, and promotion of gender equity. To the Employment Agency Bremen-Bremerhaven belong the following agencies, which are spread across both cities: the main agency at Doventorsteinweg in Bremen and the main agency in Bremerhaven as well as the agencies in Bremen-Mitte, Bremen-Vegesack, Bremen-Sued, Bremen-Ost and in Osterholz-Scharmbeck. The Agency has an administration committee in which employee and employer representatives as well as official representatives influence the work of the administration. The Employment Agency also creates relevant statistics on the development of labour and apprenticeship market.

- Jobcenter Bremen (Job centers): The central task of the Jobcenters is to provide a basic income and secure the necessities of life for those in long-term unemployment or those not entitled to receive unemployment benefits by the Federal Employment Agency. The job centers' also act to produce a matching between skill demand and supply by placing job seekers into adequate work ('normal' jobs as well as VET offers). In addition, it offers guidance and counselling services for companies as well as school leavers and job seekers. A Bremen specialty is the 'Jugendberufsagentur' (JBA - Job Center for young people under the age of 25), jointly founded in 2015 and staffed by the job centres Bremen and Bremerhaven as well as the following ministries: The Ministry for Children and Education, the Ministry for Social Affairs, Youth, Women, Integration and Sports and the Ministry for Economy, Work and Harbours. The JBA is the main drop-in centre regarding vocational education and its scope of is to thoroughly inform and help young adults about/with training opportunities. JBA also encompasses several other agencies such as the Central Vocational Information Centre (Zentrale Berufliche Beratungsstelle - ZBB).
- Senatorin für Kinder und Bildung, Senatorin für Soziales, Jugend, Frauen, Integration und Sport, & Senator für Wirtschaft, Arbeit und Häfen (State Ministry for Children and Education, the State Ministry for Social Affairs, Youth, Women, Integration and Sports and the State Ministry for Economy, Work and Harbours): The central ministries in the skills markets set the legal framework especially in the field of education and labour market. The ministries are articulated in the Advisory Committee on Vocational Education and Training (Landesausschuss für Berufsbildung). The committee advises the State Government on questions of vocational training. The Land Committee consists of 18 members (six representatives of employers, six of employees and six state authorities) and these members meet once in three months by setting an agenda in order to boost the good cooperation between off-the-job training and vocational training as well as to take into consideration the vocational training when new emerging school forms are reorganised or developed.
- Bundesinstitut für Berufsbildung, BiBB (Federal Institute for Vocational Education and Training): The BiBB's mandated tasks include conducting research on vocational

education and training, developing vocational education and training, serving in an advisory capacity – in particular for the political level – and providing services. It has been established as a federal agency with the Vocational Training Act in 1970 and as such is under legal supervision of the Federal Ministry of Education and Research (BMBF). Thus, the BiBB's target groups are actors of VET planning, VET practice and the scientific community. On a regional/local level there seems to be a tension the local and the national level considering the high degree of autonomy on the local level. The involvement of the BiBB therefore in the local skills ecology is indirect providing strategic and political advice for the local development. This may be in the form of the design of new forms of apprenticeships and dual vocational training as well as identifying the need for apprenticeships in the future in cooperation with the local trainers, companies and chambers.

- Deutscher Gewerkschaftsbund, DGB Bremen (German Trade Union Confederation): the DGB is the umbrella organization for eight German trade unions. Together, the DGB member represent the interests of over six million people. This makes the DGB by far the largest confederation of trade unions in Germany and one of the biggest national confederations of trade unions worldwide. DGB Bremen is involved in committees, alliances and boards at the regional and local level in Bremen and cooperates with policy makers and chambers of commerce. According to the expert interviewed, the trade union has „a classical lobby role. We represent apprentices' interests and we try to counsel the politicians with regard to having sufficient apprenticeship training places. (...) we are involved all over the place a little bit [own translation, A.B.-K.]” (E_GER_B_2_WP6; L30-39). The DGB trade union works with the administration together by means of multiple committees and boards like the Advisory Committee and the Advisory Committee for Vocational Education and Training. They have their own educational institution called Work and Life (balance) and a further education institution. The educational institution Work and Life (balance) is a joint cooperation with Volkshochschule (adult education programme). (E_GER_B_2_WP6, 2017, L. 1126-1131)
- Metropolregion Nordwest (Metropolitan Region Northwest): The metropolitan region of Bremen-Oldenburg in the north-west is a network composed by committees representing the politics and administration, the economy, the universities and the culture and their primary goal is to enhance local cooperation for further development. This goal is set to be reached using intelligent, sustainable and integrating strategies, as well as focusing on making the region attractive, and paying attention to protecting the environment and boosting the economy. In the metropolitan region are represented 16 municipalities, five industrial and commercial chambers as well as the two states of Bremen and Lower Saxony. According to the frame of action 2014-2017 six economic core competences are emphasised: agriculture and food industry, automotive, energy industry, health sector, aerospace, maritime industry and supply chain. These six core competences are to counteract challenges like the demographic change, remaining globally economic competitive, supplying with enough skilled workforce, combating climate change and supporting sustainable ways.

- Hochschulen in Bremen (Higher education institutions): Universities and the universities of applied sciences play an important role in the skills system in Germany. They are financed by the federal states where they are located, but they have a relatively high degree of independence. They provide higher education. In the FR Bremen, there are 12 universities, Bremen University being the biggest of them having a number of 20.000 enrolled in its 200 courses. Among the higher education institutions there are the Universities of applied sciences in Bremen and Bremerhaven, the University of Arts in Bremen, Jacobs University Bremen, FOM University for Employees, etc. The universities are represented in the Metropolregion Nordwest network and more often cooperate with businesses and trade unions than with other universities in the FR Bremen.
- Industrie- und Handelskammer, Handwerkskammer, Arbeitnehmerkammer in Bremen (Chambers of Industry and Commerce, Crafts and Employees' Chamber): These institutions represent mainly the employers in every area, which are relevant for their members, including the economic development of the functional region and securing the (further) development of educational content of vocational training. Their members represent a very important part of the dual system due to their training facilities and the company-based part of vocational education. There are different chambers in Germany regarding to the economic sector. The largest Chamber is the Chamber of Industry and Commerce (IHK). Each IHK office is allocated a particular region or city. They are able to officially recognise prior vocational learning, e.g., titles acquired in other countries or prior learning at universities. The largest chambers are those of industry and commerce (Industrie- und Handelskammer) as well as of crafts (Handwerkskammer) but pharmacists, physicians, lawyers, notaries and similar occupations are organised at their own chambers as well. A peculiarity in the state of Bremen is the employees' chamber (Arbeitnehmerkammer). This chamber, where employees automatically become members, offers counselling on labour law as well as on recognition of foreign vocational certificates, vocational education and further education. The employees' chamber cooperates with/ and is part of many networks like the Institute for Work and Economy, Technical School Bremen, Teleakademie Bremen, the Centre for Work and Politics, the Centre for Further Education, etc.
- Überbetriebliche Ausbildungszentren in Bremen (Training centres at inter-company level): Governed by the chambers or wider employers' associations, these centres mainly carry out those parts of vocational education that individual companies cannot provide because of too small or specialised business profiles. In the construction sector and related occupations, they form an integral part of the vocation education system carrying out large amounts of theoretical and practical training. The Competence Centre (das Kompetenzzentrum) is a training centre belonging to the Chamber of crafts, where 15 craft-related topics are taught together with certified vocational trainings and apprenticeships. Other important example is the Bildungszentrum der Wirtschaft im Unterwesergebiet e.V. (Education Centre of the Economy in Unterweser neighbourhood) which is governed by the entrepreneurs' associations and offers vocational and further education training, dual vocational studies, counselling services as well as further trainings certified by the Chamber of Commerce.

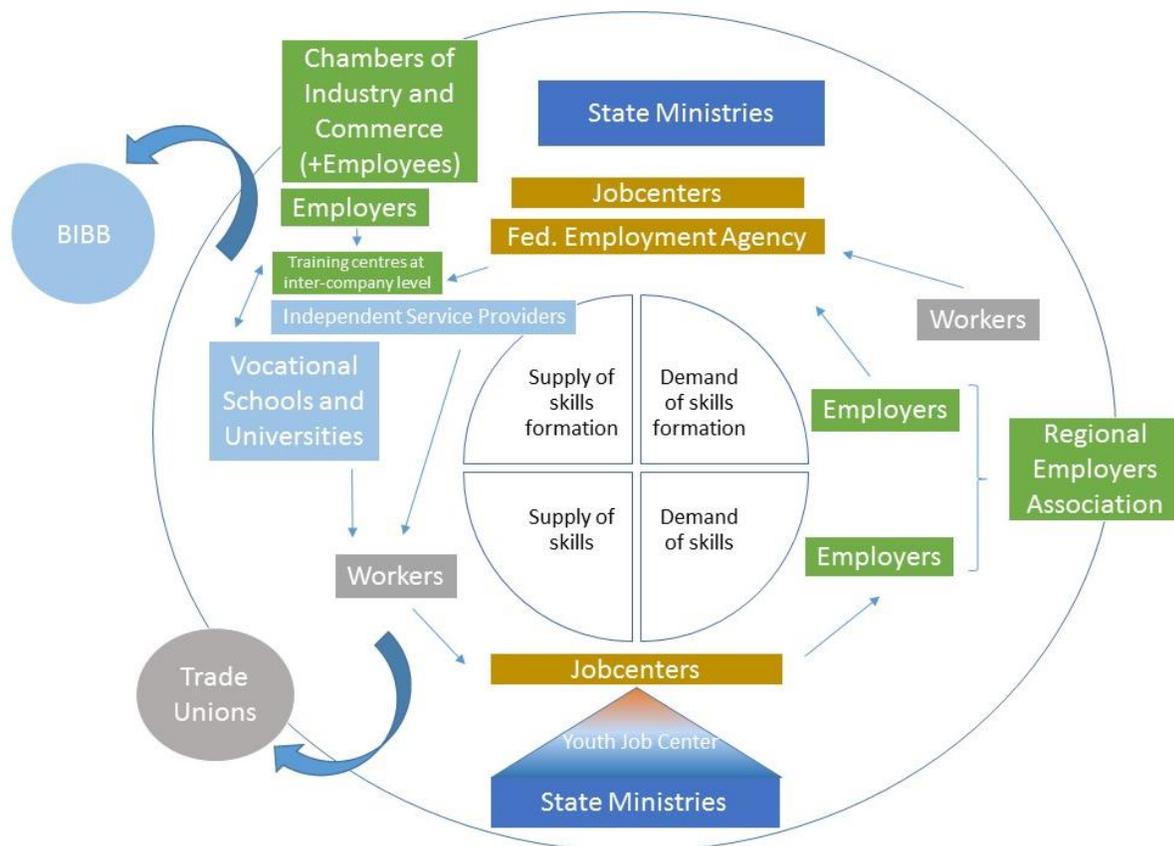
- Berufsschulen in Bremen (Vocational schools): The VET schools constitute an integral part of the dual VET system. Governed by the federal states and part of the official school system, they are responsible for the 1-2 days per week program where VET and general education are carried out at school. They also offer to some degree school-based apprenticeships for young adults who did not get apprenticeship places at the companies and carry out courses of basic vocational training for this group as part of the 'transition system' (*Übergangssystem*). A second type of vocational schools is not part of the public-school system, but private entities providing education in some special occupations, notably in the health care sector (e.g. medical technical assistants, nurses, physiotherapists). According to the Senatorin für Kinder und Bildung there are currently four Berufsschule in Bremerhaven and sixteen in Bremen that cover over 200 vocational training courses representing a broad spectrum of vocational educational areas. Other type of vocational schools are Fachschule, Fachoberschule, Berufsoberschule, Technikerschule in Bremen (Higher vocational education schools). After successful completion of dual VET, these schools offer additional degrees (technician, master craftsman) as well as certificates to enter university.
- Freie Träger in Bremen (Independent service providers): these training providers are commissioned by the job centres to carry out courses in basic vocational training for jobless people and NEETS as well as language courses for migrants and independent educational activities. WabeQ, as independent service provider cooperates with the Jobcenter providing young adults in vulnerable positions with in company training and vocational education. ABS (general vocational school) offers counselling, vocational training in technical sector but also carries on projects for single mothers like 'Belem' and 'Spagat'. There are many independent service providers in FR Bremen but in general a lack of coordination among them is common. The financing of these providers depends often on the Jobcenter, which means that this competition for funds hinders the communication and collaboration among them. These providers are embedded in committees but if/to what degree their voice is heard remains open to interpretation.

Once the main institutions involved in the skills system in the FR Bremen have been identified and briefly described, this section aims now to describe the relationships among them. *First*, the institutions involved in the skills formation market and their relationship are explained. *Second*, the same exercise is presented for the skills use market. Based on the framework proposed to map these two markets the actors of the skills systems in the FR Bremen are described.

In the following figure the skills system in the FR Bremen is sketched. The different colours represent similar types of actors according to their functions in a skills system. In green, we represent the actors and institutions related to the employers and employers' associations. In grey, we present the workers and their collective representation in the form of trade unions. In dark blue, we present the main actors related to executive power in state politics. In light blue, we present the other educational institutions that are directly or indirectly involved in the supply of skills formation. Finally, the actors in orange represent the public institutions that create the bridges between supply and demand of skills and skills formation. Hence, the bigger circle represents the local context, where actors such as BiBB, the trade unions, the employers association and chambers of industry and commerce are represented as institutions that are also related to the national level. However, it is important to highlight that, given the complexity

in the relationships among the actors; this graphic tends to simplify how local and national actors interact. By doing so, we chose to use only a few number of arrows: the smaller arrows demonstrate the main connections within the local level, while the bigger ones represent the interaction between local and national actors.

Figure 19: Skills system in the FR Bremen: skills formation and skills use markets



The skills system in the FR Bremen present a slightly different pattern than the one presented by the FR Rhein-Main. Here the most part of the institutions identified in the previous section are also involved in the skills formation side of the skills system. On the demand of skills formation, we identified that both employers and workers are the most relevant actors, however, there also seems to be a focus on the demands related to the employers world, as the demands of skills formation from workers (and especially young adults) are constrained by the local economic opportunities. The Agentur für Arbeit (Federal Employment Agency) and the Jobcenters act as bridges between demand and supply of skills formation, connecting employers and workers demands with the education institutions (universities, vocational schools, inter-company training centres and independent providers). The general training regulations as well as occupational profiles are developed by a board of members belonging to the national institute of vocational education (BIBB), jointly staffed by unions and employers' organisations. In the vocational schools the theoretical and more generic parts of the curriculum are provided (usually one to two days per week, often in blocks).The inter-company training centres aim at the formation of practical skills that are not provided at individual companies

because of specialised business processes. In the technical, construction and logistics sectors, these training centres form a quite important part of the vocational system, making it in effect a triple system. Universities offer tertiary degrees and train general education and vocational teachers. Finally, the independent providers offer courses for basic vocational qualification for unemployed people including young adults and NEETs paid for by the job centres. This system of skills formation is market-based, so its equilibrium depends on the absorptive capacity of employers and education providers. As in the last decades the offer of apprenticeship places did not come up to the demand, many young adults entered the 'transition system' getting additional vocational-oriented schooling to better prepare them for the apprenticeship market, provided by the vocational schools.

On the demand of skills formation, two types of relationships between the institutions and target groups emerged: a business relationship between the agencies and the training providers (contractor-customer) and a rather power-related relationship to target groups, in which the individuals' choices are rather limited, as they depend on skills formation in order to get social benefits.

At the other side of the local skills system, the actors that are related to the supply and demand of skills are mainly the workers and the employers (and their collective representations), intermediated by the Jobcenters. The workers/apprentices are the one who supply the market with their skills. Their interests are represented by the DGB trade union, which is a lobby organisation working closely with the policy makers on matter of employment and working conditions. The Job Centre is among other an intermediary institution between the supply (employees, apprentices) and demand (employers) side, but as a public actor its main obligation is to place the target groups into employment. At the same time when deciding upon the skills demand in the region they also take into consideration the side of the employers/enterprises. The main difference from the patterns founded in the FR Rhein-Main comes with the creation of the Youth Jobcenter that articulates the work of several state ministries in one comprehensive agency with the purpose to integrate young adults in the labour market.

The Youth Jobcenter task is to coordinate between ministries, schools, labour market and young adults in matter of guidance and counselling. At the moment, this agency is still in the forming phase as the coordination between actors does not ideally function. The process was mainly slowed down by the many laws on data protection. Changes in the school data protection law were necessary so that the agency gets access to the data of the youth and young adults. "So the next steps [...] would be to align the consultation processes. This means to go beyond the logic of the system and create a holistic consultation process. However, it is difficult to fulfil this, as there are different legislations and decision-makers behind. There are organisations like the Federal Employment Agency, which has very hierarchical organizational structures. And there is the Youth Welfare Office that they do not have [hierarchical structures], or the Jobcenter that is in public hands and all have to come along with each other [own translation, A.B-K.]" (E_GER_B_2_WP6).

As a conclusion, the local skills system in the FR Bremen faces a challenge related to the coordination of their several actors. It can be said that each institution has its own agenda and decides how to act in skills system with high level of autonomy (E_GER_B_2_WP6). Therefore, often a lack of transparency between skill supply and skill demand is created, as well as a lack of commitment to collective actions or objectives. In addition, Bremer is a City State, which means that the distances are short between the institutions and "often informal. We call that Hanseatic". [...] This means that the decisions are taken "face-to-face" instead of via telephone or email. "This enormously reduces the decisional process, but it also has its disadvantages. So, it produces an "inner-circle" of those, who have something to say" [own translation, A.B-K.]" (E_GER_B_2_WP6). To this "inner-circle" of decision-makers belong the politicians, politics,

ministries, Agency of Employment, Employee Agency, Employer Agency, the chambers and the trade associations (E_GER_B_2_WP6). By doing so, some institutions cooperate more tightly with each other due to the similarity of tasks. As an example, the ministry of education collaborates with all types of schools, chambers and trainings companies. The chambers cooperate with school authorities and vocational teachers, DGB trade union with the administration and the Jobcentre with the Agency of Employment. The creation of a Youth Jobcenter is the main strategy to integrate the several actors in one comprehensive approach. However, it is clear that this strategy is in formation as one of their main problem is still the allocation of responsibilities. "It is not clear yet, who does what and when should be the deadlines, und then one has to regard the youth from the point of view of the institution working for, to see how he/she is, what kind of person he/she is, and this is more like an attempt to clarify the working process, which can be very time-consuming [own translation, A.B-K.]" (E_GER_B_1_WP6).

4.3 Analysis of the local governance of skills at FR Bremen

In the previous section we have identified and mapped the main actors and institutions involved in the skills system of FR Bremen. The identification of these actors, institutions and their interrelations serves as a starting point to draw on the policy orientations and interests of each one of the actors involved in the skills system in FR Bremen as well as the level and forms of coordination of skills policies. In this section, we are going to focus more specifically on the policy orientations of the main actors and their forms of coordination. The main source of information for the analyses provided in the following sections comes from semi-structured interviews conducted with key informants in the skills system in the FR Bremen. They represent the Ministry of Education, the DGB trade union, the Chamber of Handicrafts and the Jobcentre.

The provision of skills formation in the FR Bremen is made through a network of collective actors, such as the chambers of industries and commerce and crafts, different types of vocational education schools, educational service providers, enterprises and universities. Therefore, one can observe a strong link between private companies and the public educational providers.

The VET in Bremen is marked by at least four challenges:

First, working' and companies' structures have changed over time, which created a high number of unemployed (E_GER_B_3_WP6). Furthermore, the economic crisis from 2007/2008 also contributed to the disappearance of jobs and apprenticeship positions. Many companies have ceased to hire apprentices, which is a trend still going on. In spite of the economic revival many branches of the industry still do not vocationally train or train less than they should. In addition, "in the labour market, this is not only happening in Bremen, there are many sectors, in which there are part-time employment and mini-jobs. This does not necessarily offer a perspective. So, there is a lot of precarious employment in the region, as we understand it [own translation, A.B-K.]" (E_GER_B_2_WP6; L120-123). The catering and retail trade sectors are chronically suffering from an insufficient number of apprentices, which is mainly caused by the lack of full-time employment after graduation, unattractive working conditions and low incentives (E_GER_B_2_WP6). Even the handicraft sector is having difficulties finding suitable apprentices although the payment is attractive.

This development causes another problem, which constitutes the *second* challenge: the young adults prefer extending their schooling instead of starting unattractive vocational trainings. The *third challenge* is that the world of work has also changed over time and the degree of automatization requires joint-up thinking and working, which means that the demands put to the young adults are also higher. There are barely low skilled jobs in Bremen, which means that the new policies and strategies in LLL concentrate on how to enhance the skills of the low-skilled

young adults. The *fourth challenge* is related to the issue that over 40 % of the jobs and apprenticeships are filled with young adults from Lower Saxony, which means extra pressure for the Bremer young adults in vulnerable positions (E_GER_B_4_WP6, L302-305).

Both public and private sector are highly involved in the skills formation within the FR Bremen. The public sector is directly involved offering not only different types of educational services (basic education, vocational education, higher education), but also job orientation for young adults, social support for individuals and families, and supervision of private educational institutions. The public sector also acts as an intermediary between the demands of the private sector and the supply of skills provided by the workforce. The private sector is focused on offering apprenticeships for young people, and personal development based on the companies' demands. However, there seems to be a latent tension related to the level of commitment of the private sector to skills formation.

The public sector in Bremen therefore tries to coordinate the skills formation by means of better communication among actors. In this sense many committees and advisory boards were created to increase the match between the skills needed in the labour market, the ones requested by the employers and the ones existing. In spite of the establishment of these structures there is still no unity in the goals and the evaluation of results as the aims of skills formation are differently interpreted, depending on own interests and agenda (E_GER_B_2_WP6). Each actor follows its own agenda, which is set within its own structures and committees.

In the FR Bremen, the planning of the educational political instruments follows a pattern dictated by the changes in the regional labour market. Therefore, the formation of skills is mainly oriented to fulfil the demands identified by the private sector. Thus, the selection of which skills are to be developed depends on the availability of jobs and apprenticeships on the labour market. The types of skills can be defined into two levels: *first*, the technical and specific skills that are demanded within work processes. These skills are only partly preconditions to entering a vocational training, as they will be learned during the apprenticeships. *Second*, the soft skills are more general and less directly connected to the demands of specific companies. Characteristics like "autonomous working style" (E_GER_B_3_WP6; L1227-1228), "social and personal competences" (E_GER_B_1_WP6; L97-98), (E_GER_B_3_WP6; L2504) and "virtues" like "reliability, friendliness, even cleanliness, even a neat appearance, these are already basic virtues, so to say, social behaviour [...]. In this respect it is actually about interest, motivation, social competences, this is it, what the employees expect. Of course, in part also formal things like grades [own translation, A.B-K.]" (E_GER_B_4_WP6; L920-933).

A third point is related to the recent levels of immigration: employers and public sectors also demand higher levels of proficiency in the German language. Finally, it is also possible to recognize the impact of the agenda related to the "Digitalisation" introduced by the Federal Institute for Vocational Education and Training. Therefore, it can be said that FR Bremen is defined by a lack of consensus among the key actors concerning the skills provision due to own goals and agenda and a lack of resources to invest in education and training as well as a high rate of youth unemployment, low numbers of available apprenticeship positions and an overrepresentation of skilled and high-skilled sectors.

Regional authorities play a central role in the development of the skills agenda in the FR Bremen. It is not clear yet how high is the level of autonomy of local actors, represented by the local districts (Kreis) within the FR Bremen. However, it is possible to understand that there is a high level of autonomy at the regional level – i.e. state ministries, employers' chambers, and jobcentres – in defining the projects, their objectives, target groups, and success criteria.

With the establishment of the 'Jugendberufsagentur' (Youth Employment Agency) a new set of

integrated work between different ministries, jobcentre, the Employment Agency and Youth Welfare Offices, employers and vocational schools has been created. The idea is to cluster all the information and services that young people need in order to facilitate their transition between school and work. The main challenge within the Youth Employment Agency is the creation of common consultation structures as all the institutions involved in the process have different degrees of hierarchy and working styles (E_GER_B_1_WP6), (E_GER_B_2_WP6). A certain lack of communication and unjust remuneration are also counted among the factors hindering the functioning of the Agency (E_GER_B_3_WP6).

To conclude, it can be said that it seems to be a general consensus on the role of the actors and how the power is distributed. *First*, there is plenty of collaboration at the regional level, in which all the key actors are involved, however less so the independent service providers and the young adults. *Second*, it seems that there is a lack of communication on the distribution of roles among the public actors involved in the creation of the *Jugendberufsagentur*, *third* a lack of transparency on how organisational structures work exists and *finally*, each actor defends its own interests and pushes its own agenda in spite of regulations and consultations.

4.4 Assessment of the quality and use of skills

In this section, we are going to review the assessment of the type, quality and use of young adults' skills in the labour market in the FR Bremen. We will do so by analysing relevant documents to the ones already presented in the previous chapters such as educational reports and statistical outlooks as well as reviewing the interviews conducted in the FR Bremen with policy experts. The analysis will focus on the issues of, *first*, the level and type of youth people's skills available to be used in the labour market at the regional level. Here we get relevant data from the Metropolregion Nordwest, Jobcentre and the Employment Agency. *Second*, documents like *Arbeitsmarkt- und Integrationsprogramm* (Labour market and integration programme; Jobcenter Bremen 2017) and *Bildungszielplanung* (Plan on educational attainment; Agentur für Arbeit Bremen-Bremerhaven 2016) describe the difficulties employers face in using workers' skills as well as they offer an image on the regional skills (mis)matches. *Third*, data on the attraction and retention of the young adults on the regional labour market as well as on the social implications of qualifications and skills (mis)matches on the young adults is provided by DGB *Ausbildungsreport* Niedersachsen-Bremen (The German Trade union Confederation report on vocational education; DGB Niedersachsen-Bremen 2016) and *Dranbleiben!* from the Employees Chamber in Bremen (Arbeitnehmerkammer Bremen 2015).

Based on the data provided by the state statistical office (*Statistisches Landesamt Bremen*) and the Employment Agency related to the workforce's educational level it seems that in the FR Bremen vocational education is regarded as the main mechanism of skills formation, with lower levels of higher education participation. According to the Metropolregion Nordwest 2017 the supply and retention of high skilled and skilled workers is a priority for the region. Thus, the region has an above average rate of employees with a vocational training certificate (63.1 % compared to the national average rate of 62.7 % in 2014). During the same time, the share of employees with higher education degrees was at 10.2 % – assuming the last position in the ranking of metropolitan regions nation-wide (13.8 % national average rate). At the same time, the region presents a high percentage of apprentices in relation to other metropolitan regions in Germany – 5.5 % compared to a national rate of 4.6 % (Metropolregion Nordwest 2017) and an increasing number of university students (23.6 % in 2015 which is lower than the German average of 32.4 %).

The labour market is not only marked by high skilled and skilled employment but also by a high number of unemployed young adults (of 10.1 %) and ESLs (early school leavers) of 5.9 %. According to *Caritas-Bildungsstudie* (Caritas education survey; Caritas 2017) the high youth

unemployment rates are traced partially back to the fact that there are less and less low-skilled jobs, “so jobs that function without an apprenticeship, which means that we have a generation in which we ourselves produce a precarious situation, by which the people do not have an apprenticeship. They start to work somewhere. And the ones without an apprenticeship are the one fired first, if something happens. [...] the Bremer politics is about to find out what happened to the ESLs” [own translation, A.B.-K.] (E_GER_B_2_WP6; L113-120). This trend of increased demand of skilled workers on one side and a decline in the demand of low skilled workers is also confirmed by the *Bildungszielplanung* (2017: 4).

According to the *Bildungszielplanung, Arbeitsmarkt- und Integrationsprogramm* and *DGB Ausbildungsreport Niedersachsen-Bremen* a high demand of skilled personnel is registered in the following sectors: in care and health sectors, social and education sectors (especially in Kindergarten), digital and social media, technical branch of the industry and renewable energy, transportation, dispatch and administration of inventory, in metal, electrical and wood sectors, in production and as well as in selling. Additionally, a lack of supply is also registered in logistics, handicrafts sector, construction, chimney sweeper, wind energy industry, etc. (E_GER_B_4_WP6; E_GER_B_2_WP6; E_GER_B_3_WP6).

With regard to the VET the *Arbeitsmarkt- und Integrationsprogramm* does not only relate the skills mismatch to the job opportunities but also to apprentices' preferences and apprenticeships' vacancies. In 2015/2016, there was a number of 3.415 candidates for apprenticeships (5.7 % less than in previous year). 1.522 candidates were younger than 20, 1.559 between 20 and 25 years old and 334 of the candidates were 25 or older. The apprenticeships' preferences were mainly in retail (293 applications), traders in office management (278), salespersons (174), medical assistants (143) and car mechatronics technicians (125). A number of 4.011 apprenticeships vacancies were reported for the year 2015/2016 (4.9 % more than in the previous year). Most of the apprenticeships were supplied in the trade for office management (269), retail (192), logistics (191), sale (178) and transport (161). As it can be seen from above there is congruence in the skills matches between the candidates' preferences and apprenticeship vacancies. From the number of 3.544 of unemployed young adults under the age of 25 584 or 16.5 % do not have a school leaving certificate. Of the unemployed young adults, 48.9 % have a foreign citizenship, which can be explained by the increasing numbers of refugees, who have recently arrived in Germany. Many of the strategies adopted by the *Arbeitsmarkt- und Integrationsprogramm* like *ausbildungsbegleitende Hilfe* (help during the apprenticeship), *assistierte Ausbildung* (assisted apprenticeship) or *Einstiegsqualifizierung* (entry qualification) aim at quick labour market integration by means of qualification recognition, German classes and internships (Jobcenter Bremen 2017: 40).

As the Bremer labour market is also marked by skilled and high-skilled employment, which attracts also students and workers from the Bremer surroundings. The rate of commuters (people that work in Bremen but live in a different city) was almost 43 % in 2016, while the national rate is less than 1 % (Agentur für Arbeit Bremen-Bremerhaven 2016). The situation is quite dramatic for the Bremer young adults as only 40 % of them occupy jobs and apprenticeships in the labour market the rest is filled by young adults mainly from Lower Saxony.

The document *DGB Ausbildungsreport Niedersachsen-Bremen* from 2016 offers us an actual picture over the dual system as well as over the (mis)matches existing in FR Bremen. Thus, in the dual system labour market the number of jobs is lower than the number of applicants on one side, and on the other side many apprenticeship positions remain vacant in the above mentioned sectors due to the following causes: hours of overtime, tasks that are not connected to the apprenticeship' duties and psychological stress. For 25 % of the apprentices, the quality of the apprenticeships does not meet the average standards and therefore, they are dissatisfied

with their apprenticeship training positions. (DGB Ausbildungsreport Niedersachsen-Bremen 2016). Due to these factors the number of drop-outs from the vocational education training is as high as 23.7 %, i.e. 1.500 apprentices start but do not finish their apprenticeships (Arbeitnehmerkammer Bremen 2015: 2). Many strategies like *BleibDran* (stay at it!) aim at mediating between employees and apprentices.

As possible solutions to attract and retain the skills of young adults should be that apprentices and companies better coordinate during the apprenticeships. More part-time apprenticeships for single parents should be created and more secured funds for projects and programmes in VET over longer time periods should be initiated. Only apprenticeships training positions should be open that are wanted by the young adults. Therefore a good solution would be if the hobbies could be transformed in apprenticeships (E_GER_B_2_WP6).

To sum up, the FR Bremen is defined by an increasing demand for high skilled workers and, consequently, a process of academisation. However, despite the process of increasing economic activity and growing labour market, there are high numbers of unemployed and unqualified young adults who do not have access to the labour market, as the low-skilled sectors are hardly available. Possible solutions to attract and retain the skills of young adults must point out to a better coordination between apprentices and companies during the apprenticeships, including matching the interest of young adults to the apprenticeships offers, and more part-time apprenticeships for single parents.

4.5 Conclusions and Implications for young adults in FR Bremen

The data presented above helps to identify the different aspects that contribute to the integration of young adults in labour markets, and some of the main challenges that young adults have in the context of the FR Bremen. *First*, the data shows a tendency of increasing demand for skilled workers, i.e. in the core parts of the region, attracting the workforce from different cities around Bremen. However, it is not clear if the investment in the dual system by the local companies is aligned to the demand of skilled workers, since the local young adults are not covering by far the demand for new workers in the region, due to matching problems. Consequently, the unemployment rate of young adults is considerably high (8.3 %, compared to 7.3 % at the national level), and the “transition system” is inflated with more than 3.326 young adults (Jobcenter, 2016). Therefore, the high expectations from the private sector to skills formation increases the competition for jobs especially for those local young adults that are socially stigmatised (i.e. they have a background of social instability and live on benefits). Also, in the perception of the labour market organizations, this group of young people seems to have low prospect on good paid jobs and salaries. Consequently, those young adults are characterized as not possessing social competences (*soziale Kompetenz*) and work virtues like punctuality, friendliness or bodily hygiene. They also lack motivation and interest and feel no impulse to work.

Similarly, to the case of the FR Rhein-Main, the new strategy initiated by local and regional authorities (Youth Employment Agency for young people under the age of 25) is endeavored to bring information on jobs and labour market not only to the different types of schools, but also to the parents. This seems to have the same kind of effect related to the concern to the family environment that surrounds the young people. Consequently, there is an increasing pressure upon young adults (and families) related to which choices they should make to guarantee their transition between school and work as early as possible. As stated previously, this strategy also poses problems related to their possibility of choices: despite of the growing number of occupations and courses offered by the skills formation market, those possibilities are always circumscribed into the immediate demands of the labour market.

As a conclusion, we can say that as we could see in the previous sections the target groups

involved in the skills formation market seem not to have a voice in the process of policies' development. Target groups like young immigrants and refugees seem to be in the focus of public authorities not only as a matter of concern but also as a solution to the lack of skilled workers. If and to what degree they can respond to the demands of the labour market depends mainly on the level of their German language and on the recognition of their previous professional skills. Another category not directly represented when deciding on new policies are the independent service providers. Indirectly, their voice is represented by the Job Centre. If and to what degree their proposals are taken into consideration is hard to say. At the national level their voice is formally represented in the advisory board of the Federal Institute for Vocational Education and Training.

6. The Functional Regions in Comparative Perspective

The descriptions and analysis of the two selected FRs shows that both regions are facing profound challenges regarding the diversity within the region. However, the descriptions also show clearly that the two FRs are sufficiently different in terms of their economies, labour market developments, population and education structures to make contrasting cases, as selected and defined in the National Report on LLL policies (Bittlingmayer et al. 2016).

The FR Rhein-Main is undergoing rapid economic changes that increases the demand for high skilled workers in a strong and dynamic labour market. However, the inequalities in the supply and demand of skills within the region are significant. Especially in the core part of the region, there seems to be a strong movement of students in direction to the higher education system, in preference to vocational education. This comes together with a situation in which low skilled workers encounter more difficulties to find jobs. The region attracts workers from other parts of the region for better jobs. As a result, the typical jobs that are compatible with the unemployed skills cannot be used to integrate those individuals into the labour market. In addition, employers and politicians often refer to the allegedly lacking "training maturity" of young people, complaining about their deficit social skills and lack of willingness to perform. Nevertheless, this idea is contrasted by the lack of training places and inadequate quality of training on the Hessian training market where a significant part of the apprentices is not satisfied with their job or education.

FR Bremen faces very dynamic changes in its structure because of the economic and demographic trends in the region. With the recent structural change of the economy, the FR Bremen demands now different occupations related to the economic activities such as logistics, automotive, energy and aerospace. The demand for skilled workers produces an intense circulation of students and workers between the city of Bremen and the State of Lower Saxony. Bremen (and to a lower degree the other regional centres Oldenburg, Wilhelmshaven and Bremerhaven) works as an attractor of skilled workers as well as apprentices and university students commuting into town from the more rural areas.

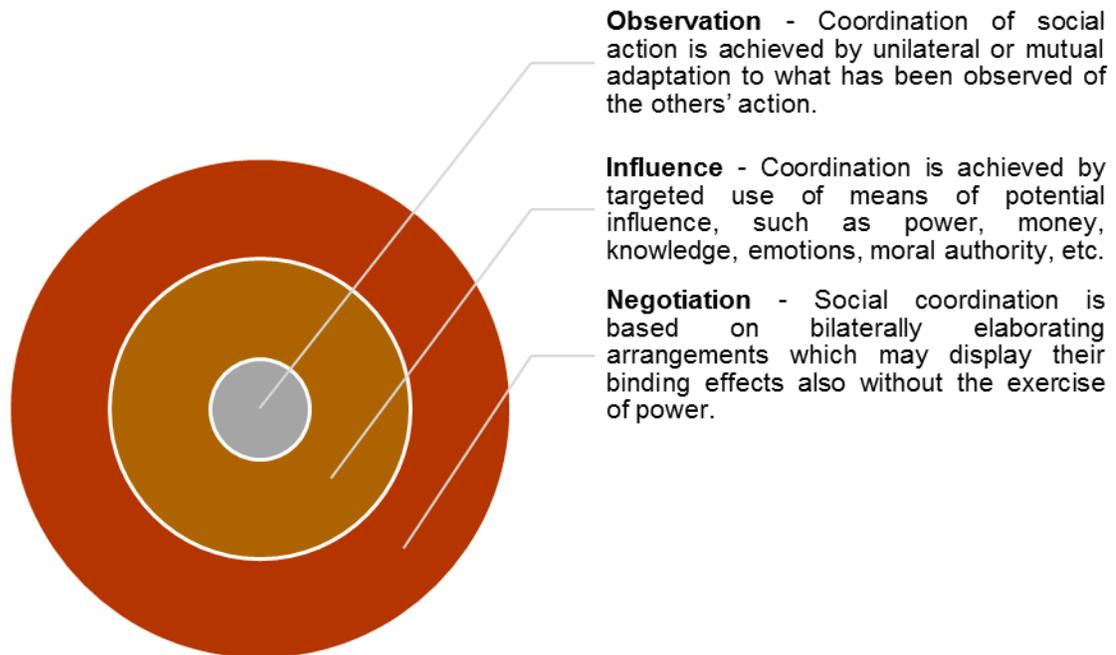
Table 10: Indicators for education in FR Rhein-Main and FR Bremen (2013/14) (WiR, Wissensbilanz 2016)

FR Rhein-Main		FR Bremen
39.9	students in higher education per 1000 inhabitants	22
56.6	Employees with vocational degree (in %)	63.1
17.2	Employees with academic degree (in %)	10.2

Both regions have great challenges regarding lifelong learning. In the case of Bremen, the main challenges are related to the unemployment of young adults and the resulting social issues. The FR Rhein-Main will require the implementation of LLL policies with focus on further and continuing education. However, it can be seen that very similar answers are being applied in both contexts. There seems to be a great focus on the development of *soziale Kompetenz* (social competence). Those competences are related to motivation, proactivity, flexibility and organization. There is a common perception of lack of those competences in the group of young adults that are not interested (or able) to find jobs and career opportunities immediately after finishing school. Because of this diagnosis, the provision of professional orientation is considered by the local actors the most important initiative to attract young adults to work. Professional orientation is in both regions not only being integrated in the educational system, but also being object of events and publicity to reach also the families.

Another similarity between the two regions is the emphasis in the development of communication skills: on the one hand, the groups of immigrants and refugees are pressured to learn the German language as a prerequisite for being integrated into the labour market. On the other hand, employers are very much interested in developing the local workforce with other communication skills (presentation, nonverbal, writing, etc.). Finally, in both regions it is possible to see the impact of the federal agenda led by the Federal Institute for Vocational Education and Training. According to the interviews, a theme related to digitalisation was directly inserted into vocational education by new federal initiatives (E_GER_F_1_WP6; E_GER_F_3_WP6).

Despite the similarities in terms of practical answers to the social and economic problems, it is also possible to identify that the models of governance in both regions are not necessarily similar. To analyse this point, it is important to go back to our theoretical framework, and apply it to the analysis of the governance of local skills systems. Following Lange & Schimank (2004: 20) and Parreira do Amaral (2016), three basic governance mechanisms can be distinguished at the micro level:

Figure 20: Three basic mechanisms of governance

According to Lange & Schimank (2004: 20), these three mechanisms can be understood as different layers that together constitute the governance in a complex multilevel system. Following this approach, 'observation' is a precondition for 'influence', and 'observation' and 'influence' are preconditions for 'negotiation'.

The comparison of the local governance of skills systems in FR Rhein-Main and FR Bremen shows similarities and differences when contrasted with the analytical approach. The similarities are related mainly to the strong links between private companies, public sector and (public and private) educational providers. This seems to come together with more public/private commitment to skills formation and use: both public and private sector are highly involved in skills formation. Thus, the funding of skills formation is shared by the public sector and private companies.

Another important similarity is related to the high degree of regional autonomy due to the federal political system of Germany. Thus, regional actors are quite independent in relation to the national level. However, this does not suggest full autonomy, or the lack of limitations in the way actors decide how to act in coordination with other actors. Especially the Federal Unemployment Agency (and at some level, schools, vocational schools and universities) present a restricted level of autonomy, given to their internal structures. The federal unemployment agency plays a central role in both FRs: it not only offers job and training placement, career counselling and provides social benefits, but the agency also conducts labour market and occupational research, labour market observation and reporting and records labour market statistics. In addition, it offers support on personnel search for specialist, management and junior staff in cooperation with the local employment agencies, and support for long-term employment planning. The centrality of the Federal Agency, and its hierarchical structure (i.e. its relationship with political parties and country-wide top organisations), is an important element to understand the governance of skill systems in Germany in a multi-level approach. By doing so,

we recognise that the high level of regional autonomy is limited by the action of an important federal actor.

There are also very significant differences between the two FRs, that shows the importance of looking to specific cases in the YOUNG_ADULLLT research. In our field research, it was possible to perceive different regional strategies in the governance of skills systems. While in Bremen the recent changes in the local governance are mainly related to the creation of the Youth Jobcenter, the FR Rhein-Main presented more stable governance structures since the creation of the OloV Strategy in the middle 2000s. The focus of the OloV Strategy is to create the conditions for local actors to develop in cooperation their own objectives, target groups, and initiatives. By doing so, the OloV Strategy integrates the private sector in a more active way as both public and private organisations are set to create formal commitments. The Youth Jobcenter as the governance strategy of school-to-work transitions in FR Bremen seems to be more focused in coordinating the actions of the public sector in a single space. This strategy does not seem to be effective in creating commitment of the private sector to LLL policies or local autonomy. However, as the main idea is to create an integrated service for young adults, is possible to understand that this approach is more concerned with the necessities and expectations of young adults.

The differences between the governance of activities within the two FRs are mainly socially and economically. While the state ministries in the FR Rhein-Main played an important role in the set-up of the OloV structures by funding and facilitating actors to develop a coherent strategy, the high labour market orientation and its booming market within Rhein-Main yet the lack of trainees seems to be a strong motivation for the actors to get involved. In the FR Bremen the focus seems to be more on the young adults themselves as becomes obvious with the recently founded Youth Jobcenter, answering to a social development. Thus, regional variations between the FRs could be foreseen in so far as to the different trend of sector orientation – labour market driven in FR Rhein-Main and social policy driven in FR Bremen – meaning different kinds of actors taking on a predominant role in the coordination process. While there is in general a lack of information on the young adults' perception of and perspective on the labour market, this issue seems to be paid more attention to in Bremen, while in Rhein-Main employers' perspective is dominant. This also the case for the national level as a recent study by the German Chambers of Industry and Commerce on *Ausbildung* (VET) illustrates. Bearing in mind that the author is representing an employers' perspective, the report identifies a new group of potential trainees, university dropouts, however, does not question why the young people may not complete their studies. For the Chamber, they represent high-qualified young people that are attractive for the companies, rather than trying to understand why young adults may not apply for an apprenticeship (DIHK 2017). Regardless of the perspective and region, however, what seems to be an effective mechanism of coordination is to bring all actors 'to the table' and work on a coherent strategy and mechanisms that encompass all actors parting in the skills system. With the OloV strategy (FR Rhein-Main) being in pace for about ten years, the mutual knowledge and trust between the actors becomes obvious, the FR Bremen has set up a similar mechanism (Youth Jobcenter) that, however, is still at an early stage.

Based in this analysis, we conclude that both strategies and governance structures in the FRs present a high level of mechanisms such as observation and influence. However, negotiation as a governance mechanism seems to be more developed in the OloV Strategy.

7. Emerging issues

We must now pay attention to the emerging issues not included in the previous sections. The main topic of discussion in this chapter are the meanings of the terms used by local actors to

describe the skills system, and how those terms assume different ideas and concepts of education and labour market in the German language. We use the Cultural Political Economy (CPE) perspective to highlight the relevance of the cultural dimension (understood as semiosis or meaning making) in the interpretation and explanation of the complexity of social formations. The CPE points to the fact that policies always reflect selective interpretations of problems, explanations of their cause, and preferred solutions. Policy makers and policy actors in general, need to selectively attribute meaning to some aspects of the world rather than others and engage with pre-existing interpretations in the decision-making process. Therefore, CPE is interested in the study of these pre-existing interpretations (policy discourses, economic and political imaginaries), their translation into hegemonic strategies and projects, and their institutionalization into specific structures and practices.

The data collected and analysed in this report suggest that there is a tension between the current use of the term skills in European policies and the German concepts of *Qualifikation* and *Kompetenz*. The use of the term 'skills' has come to dominate current education and training debates and policies, and is being supported by an international agenda conducted by organizations such as the OECD and the European Union. The development of new European policies related to the education and labour market (for example the 'European Qualifications Framework' or the 'New Skills Agenda for Europe') seems to impact the German discussions and policies with possible problems. Within those policies, skills are used to describe the personal qualities that an individual shows in order to fulfil a certain task at work. This approach is explained in an excerpt from the 'New Skills Agenda for Europe' website:

"Today, it's their unique skills that jobseekers need to 'sell' and that employers want to see. No longer is the question, are you a fireman? But rather, can you work with a search and rescue dog to find earthquake victims? No longer, have you trained as a chef? But rather, can you cook in front of a TV audience?" (European Commission, 2017a).

As the excerpt shows, the way in which the term skills is being used in European policies criticizes the focus on qualifications (fireman, chef) as a certification of individual's capacities of performing working tasks. Therefore, it suggests a fragmentation in the processes of skills formation, as it ignores the ways in which individuals acquire new personal qualities for work. This approach can be analysed as an output-centred perspective, where the focus stays rather on performance than on the process of professional socialization.

In contrast, the analysis of the interviews in Germany shows that the terms mainly used to describe personal and professional qualities in German are *Qualifikation* and *Kompetenz*. The German labour market is traditionally constituted around qualifications. In Germany, *Qualifikation* is a prerequisite for a certain professional activity in the form of certificates, proofs, etc. A qualification is the first step to work, but work does not mean only a way of surviving, but instead, a way of being. That is related also to the concept of *Beruf* (vocation). *Qualifikation* and *Beruf* are concepts that encompasses the ontological dimension of work. Therefore, as the data on unemployment shows, the entrance in the German labour market is highly dependent on recognized professional qualification. This explains why interview partners could not properly understand the question related to which skills are missing in the labour market; the answers were always related to the names of the qualifications available.

In addition, skills formation in Germany is traditionally organised around a three-folded idea of *Kompetenz*. According to Clarke and Christopher (2006), this concept points out to a holistic approach where *Fachkompetenz* means the ability, based on expert knowledge and expertise, to solve tasks and problems. *Personalkompetenz* encompasses personal qualities such as autonomy, critical faculties, self-confidence, reliability, a sense of responsibility and duty. *Sozialkompetenz* designates the ability to live and create social relations, as well as to

communicate and engage with others rationally and responsibly, developing social responsibility and solidarity. (Clarke & Winch 2006: 265). Even after the recent creation of the German Qualifications Framework, skills formation in Germany are still based on *Fachkompetenz* and *Personalkompetenz* suggesting a meaningful distinction from the European Qualifications Framework, based on the strict separation of Knowledge, Skills, and Competence (described in terms of responsibility and autonomy).

Therefore, the tension between European policies based on an output-centred perspective of skills and the German holistic tradition of skills formation in an occupational labour market can be seen in different consequences. *First*, there seems to be an increasing pressure to change the German's education and training systems to a skills-centred approach to the detriment of qualifications. Therefore, the introduction of the liberal labour market perspective in the German discussion seems to threaten the comprehensive approach. *Second*, this contradiction presents a problem for LLL policies as it can help to generate precarious forms of education for work. The introduction of modularization or partial qualification in LLL policies (based on specific tasks or competences to be acquired by individuals) is one of the visible consequences of this contradiction. The last consequence is directly related to the integration of immigrants in the German labour market. The intention of a European Qualifications Framework based on competence, skills and knowledge is that "(l)earners, graduates, providers and employers can use these levels to understand and compare qualifications awarded in different countries and by different education and training systems" (European Commission 2017b). However, there is no evidence that the European Qualifications Framework is being able to fulfil its objective. The contradiction between a liberal labour market and the German labour market perspective continues to block the integration of immigrants in Germany.

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Annexes

Annex 1: Description of institutions involved in the skills system of FR Rhein-Main

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
Regional Association FrankfurtRheinMain	Public	Regional	Platform for the strategic direction and the objectives of the regional companies. It is responsible for developing a common image of the region and to set and keep up the regional plan.	Indirectly. The institution focusses on strategic orientation development. Education is included as one of the important topics.	Indirectly. The institution focusses on strategic orientation development. Education is included as one of the important topics.	Represents 75 municipalities with a regional board of directors. Also involves state governments of Bavaria, Hesse and Rhineland-Palatinate, districts, cities, business, associations, chambers and representatives from culture, science and society.
Hessian industry's education organisation	Public	Local	Promotes and supports pupils and students on their way to professional life and during their training with practice-oriented qualification programs. It offers service for companies, schools and teachers through a comprehensive education and consulting program. It supports promotes the professional and social participation of people with disabilities and	1 - Yes, the institution offers different types of programmes for skills formation. 2 – Indirectly, the institution offers different types of career orientation.	Yes, the institution offers different types of services for companies related to personal placement and development.	Companies of all industries and sizes, public institutions such as employment agencies, job centres, municipalities and state ministries.

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
			families in difficult situations.			
Federal Employment Agency in the state of Hesse (in each municipality)	Public	National/ Local	The Agency is the largest provider of labour market services in Germany. It has a network of more than 700 agencies and branch offices nationwide. The most important tasks are job and training placement, career counselling and providing benefits replacing employment income such as unemployment benefit and insolvency payments. It conducts labour market and occupational research, labour market observation and reporting and records	Indirectly. It provides information on more than 400 apprenticeships, helps with career selection, provides guidance on self-information and counselling during the apprenticeship.	Yes, it offers support on personnel search for specialist, management and junior staff in cooperation with the local employment agencies, and support for long-term employment planning.	State government, parties and organisations concerned with labour market policy nationwide

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
			labour market statistics.			
State Committee for Vocational Training	Public	Regional (Hessian part of the FR Rhein- Main)	The Committee advises the state government on vocational training. It promotes cooperation between vocational training (in schools) according to the Vocational Training Act and to take account of vocational training in the reorganisation and further development of the school system	Yes. It provides recommendations regarding the content and organisational coordination and the improvement of training offers.	Indirectly. In form of recommendations for on-the-job training (apprenticeship).	The committee is constituted by employer and employee representatives, and representatives of several state government (economic, social affairs and consumer protection).

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
Youth Welfare Offices (in each municipality)	Public	Local	The tasks differ slightly in each municipality. Central tasks are the protection of children and young people offering counselling and vocational assistance for young people. They finance measures or engage other service providers to support young people.	Yes. Support of young people (including young adults) and provision of measures which convey various skills which help to cope with everyday life and the imperatives of the labour market.	No direct involvement. Interaction with the skills use market with measures they convey.	Close cooperation with independent service providers as the Youth Welfare Offices finance measures accordingly as well as growing cooperation with Jobcentres.
Jobcentre (in each municipality)	Public	Local/ Regional	The central task of the jobcentre is to provide a basic income and secure the necessities of life as well as activate their clients and support them to get a job. They offer and finance measures by themselves or engaging other service providers to get their clients fit for the labour market. The jobcentre may sanction their clients in case of lack of cooperation.	Yes. Besides counselling, it offers and finances measures to develop its clients' skills, getting them fit for the labour market.	Yes. As a mediating authority for both sides of the market, its task is to support its clients to find a job.	Growing cooperation with the youth welfare offices (same target group) as well as cooperation with independent service providers, companies and chambers to convey skilled workers.

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
Higher Education Institutions (universities and universities of applied sciences)	Most of them are public – funded. A small but growing part is private	Regional, self- governed	Universities and Universities of applied sciences are the main providers of higher education qualifications.	Yes. Main mission is skills formation (higher education level)	Limited. The higher education institutions play no significant role in the skills use market.	Some connections between the higher education institutions and other actors in the skill system, but only on a low level, however, this varies according to subject.
Vocational Schools	Public	Local/ Regional	The vocational schools constitute an elemental part of the vocational education system. First, the provide part-time (dual system) and full- time vocational schooling. Second, they offer courses as part of the transition system.	Yes, it is the central institution for apprenticeships and the educational part of the company- based training.	No	Currently independent service providers are implemented in the transition system with measures to support young people.
Chambers of Employers (Chambers of Industry and Commerce, Chambers of Crafts)	Private	Local/ Regional	Representation of employers and company-based part of the dual training system, partaking in discussion on the economic development of the region and securing the (further) development of educational content of vocational training. Biggest training facilities within dual system.	Yes. Key actor on the supply side of the skills formation market as members are company-based part of the dual vocational system.	Yes. Key actors on the demand side of the skills use market as members are the companies who need qualified and skilled workers.	Cooperate with vocational schools and state agencies.

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
Independent Service Providers	Private	Mostly Local, but there are also some service providers who act on a regional level.	They offer measures for various demands during the life course. Regarding lifelong learning they are an important part of the implementation of policies on-site. Their measures support especially young adults and thus the tasks of all other actors in the skill system.	Yes. They convey basic skills and support the tasks and measures of the other actors in the skills system.	Lower involvement in the skills use market, however, act as mediators between the participants of the skills use market, e.g., accompanied vocational training.	Cooperate with almost all other actors in the skills system.
Federal Institute for Vocational Education and Training	Public	Federal	The Institute's mandated tasks include conducting research on vocational education and training, developing vocational education and training, serving in an advisory capacity and providing services	Provides information and knowledge on VET, as well as the development of specific programs and materials.	Directly related to the development of the German Qualification Framework, as well as the profiles of the training occupations.	Very diverse, includes almost all actors in the skills market.
Hessian Strategy for Employment OloV	Public & private	Local	A network in the State of Hesse formed by the public and private sector to create, stabilize and permanently anchor structures in regional contexts in which young people are supported in the transition from school to work.	Direct. Coordinates cooperation and development of skills formation measures among all actors involved.	Direct. Coordinates cooperation between all actors of the skills use market and the skills formation market.	As a network structure all actors involved in the skills market are part of the strategy.

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
German Trade Union Confederation (in each region)	Private	National/ local	The Confederations DGB is the umbrella organisation for eight German trade unions, representing the employment interests of over six million employees towards the government authorities and employers' associations	Indirect. Offer career counselling and further education.	Direct. Publicize young adults and rights perceptions of the labour market.	As representation of the employees, it cooperates with state ministries as part of the State Committee for Vocational Training as well as with the employers' chambers and associations.

Annex 2: Description of institutions involved in the skills system of FR Bremen

Name of the actor/ institution and affiliation	Nature of the instituti on	Level of the instituti on	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
Metropolregio n Nordwest	Public	Regional	Improve the structure and development of the joint cooperation area through networking and interaction between local authorities, the Länder of Lower Saxony and Bremen as well as business, science and others.	Indirectly. The network focuses on strategic orientation development. Education is included as one of the important topics.	Indirectly. The network focuses on strategic orientation development. Education is included as one of the important topics.	The Metropolregion Nordwest is a partnership of various municipalities in Bremen and Lower Saxony as well as local offices of the Chambers.
State Ministries	Public	Regional	According to the Vocational Training Act, the State Committee for Vocational Training in Bremen has to advise the state government on questions of vocational training. The work of the Committee is primarily to	Yes, to strengthen the regional training and employment situation, it can make recommendations regarding the content and	Indirectly, as they make recommendations on in-the-job training (apprenticeship)	The committee is formed by Employers and Employees' representatives, and well as several representatives of state government (Economic Affairs, Energy, Transport and Land

Name of the actor/ institution and affiliation	Nature of the instituti on	Level of the instituti on	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
			coordinate school and company training. In the interest of a uniform vocational training, the Land Committee has to work towards the appropriate consideration of the vocational schools in the reorganization and further development of the school system.	organizational coordination and the improvement of training offers.		Development, Social Affairs and Integration, Environment, Climate Protection, Agriculture and Consumer Protection, Science and the Arts)
Federal Employment Agency Bremen (in each municipality)	Public	National/ Local	The Agency is the largest provider of labour market services in Germany. It has a network of more than 700 agencies and branch offices nation-wide. The most important tasks are job and training placement, career counselling and providing benefits replacing employment income such as unemployment benefit and insolvency payments. It conducts labour market and occupational research, labour market observation and reporting and records labour market statistics.	Indirectly. It provides information on more than 400 apprenticeships, helps with career selection, provides guidance on self-information and counselling during the apprenticeship.	Yes, it offers support on personnel search for specialist, management and junior staff in cooperation with the local employment agencies, and support for long-term employment planning.	State government, parties and organisations concerned with labour market policy nation-wide
Jobcentre for Bremen and Bremerhaven	Public	National/ Local	To provide guidance and counselling for young adults, their parents, employers, teachers and coaches as well as matching offer and demand, reaching out to NEETS and offer guidance	Indirectly, Providing guidance and counselling for young adults as well as companies.	Yes, Providing guidance and counselling for young adults as well as companies.	Federal States Governments

Name of the actor/ institution and affiliation	Nature of the instituti on	Level of the instituti on	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
			and counselling for apprentices.			
Vocational Schools	Public	Local	The VET schools constitute an integral part of the dual VET system. Governed by the <i>Länder</i> and part of the official school system, they are responsible for the 1-2 days per week of vocational schooling within the dual system.	Yes, as part of the dual system.	Yes, as part of the dual system.	Contacts to the individual companies as work-based part of dual system.
Training centres at inter-company level	Private	Local, regional and national	Offering VET courses in the construction sector as part of the dual system on regional and for some occupations on national level (e.g. well building). Offering further education in the construction sector (master courses in construction-related occupations, foreman and head mason in construction.	Yes, via being part of the dual system and offering recognised further education.	Yes, via being part of the dual system and offering recognised further education.	Strong relation to self-governing bodies of the construction industry.
Chamber of Crafts	Private	Local, regional and national	The chamber officially registers handicrafts companies, registers apprentices, recognises prior learning and foreign degrees, monitors VET at the companies, develops and carries out exams of initial VET and further education, and in general promotes the craft sector's interests.	Yes, via monitoring VET at companies and carrying out and recognising examination.	Yes, via recognising companies and their right to carry out VET.	Strong relation to individual companies.
Chamber of Employees	Private	Local, regional and	This chamber, where employees automatically become members, offers	Indirectly via mostly legal guidance and counselling for	Indirectly via mostly legal guidance and counselling for	

Name of the actor/ institution and affiliation	Nature of the instituti on	Level of the instituti on	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
		national	counselling on labour law as well as on recognition of foreign vocational certificates, vocational education and further education.	apprentices.	employees.	
Higher Education Institutions	Public/ Private	Regional, self- governed	Bremen University training general teachers and VET teachers, transfer of knowledge and technology, further education as well as study programmes for elderly	Yes, their main mission is skills formation (higher education level)	Limited. The higher education institutions play no significant role on the skills use market.	There are some connections between the higher education institutions and other actors in the skill system, but only on a low level. This may vary in some special areas, but all in all the higher education institutions especially the public-funded ones are independent.
Independent service providers	Semi-private	Local/ Regional	The independent service providers offer measures for almost every situation in life. With regard to lifelong-learning they are an important part of the implementation of policies on-site. With their measures they support especially the young adults and therewith the tasks of all other actors in the skill system.	Yes, on the one hand they convey basic skills and on the other hand they support the tasks and measures of the other actors.	Their involvement in the skills use market is smaller than in the skills formation market, but there a measures and offers of independent service providers that support the mediation between the participants of this market. One example are accompanied vocational trainings	Cooperation between the independent service providers and almost all other actors in the skill system.
Federal Institute for	Public	Federal	The Institute's mandated tasks include conducting	Provides information and	Directly related to the development of	Very diverse, includes almost all actors in the

Name of the actor/ institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions
Vocational Education and Training			research on vocational education and training, developing vocational education and training, serving in an advisory capacity and providing services	knowledge on VET, as well as the development of specific programs and materials.	the German Qualification Framework, as well as the profiles of the training occupations.	skills market.
German Trade Union Confederation (in each region)	Private	National/ local	The Confederations DGB is the umbrella organisation for eight German trade unions, representing the employment interests of over six million employees towards the government authorities and employers' associations	Indirect. Offer career counselling and further education.	Direct. Publicize young adults and rights perceptions of the labour market.	As representation of the employees, it cooperates with state ministries as part of the State Committee for Vocational Training as well as with the employers' chambers and associations.



Work Package 6

Comparative Analysis Skills Supply and Demand

Italy National Report

University of Genoa

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1. Introduction

The national report on Italy provides evidence for the two functional regions selected for more in depth analyses across the whole YA research project: Genoa Metropolitan Area (GFR) and Milan Metropolitan Area (MFR). It focuses on the governance of the supply and demand of skills, taking into account the differences between the skills system and the skills ecology as defined in the Young-Adullt project.

More directly related to the skills system, the Figure 1 illustrates the two parts on which the system is based, the *skills formation market* and the *skills use market*.

In each of these markets supply and demand for skills can be matched. Local, national and supranational actors, and institutions might be involved in one or in both markets where can develop their activities, jointly constituting the skills system. This report aims to assess the interactions between local and regional governance and how governing action, capacities and politics are influenced by their local/regional socio-economic context.

Figure 21: Skills system, context and skills



The present report is organised in seven main sections. Following this introduction, the main features of the skills system that are common to the national level are presented. After this, the methodology used to develop the analyses is described and discussed. Then, the

analyses for Genoa Functional Region (GFR) are presented. These analyses include 1) the contextualisation of the region in terms of socio-economic characteristics; 2) the mapping of the main regional and local actors, institutions and structures involved in the skills system; 3) the identification of the policy orientations and levels and forms of coordination among actors; and 4) the assessment of the quality and use of skills at the regional level. The implications for young adults in the region are derived from these analyses. The same exercise follows concentrating in Milan Functional Region (MFR). Last but not least, the results of the two functional regions are compared. Other emerging issues not included in the previous sections are discussed in the final section, where two best practices of local coordination (one for each FRs) are described.

2. The national system of skills

Actually, in Italy there is not a “real” national skill ecology system. Skill market and labour market are parallel and faraway from each other: the first one has certificatory purpose, while the second is referred to an occupational goal. In Italy, the skills mismatch is a very relevant question. As an OECD report showed (McGowan and Andrews, 2015³²), Italy is among European Union countries one with the highest levels of mismatch between the skills that workers have and those requested by the jobs market. Regarding the educational sector, since the mid-eighties the number of pupils in higher education and the students at university have greatly increased: the students transition from high school to university passed from 25% to 80%. In addition, there is a high level of youth unemployment, mainly caused by the weakness of economic development and only partly by the mismatch between education and training, from the one side, and job demand, on the other. This mismatch is usually expressed by firms in terms of lack of transversal competencies (e.g. communication skills, problem solving, team work, or autonomy and flexibility)³³, as well as lack of specialized technical position and the fact that education (high school and universities) are too far from labour market needs.

The latest reforms occurred in the national labour market from the one side, and in the educational and training system from the other side have tried to bridge the gap between the skill market and the labour market.

Over the last twenty years, the Italian educational and training system has undergone a series of more or less completed transformation. First of all, since 2000, with the enactment of the Regulation laying down rules on the autonomy of educational institutions (D.P.R. 275, 8 March 1999), all levels of schools (pre-primary, primary and secondary) have teaching,

³² McGowan, M. A., & Andrews, D. (2015). Skill mismatch and public policy in OECD countries. OECD: Paris.

³³ According to National Report of Unioncamere (2014) - Unioncamere (2014). *Il lavoro dopo gli studi. La domanda e l'offerta di laureati e diplomati nel 2014. Sistema Informativo Excelsior*. Unioncamere, Ministero del Lavoro, Roma - Italian firms consider in particular transversal skills as the most important in the definition of professional skills. Regarding graduates, at national level employment needs planned by firms do not always find in Master Degrees (Laurea Magistrale). In 2016, 23,3% of the expected recruitment is defined “difficult to find”. The gap is caused by a lack of transversal skills, a not adequate training, a weak experience. Two more significant reasons are related to gap of supply (39,5%), gap of skills (32,9%) and gap of expectations (22,4%). Concerning the undergraduates, the average of expected recruitment defined difficult is lower, about 12%. The gap is caused mostly for a gap of skills and in particular transversal skills (55,1%), gap of expectations (29,7) and only 12,6 for a gap of supply.

organisational and research autonomy. This means that each school has the autonomy to change some aspects (in the educational and administrative domains) in order to better fit their specific target, within the educational general framework provided by the MIUR – Ministry of instruction, university and research - (which sets the general objectives of the educational process, the ‘specific learning objectives’ for pupils’ skills, the subjects on the minimum national curriculum and the total annual compulsory timetable for curricula). Each school draws up its own Three-year Educational Offer Plan (Piano Triennale dell’Offerta Formativa, PTOF), which is the basic document setting out the cultural and planning identity of the school. It must be consistent with the general and educational objectives of the various kinds of study and specialisms set at the national level by the MIUR and, at the same time, it must reflect cultural, social and economic requirements at the local level.

In relation to the funding of the compulsory education, the primary and the lower secondary schools are totally free of charge for the family, and the upper secondary schools are mostly publically funded. Compulsory education could be provided at a public school or a private, publicly subsidised school (scuola paritaria) or private schools (organizations and private individuals are entitled to set up schools and colleges of education at no cost to the State). Whithin the Italian private schooling sector, from the one hand there are some realities of excellence, from the other hand the private institutes often become the alternative to the public ones where schooling path in a public school fails. Moreover, among the private schools, there is a strong prevalence of Catholic inspiration institute (this happens for example both in MFR and in GFR).

Another important ‘turning point’ relating to the Italian educational and training system is the Law 53/2003 (named “Moratti Law” from the surname of the Ministry of education who implemented the reform). The most important innovations refer to the new design of the vocational education and training and to the reform of the technical and professional institutes. Vocational education and training (IeFP), run by the Regions, is organized into three and four-year courses for those who have completed the first cycle of education and wish to complete their compulsory education in the vocational training system or receive a three-year qualification by their 18th birthday (known as a right/duty -*diritto/dovere*). Among the secondary education level, compared with pathways in mainstream education, the IeFP courses are shorter (3 or 4 years), make more use of laboratories and periods of work experience and aim for faster access to the job market. Training providers prepare teaching projects based on the tasks and skills that are specific to the relevant professional profiles. Generally, teaching projects are modular and cover basic, transversal and technical or vocational skills.

With reference to the technical and professional institutes, there are two main paths: the “Higher technical training and education” (“Istruzione e Formazione Tecnica Superiore” – IFTS) and the “Higher technical institutes” (“Istituti Tecnici Superiori” – ITS). The latter ones are highly specialised technical schools set up to meet the demand for new and advanced competences from the labour market, particularly from the technical and technological sectors. They offer short-cycle, non-university, tertiary education, which has been part of the education system since 2011/2012. People involved in this kind of paths, alternatives to the University, are few and so in Italy the Ministry is planning “technical degrees”, to provide a larger number of technicians with a degree level. At the level of upper secondary school, links between the skill market and the labour market are stronger in Technical and Professional schools and weaker in Lyceums. In the last years, in Italy, the trend was that families enrolle their children to the Lyceums more than to the Technical Institutes. However, observing the firms’ skills needs, it emerges a clear demand of qualified graduate

technicians; thus, the aforesaid trend risks to increase the mismatch between the skills demand and supply.

The interaction between the education system and the labour market is a crucial part of the Law 107/2015, also known as the “Good School” legislation. With specific reference to the upper secondary schools, which act a key role in the skill formation providing, in their PTOF work-linked training experiences have to be included, since by this Law the traineeships became compulsory for students in the last three years of upper secondary education. The Law integrates the school system a number of hours (200 hours for high schools, 400 for professional and technical institutes, to be used during the final three years of studies, also in the afternoon) that students have to spend on the workplace, as well as at private and public institutions. Such experiences are conceived as a mean of easing the transition between schooling and labour market systems. Thus, a skill certification system of informal and non-formal learning was integrated into school curricula.

Strictly related to this last point, Italy introduced, by the National Law 92/2012 “*Provision of Labour Market*”, the right to lifelong learning, as a strategic lever for economic growth, social cohesion and quality of education, training and employment services. Under this perspective, the certification of non-formal and informal learning (now recognized as equivalent to formal learning) plays an important role for promoting the re-entry of citizens into education training pathways and for supporting employability, and professional mobility policies. The National Law 92/2012, starting from a precise reference to the European framework, establishes standards concerning the features of validation/certification services and the parties involved, with the aim of ensuring transparency, usability and broad accessibility. The implementation of the Law 92/2012 leads to the adoption of different provisions including the Legislative Decree N. 13/2013, which have launched the national implementation of the process with the aim of adopting common guidelines for setting a National Qualification Framework. The decree constitutes the critical “anchor” for enhancing people’s right to lifelong learning, in a personal, social and occupational perspective, defining some important principles for the validation system focusing on the competences acquired by an individual throughout his/her life.

The institutional authority in charge of implementing the national system of competence certification and validation of non-formal and informal learning is a national technical committee led by the Ministry of Labour and by the Ministry of Education, with scientific and technical support of INAPP (former ISFOL), and comprising all qualification authorities (entitling bodies).

The committee took office on 2014 but the agreement on an operational common framework for national recognition of regional qualifications and related skills was reached only in 2015. This framework establishes a mechanism of mutual recognition for regional qualifications, and standard procedures for the process, attestation and system for validation services. Three main activities are currently implementing:

1. The *National Repertory* of education and training qualification. It has been established by decree 13/2013 as a basis for designing comprehensive NQF. It is the unified framework for the certification of individual skills, through the gradual standardization of essential elements of education and training qualifications, including vocational education and training and qualifications. It allows to connect qualifications to a shared system for the recognition of credits from a European perspective, containing qualifications from the following

subsystems: higher education (universities); secondary education; vocational education and training; national framework of regional qualifications; apprenticeship system; regulated professions. At the regional level Regional Repertories exist, they are coordinated with the National one.

2. The Labour Atlas, a tool that is being implemented by the Ministry of Labour, with INAPP, for describing tasks and contents of labour. It is structured according to the classification of economic professional sectors, in their turn they are split into process sequences and activity areas. The Areas substantially will be conforming to the professional skills of regional Repertories that preexisted to the National one, and that furnished the basis on which this Repertory has been built.

3. *Atlas and Professions* is a database that will collect regulated profession according to 2005/36/EC and in particular regionals Repertories of apprenticeship occupations. It will be online by December 2017.

Thus, at the national level there are two different institutions playing an important role in the local/regional skills ecology, as following showed (a systematic description of each of them is available in the Annex, see Tables 1 and 2).

1) Ministry of Labour: its mission is to advance safe, fair and proper job. The Ministry's key areas are social safety networks and employment incentives, disability, immigration, guidance and training, security, relationships and industrial relations, poverty and social exclusion. According to inter-ministerial decree 30/06/2015 it defines the operational common framework for national recognition of regional qualifications and related skills. With Ministry of Education are leading developments in EQF- related processes.

2) INAPP (former ISFOL) is a public Institute responsible for analyzing, monitoring and evaluating the economic, social, labour, education and vocational training areas. The goal is to contribute to the scientific, economic and social development of the Country and to provide support to policy makers, through the realization of National Repertory, the Atlas of qualification and professions and other scientific- technical support to Labour and Skills System.

At the university level, beyond the innovations related to the Bologna process, in accordance with the most recent labour legislation (Decree of 20 September 2011), universities play a mediation role between students and the labour market, provided that universities join the Register of employment agencies. This register includes all the subjects authorised by the Ministry of Labour to carry out mediation activities. 'Cliclavoro' (portal where universities publish the CVs of their students and graduates - within 12 months-) is one of the main tool aiming to match the employers and the university graduates.

Moreover, to encourage the entry of students into the labour market, universities are required to include guidance activities in their regulations. Guidance activities include indoor and outdoor initiatives, such as the promotion of consortia and agreements with companies for grants, apprenticeships or traineeships. The apprenticeships or traineeships could be different: apprenticeships carried out during or after university studies and combined with the qualifying State examination for practicing one of the regulated professions (professional bodies and registers); apprenticeship specifically required for a study course; apprenticeship carried out as part of international projects; apprenticeship organized independently and offered to students and teachers by a company³⁴.

As to the management of the University system, the most significant innovation has

³⁴ MIUR, Indire, Eurydice (2014). The Italian Education System. *I Quaderni di Eurydice* n. 30. <http://www.indire.it/eurydice/eurypedia/>

undoubtedly been the gradual decentralization of competences from the central government to individual institutions. Such process has produced the shift from a type of management based on a strong ministerial authority to a new managerial model in which the central government has gradually yielded up to universities all operational powers, even if retaining a few financing and policy responsibilities; universities have increased their powers in relation to the management of operational processes, and have achieved full autonomy (statutory, financial, didactic, staff recruiting) even if financial resource are mainly public.

In conclusion, some brief remarks on the national skills' system degree of (de)centralisation and the modalities of coordination between the skills formation market and the skills use market, deriving from the aforesaid brief overview. First of all, the level of decentralization is rather high, mainly due to the autonomy of both the universities and the upper secondary schools, even if both of these institutions, as said, are funded and coordinated at the national level by the Ministry of Education, University and the Research (MIUR). Such level of autonomy in some ways favours the 'detachment' with the labour market and it decreases the possibility of coordination. In fact, the schools and the Universities can act also without coordinating with the firms and the Region; in the so-called 'educational quasi-market'³⁵, the upper secondary schools seek to increase their students regardless of market's needs and the firms have no power to influence either schools offer or families' choices. Just the Vocational Training courses and some EQF 5's qualifications (ITS e IFTS) as well as EQF3's qualifications (leFP) and some Master's programmes are coordinated at the regional level and they are partly funded by the European Social Fund. In such cases, the relationships between skills supply and demand (between the educational institutions and the firms) could be formal or informal. Thus, in short, the 'contact points' between the two markets are only marginal, a real planning doesn't exist neither at the national level, nor at the regional level, and the formal coordination exists just for marginal (numerically) parts of the skills supply.

The degree of orientation to the labour market by the skills formation institutions and actors is very differentiated according to different factors. The first one to be taken into account refers to the local economic context: where the economy is more lively (e.g. MFR) the skills supply institutions and actors are closer to the skills demand, since there is a better relationship with the economic system, which wants to ensure itself the really needed qualifications, and because both the young people, both the families have a more precise idea of the job opportunities of different study paths.

The second important aspect is related to the existing of three different types of skills markets: i) those that are regulated by the public, i.e. both the supply and the demand are public (e.g. the health professions, the school teachers, the public administration), where there is also a strong coordination between the supply and the demand (there are a limited planned number of available places and the young people must pass the selection examinations to be admitted to the courses); ii) those that are regulated by the market, where the connections between the demand and the supply are less stable and continuous and therefore each actor, including the families, tends to behave partly without being coordinated with others. Thus, there is no planning, neither from a quantitative, nor from a qualitative point of view; iii) finally, there are markets of self-employment and professional work: the regulation capacity is strongly exercised by the professional associations (lawyers, notaries, psychologists, engineers, architects, that have different capacity to regulate their

³⁵ Ball S.J., Maguire M., Goodson I.F., (Eds.) (2013). *Education, Capitalism and the Global Crisis*. London: Routledge.

markets) and the coordination is carried out basing on the fixed planned number of places to enter the universities and on the exam access to the profession (on this last point, there are significant differences between those finding the most common professional outlet in the public sector – such as the social workers – or in the private one - such as the architects or the psychologists). This third type of market is similar to the first one in terms of regulation's features, but works in the same way of the second one in terms of job market

3. Methodology

The main intention of this report is identifying the actors involved in the supply and demand of skills and understanding how they govern, manage and coordinate their activities and which are the implications for young adults. In order to describe and understand the governance of the supply and demand of skills within and across the FRs under study, four main tasks are performed, basing on the main theoretical frameworks driving the analyses within the YOUNG-ADULLLT project:

- Identifying and mapping the actors, institution, structures and their main activities relevant to the local governance of the skills ecology. The Governance framework (GOV) plays a key role in this task, contributing to the understanding the skills ecology at a local scale of governance.
- Analysing main actors' policy orientations (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults. The Cultural Political Economy (CPE) framework particularly helps to understand such aspects, taking into account that actors usually detect and consider problems for given targeted groups when some changes are experienced at the local/regional/national/supranational level (Variation). The activities/policies they decide to take part in (Selection) and promote (Retention) at the regional/local level are influenced by the problematisation of the situation of the targeted group.
- Understanding the level and forms of coordination of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults. The CPE frameworks are central in this task, helping to understand the (in)existence of coordination and their forms.
- Report and assess evidence on the quality and the relevance of the skills developed and used by young adults in the workplace and society. From a Life Course Research (LCR) perspective the governance of the local/regional skills ecology is likely to influence the expectations, opportunities and lives of young adults. The (mis)match between young adults' skills, expectations and ambitions and the ones provided in their local/regional skills ecology is also likely to influence their lives.

The empirical evidence to develop the four tasks come from different sources. The main ones are the semi-structured interviews with key local actors and the grey literature used in the region in relation to skills policies. Table 1 below presents the profile of the people interviewed in each FR and the documents revised in GFR and MFR.

Interviews. In the case of GFR, key informants are from the following institutions: the Regione Liguria, the Genoa Municipality, the Genoa Chamber of Commerce, the Confindustria (Federation of Ligurian Employers), the Labor Union (CISL - Italian Confederation of Workers' Unions). The key informants from MFR come from similar institutions as the previous case: the Lombardia Region, the Milan Municipality, the

Chamber of Commerce of Metropolitan area of Milan, the Assolombarda (the Lombardy Employers Federation), the Labor Union (CGIL).

A summary of each interview can be found in the annex.

Grey literature: the main reports considered for the systematic review of grey literature at GFR are the Liguria Region report on the job demand in Liguria for youth and on the employment outcomes of Triennali courses from 2009 to 2013, the results from the survey on the occupational and educational needs of Italian companies prepared by Unioncamere, a report on NEET in the Liguria Region by ALFA. At MFR grey literature is from ARIFL, Eupolis, Assolombarda, Excelsior Unioncamere, Regione Lombardia –CRISP, Banca d'Italia, Economie Regionali.

Table 11: Key informants and grey literature

	Genoa Functional Region	Milan Functional Region
People interviewed	<ul style="list-style-type: none"> -Regional Assessor for the Vocational Training and Youth policies, Regione Liguria -Regional Assessor for Employment policies, Regione Liguria - Municipal Assessor for Economic Development Programming and Labour Policies - Director of strategic planning, smart city, innovation of business and statistics sector, Genoa Municipality - Manager of Job Centre, Institution supervised by the Genoa Municipality - General Secretary of Chamber of Commerce of Genoa - Manager of Confindustria Liguria and Confindustria Genoa - The Labor Union CISL Liguria 	<ul style="list-style-type: none"> - Regional Councillor for Education, Training and Employment, Regione Lombardia - Vice President ARIFL Regional Agency of Education, Training and Employment, Regione Lombardia - Councillor for Labour policies, Productive Activities, Commerce and Human Resources Municipality of Milan - President of Chamber of Commerce of Metropolitan area of Milan - President of Assolombarda, Lombardy Employers Federation - Secretary General of CGIL Milano metropolitan area
Grey literature revised	<ul style="list-style-type: none"> - The job demand in Liguria for youth, The employment outcomes of Triennali courses from 2009 to 2013, Liguria Region - Labor Market Observatory and Monitoring and Analysis Service, October, 2015 - The occupational and educational needs of Italian companies in industry and services sectors. Excelsior Informative System. Summary of the main results. Liguria Region. Unioncamere, Roma, 2016 - The employment after the studies. The demand for graduates and graduates in 2016. Unioncamere, Roma, 2016 - Excelsior Informative System. Professional and educational needs for 2016. Commercial and Tourist sector. Unioncamere, Roma, 2016 - Excelsior Informative System. Professional and educational needs for 2016. ICT sector. Unioncamere, Roma, 2016 	<ul style="list-style-type: none"> -Open data Job Market Lombardia – Regione Lombardia – CRISP Banca d'Italia: Regional Economics. Lombardy. 2017 - The occupational and educational needs of Italian companies in industry and services sectors. Excelsior Informative System. Summary of the main results. Liguria Region. Unioncamere, Roma, 2016 - The employment after the studies. The demand for graduates and graduates in 2016. Unioncamere, Roma, 2016 - Excelsior Informative System. Professional and educational needs for 2016. Commercial and Tourist sector. Unioncamere, Roma, 2016 - Excelsior Informative System. Professional and educational needs for 2016. ICT sector. Unioncamere, Roma, 2016 Eupolis Lombardy Report 2016

	- <i>I NEET in Liguria</i> (years 2004-2016). ALFA, Labor Market Observatory, May, 2017	Assolombarda: Industry 4.0 and educational system, 2017
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In addition to the interviews transcriptions and the grey literature review, we took into account other sources of empirical evidence, more specifically the WP3 national report of Italy on *Policy Mapping, Review and Analysis*, the policy documents reviewed in WP3, the websites of the main institutions involved in the regional skills system in each FR, and, finally, the informal contact with key informants of the institutions involved. Interviews from WP5 with policy makers and young adults have also served as background information to support and compare information available in the rest of empirical material. Quantitative indicators from WP4 have been used to contextualise the FRs.

Table 2 below summarises and links the objectives of the national report with the main research questions, the theoretical approach and the empirical evidence and methodology used to answer the questions.

Table 12: Links between objectives, questions, theory, evidence and methods

Objectives	Questions	Theoretical framework	Empirical Evidence	Main methodology
1. Mapping of actors and institutions	- Which are the actors and institutions involved in the governance of the skills ecology?	GOV	Policy documents Websites Interviews	Content Analysis
2. Policy orientations	- What is the perception of actors of the main economic and social challenges of the FR? - Which is the degree of public and employers' commitment to skills development of young adults in the FR? - Which are the policy orientations of the actors and institutions involved in the governance of the skills ecology?	CPE	Interviews Policy documents	Content Analysis
3. Level and forms of coordination	- Which is the relationship between the local and national authorities regarding LLL and skills activities? - How do actors and institutions coordinate their activities? Which mechanisms do they use? - Which actors have an influence in what is taught in LLL courses in the FR? - Which actors influence the decision of which skills are considered as relevant/needed at the local level?	GOV CPE	Interviews Policy documents Interviews WP5	Content Analysis
4. Types of (mis)match	- To what extent are young adults affected by the types of (mis)matches taking place in the skills formation and use markets? - How do they affect their lives' opportunities and outcomes?	LCR CPE	Grey literature Indicators WP4	Systematic Review

4. Analysis of skills supply and demand at Genoa Functional Region

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, section 3 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Genoa Functional Region (GFR). A contextualisation of the socioeconomic context of GFR precedes the analyses in section 3.1.

4.1 Context information on economic and labour market conditions

The Italian economy has been troubled by large-scale structural problems for at least the last 15 years. Since the end of 2011 the governments have tackled many structural reforms. These include economic policy reform and restructuring public administration and political institutions. Implementation is still proving problematic. Positive economic signs have been increasing since the beginning of 2015. The Italian economy looks set to return to growth this year. Concerning labour supply measures, in the second quarter of 2016, total employment grew steadily compared to the previous quarter (+ 0.8 %, 189 000), and the positive trend affected all employee types with varying intensity: permanent employees (+ 0.3 %), temporary employees (+ 3.2 %) and the self-employed (+ 1.2 %). At regional level, the increase was greater in Southern Italy (+ 1.4 %) compared to the Centre (+ 0.8 %) and North (+ 0.6 %). The employment rate rose by 0.5 points, especially for 15-34 year olds (+ 0.8 points) and 50-64 year olds (+ 0.6 points). The latest trends, based on the monthly data for July 2016, show, in seasonally adjusted terms, a halt in the positive trend recorded in the four preceding months, with a decline in self-employment concentrated in the independent component, compared to a broadly stable employee labour force.

In 2015, the population in Liguria decreased by 12,210 people (- 0.8 %) compared to 2014, falling to 1,571,053. With regard to the age composition, the long-term trend towards growing numbers of elderly people and thus the progressive ageing of the region's population continues. Liguria in particular is a region with low generational turnover, which has a negative impact on employment. In GFR the total population is 850,071 (2017). Young adults are 88,250, about 10.38% of the total population, a lower percentage than in MFR due to the lower birth rate.

In 2015 in Liguria, the overall employment rate was 62.4 %, up 1.7 % compared to 2014, which was lower than the average for the North West, but 6.1 % higher than the national average. Among the employed, men have the largest share (55.1 %), despite decreasing by 24,000 workers compared to 2008 (before the crisis) (- 6.6 %); female employment between 2008 and 2015 remained stable, although the percentage of women among total people in work rose from 43.2 % in 2008 to 44.9 % in 2015.

In Liguria in 2015, 71.6 % of people in work were employees, while 28.4 % were self-employed.

The breakdown of people in work by age groups shows that in Liguria the situation is especially critical for young people: only 3.3 % of people in work are aged 15-24 years, compared with 4.1 % of the national figure; 25-34 years old account for 15.7 % of the workforce in Liguria against 18.2 % at national level.

As to gender differences, in Liguria the greatest gap between men and women in terms of percentage points is found in the age group 25-34 years, where employed men are 15.1 % and women 2.6 % of the total by gender, and in the over-65s, with men outnumbering women by 2.1 percentage points.

Breakdown of employment by activity sector shows no significant changes vis-à-vis 2008: services account for almost 80 % of total employment, followed by industry at 20 %. Within industry, the manufacturing sector accounted for 12.7 % of total employment in 2015.

Part-time employment has a larger share in Liguria: - 20.7 %, compared with a national average of - 18.5 %. The majority of part-time workers are women: in Liguria they account for 76.2 % of total part-time workers against a national average of 73.2 %.

In 2015, according to data obtained from compulsory reporting, the most widely used type of contract continued to be fixed-term contracts (44.6 %), followed by permanent contracts (30 %). Compared to 2014, flexible work dropped to third place (16.1 %), with a gap of about 14 percentage points from fixed-term contracts. Between 2014 and 2015 permanent contracts increased by 65.5 %, while non-standard employment fell by 11.5 % and apprenticeships by 19.6 %.

Breakdown by type of occupation shows that 33.2 % of employment was in skilled occupations in trade and services, followed by unskilled occupations (20.6 %). Office workers, intellectual professions, craft workers, skilled manual workers and farmers accounted for around 11 % of employment.

Compared to 2008, the largest increases were in intellectual, scientific and highly specialised professions (+ 34.7 %), followed by skilled workers in trade and services (+ 16.9 %), which show that in years of crisis people with very specific professional skills and highly intellectual skills could be more attractive for the labour market. Conversely, there has been a significant drop in legislators, managers and businesspeople (- 46.6 %) and technical occupations (- 41 %).

The unemployment rate in Liguria increased from 5.4 % to 9.2 % between 2008 and 2015, although it fell from 10.8 % to 9.2 % between 2014 and 2015. With regard to the gender component, female unemployment in particular decreased in Liguria (- 17.1 %, corresponding to 6.000 people), while men continue to be the largest component (53.2 %) of those seeking employment.

In spite of the improvement in the female unemployment rate, the relative rate, which was down on the previous year, was nonetheless higher than the male unemployment rate (9.5 % compared to 8.9 %).

The rise in unemployment mainly concerns workers who lost a previous job and first time jobseekers (who made up 21 % of unemployed people in Liguria in 2015 and 27.2 % of the national average).

Between 2014 and 2015 the growth in employment was solely due to the good performance of services (+ 14.000 jobs, corresponding to + 3 %), while industry lost a thousand jobs (- 0.8 %), mainly due to the decline of employment in manufacturing (- 5.000 jobs, corresponding to - 6.6 %).

Among Young Adult in Liguria the employment rate is 39.4 (2016), it is an increasing percentage from 2013 when it was 36.5 but far from 55.2 before the crisis, in 2007. Focusing on GFR employment rate of young adult is 38.0 (lower than regional number) but in a positive trend since 2013. The activity rate in GFR for people 18-29 is 51.4, a point lower than regional rate. The unemployment rate in GFR for young adult is high, 26.2 in 2016, more than in 2015, when it was 25.4, and more than North West level, that in 2016 was 20.4.

In Liguria on 1 January 2015 there were 114.984 non-EU nationals legally resident, representing 7.2 % of the total regional population.

According to the ISTAT data (RCFL - Continuous Labour Force Survey annual average 2015), the employment rate (15-64 years) of non-EU foreign nationals was 58 %; around 4

percentage points lower than the overall regional rate (62.4 %). Among EU nationals, however, the employment rate was 69.4 %. There were 50.645 employed non-EU nationals (aged 15 and over), of whom 51.5 % were men.

The unemployment rate (aged 15 and over) of non-EU foreign nationals was 20.1 %, more than double the overall regional figure (9.2 %).

Employed foreign nationals (aged 15 and over) tended to be younger than Italians: 64 % of non-EU workers were under the age of 44 year (among Italians the figure falls to 44 %); the majority of employed foreign nationals were in the age group 30-44.

Companies in Liguria showed a largely stable trend compared to 2015, with a growth rate of 0.10 %. There were 163.418 businesses registered as at 31 December 2015, and the balance between registrations and closures was positive, standing at 163.

In terms of changes in registration, taking into account joint changes in registrations and closures, the sectors struggling most appeared to be construction, trade, transport and warehousing, and accommodation and food services, while rental, travel agencies and business support services, real estate activities and manufacturing showed a favourable trend.

More critical is the situation of craft businesses at all levels: national, regional (North West) and Liguria. Growth rates increased, with the exception of Liguria, compared to 2014, but were still in negative territory. The North West fell from - 1.15 % to - 1.08 %, while in Liguria the figure fell from 0.66 % in 2014 to - 0.93 % in 2015 and was negative in all four provinces. Although the overall trend for companies in Liguria appeared to show resilience rather than full recovery, it is important to recall that to revive the economy, the difficult situation in which craft businesses have been struggling for years cannot be ignored, given that craft businesses make up a significant proportion of the local economy (27.5 %).

The employment situation for the best qualified deserves attention: the employment rate of graduates of different types in Liguria in 2015, one year after graduation, was 58.9 % and more than half (55 %) said they made little or no use at all of the skills they gained during their university education, and probably also carried out tasks for which a university degree was not required. Also, one year after graduation, the employment rate of graduates with master's degrees and single cycle degrees (76.6 % and 62.7 % respectively) was significantly higher than that of graduates having only a bachelor's degree (48.9 %). The academic disciplines with higher unemployment rates include geology/biology, architecture and social and political sciences; the disciplines with the highest employment rates are medicine and health, engineering, teaching and science.

In particular, one year after obtaining a bachelor's degree, the unemployment rate declared by respondents was higher for those having a degree in social and political sciences (30.7 %), geology/biology (30 %), law (29.3 %) and architecture (26.3 %); Conversely, the unemployment rate was lower for psychology-related subjects (4.3 %), the sciences (7 %) and physical education (10.5 %).

One year after obtaining a master's degree, there was a higher unemployment rate in geology/biology-related subjects (43.1 %), physical education (25.1 %) and architecture (21.3 %); meanwhile, the employment rate was higher in the field of medicine and healthcare (92.9 %), engineering (89.6 %) and teaching (86.2 %).

According to data published by ISTAT on the labour force survey (LFS), the higher the qualification, the lower the unemployment rate. Based on the average 2015 data, this trend was more pronounced in Liguria than in Italy, although it was noteworthy that female graduates conversely had a higher rate of unemployment than men with similar qualifications. In Liguria, the situation was the reverse with regard to high school diplomas,

with the female unemployment rate at 7.9 % and the male rate at 8.9 %.

4.2 Mapping of the main skills actors and institutions in GFR

4.2.1 Identification and description of actors and institutions in GFR

In GFR there are ten different institutions that have been identified as being involved in the governance of the local skills ecology. A brief introduction to each one of them follows and a systematic description of each of these institutions is available in the Annex (Tables 3 to 12).

1) The Liguria Region: has legislative competence on LLL: multi annual programs on vocational training based on local need (POR initiative, funded by ESF); information system for employment and training (Regional Observatory on the labour market, led by Alfa, Excelsior with the Chamber of Commerce) classification of the professional unit; vocational training funded by ESF, definition of skills and training standards for the regional organization (technical and professional skills for the triennial figures of qualification – leFP - and four-year diploma, according to the EQF scheme) and for apprenticeships for the qualification and professional degree (while professional apprenticeship are defined by collective agreements), accreditation of training facilities, definition of evaluation and monitoring tools on territorial training offer system-level (with the support of Alfa-Regional Agency for labour and vocational training).

2) Alfa is a public institution created by a regional law. Its managing functions are related to: professional training, vocational guidance, development of adult learning opportunities, activities related to civic service, preliminary activities for the release of the regional visa in favor of foreign citizens, media education activities, activities of accreditation and evaluation of public and private employment services and monitoring of the results and analysis of training needs; monitoring of employment policies; management of Social Responsibility Register, communications on education, training and labour; Observatory on the labour market; regional system management of validation and certification of skills expected; management of the regional Repertory of Qualifications and related databases (on-going).

3) University of Genoa: is one of the most ancient of the European large universities; with about 177 educational paths distributed in the headquarters in Genoa and the learning centres of Imperia, Savona and La Spezia, it comes up to the community as a well-established reality throughout the region. More than 1.300 faculty members are distributed over 5 Schools (Math, Physics and Natural Sciences, Medical Sciences, Polytechnic, Social Sciences, Humanities). With its 126 Degrees, more than 55 Postgraduate Schools, and 26 Masters, UNIGE provides a truly multi-disciplinary teaching offer to more than 30,000 students, and nearly 2,800 international students. UNIGE counts 22 Departments, 27 PhD courses, 55 Specialisation Schools, an Integrated Library System, 11 Research Centres, and 2 Centres of Excellence. UNIGE is the main higher education provider in the GFR, linking education and skills development to today's labour markets. In order to meet the professional needs and skills demand of the territory, UNIGE offers apprenticeships and internship opportunities, such as postgraduate specialization courses and second-level university master courses aimed at scientific specialization training and higher continuous training. It also belongs to a consortium that groups quite all the private and public Universities that manages the online platform AlmaLaurea, aiming at providing institutions with reliable information on their graduates (also in terms of skills) and facilitating graduates labour market transition, fostering integration between universities, institutions and businesses (and providing official data for the National Statistical System on work condition

of degrees after 1, 3 or 5 years from graduation.

4) Local Public Education bodies: Regional Education Office and CPIA. Regional Education Office is the regional public body aimed to implement national policies in relation to Education and Training at the local and regional levels, supporting quality and improvement in teaching and learning. It tackles educational issues from early childhood to adult learning. CPIA are the Provincial centres of education for The Adults: they are autonomous institutions open to more than 16 years old with no professional qualification or graduation (for example NEETs, migrants etc.). They aim to create a training offer to obtain lower secondary school leaving diploma, professional operator certificate or upper secondary education diploma (with b1 competences in Italian language). They try to facilitate the achievement of technical diploma through a network agreement with schools, local authorities, firms and professional associations. They play an important role in migrants' linguistic and educational integration.

5) Upper secondary schools: they are the main providers of both vocational and general further education and they are in a great part publics. Their main mission is providing vocational education and training recognized by the Ministry of Education, University and Research (M.I.U.R.) with knowledge and skills relevant to the regional labour market. They could also manage student's apprenticeships experiences in firms as well as co-manage, in collaboration with training agencies, the three-year Vocational Education and Training (IeFP) courses, and the four-year Education and Higher Technical Education (IFTTS) and Education Higher Technical (ITS) courses.

6) Training Agencies: they can be an association, a cooperative, a public body, a university department, a private firm, which performs tasks of education and training. A training agency carries out its activities by providing courses, organizing internships and promoting employment and / or social integration of its members, usually using ESF. Some of them ask for accreditation to Regione Liguria in order to become entitled bodies that can access funding from ESF.

7) Public Employment Services: in the metropolitan area of Genoa there are six employment centres. Their main aim is to promote and support people in defining their educational and professional project, through orientation activities based on real skills and motivations of people seeking employment, as well as providing information on training and job opportunities at local levels. Finally, their main task should be to help matching between offer and demand of labor, but only the 3% of jobs are due to their intervention. Their mission is responding to the regional labour market demand needs through Youth Guarantee, skills formation, career guidance and apprenticeships placements.

8) Private Employment Agencies: their main aim is job placement and matching employers to employees. They are specialized in finding (recruiting or sourcing) personnel for companies in various economic sector providing outplacement services and support activities. In GFR there are 20 private employment agencies, most of them are temp agency, and only few are executive recruitment, professional employer organization, HR management organization and so on.

9) Genoa Chamber of Commerce is the "voice of business" in Genoa. Its main activities are dealing with the Register of Firms and Companies, hosting business and networking events that both help business people develop and grow their contact base, training and workforce development to upskill and develop employers and staff (through so called "special agencies"), supporting access to credit for companies and co-financing local initiatives useful to promote and advertise the firms partnership, campaigning on a local and national level on important policy issues on behalf of members. Moreover, trade associations (in particular,

industry, crafts, commerce, port, tourism), on the one hand, cooperatives and unions (see next point), on the other, participating in the bilateral agencies, have their own organizations that deal with professional training and they try to orient the Region to their training and skill needs.

10) Third Sector Organizations and Social Partners: the third sector organizations include voluntary and community organizations (both registered charities and other organizations, such as associations, self-help groups and community groups), social enterprises, industrial and provident societies or co-operatives, belonging neither to the public sector (i.e., the state) nor to the private sector (profit-making private enterprise). Typically, most third sector organizations devote themselves either to a particular issue which needs solving (for example, unaffordable housing) or to a particular group in society (for example, women, young people or vulnerable subjects, facing cultural or structural barriers to education) who requires support and representation. Charities and third sectors organisations are also in demand of young adults' skills use, as they can volunteer or have work placement apprenticeships in some of them.

The Social Parts are the workers trade unions and the entrepreneurs' business associations; they are the interlocutors of public institutions in situations of negotiation or consultation on matters related to work. The main Italian workers trade unions are CGIL (Confederazione Generale Italiana del Lavoro), CISL (Confederazione Italiana Sindacati Lavoratori), UIL (Unione Italiana del Lavoro). Among the business associations, the main ones are Confindustria (Italian Industrial Federation), Federalberghi (bringing together the hotels associations), Federcommercio (the main Italian commercial business association). The main role of trade unions is not providing skills formation, but to be aware of the existing landscape of skills formation supply and support trade union members in getting the skills formation they want or need. They support their members in accessing skills and lifelong learning opportunities.

In GFR local stakeholder related to main economic sector are the same as the regional level (or, in some cases, they are linked and coordinated) with the exception of tourism and agriculture: in this sector main actors are not in GFR. Trade Unions, professional associations and employers association and business association and third sector association have a provincial (equivalent to FR) and regional representation. The leading public institution is the Regional Government rather than the Metropolitan city. There are a lot of potential co-coordinating gaps depending on institutional architecture: skill supply is in fact characterized by autonomous and competitive offer of high schools and University, while labour market is based on a liberal market economy (even if the availability of public funding push actors towards a coordinated market economy). In this frame High Schools and the University can operate without coordination with enterprises and Regional Government (excluding only few courses funded by EFS). Enterprises, especially during economic crisis, still have an excessive offer of job. In this way they can choose easily except critical and specific skills (this happens more in MFR than in GFR). Only for these specific skills, enterprises used to share courses with high schools and university. The regional Government is the leading body but it is really effective only when it make use of public funding.

4.2.2 Description of the skills system in GFR

Most of the institutions identified in section 3.2.1 are involved in the skills formation market. The most important institutions concerning the supply of the skills formation in Genoa are

the upper secondary schools (public and private), the University, the training agencies (public and private) and the Regional/Local Area Educational Office.

The Ministry of Labour with Region and INAPP are in a top position in the figure 2, since, as political bodies, they have to implement national policies involving skills formation, also through policy agreements on education, training and labour market. In particular, the Region manages programs for Higher Technical Education and Training (*Istruzione e Formazione tecnica superiore - IFTS*) and Vocational Education and Training (IeFP): the main purpose of these practically oriented courses is to provide training in skills which meet the requirements and changes of the job market, thus increasing employability for the participants.

The Region recognizes and certifies only the qualifications included in the Repertory of educational and training qualifications (strictly connected with the national one). The process of implementation of the Liguria Repertory is quite unstructured: the request of adding new professional figures to such Repertory may come from different institutional subjects: the Regional Assessor dealing with specific fields, as well as the Association of employers Category (Liguria Region has chosen not to interact directly with the Individual companies) and / or by Bilateral Bodies. The Regional Repertory of Professions is the work instrument of the Labor Office of Liguria Region Policies. it is managed by ALFA (*Agenzia Regionale per il Lavoro, la Formazione e l'Accreditamento*). The Repertory makes a list of the professions and related knowledge, skills and competences for which is possible to get certification. According to it, the Region emanates notices for vocational training.

The Public Employment Services and the Private Employment Agencies are situated in a mid-position between the supply and demand of skills formation, acting as intermediary bodies between people seeking jobs (and/or training opportunities) and employers through the recruitment of personnel for companies in various industries as well as the activation of training courses to develop the skills requested by the market.

Even if the main actors in the demand of skills formation are young adults, who actually enroll in courses and attain knowledge and skills to use in the labour market, it is worth pointing out that young adults' voice is one of the main absences detected in the identification and description process in section 3.2.1, as there is not any formal institution representing young adults' voices needs in GFR. Even if the rest of institutions are intended to provide knowledge and skills relevant to them and ensure their quality in young adults' interest, there is no formal institution representing youth voices in relation to their skills formation and use expectations, ambitions and concerns.

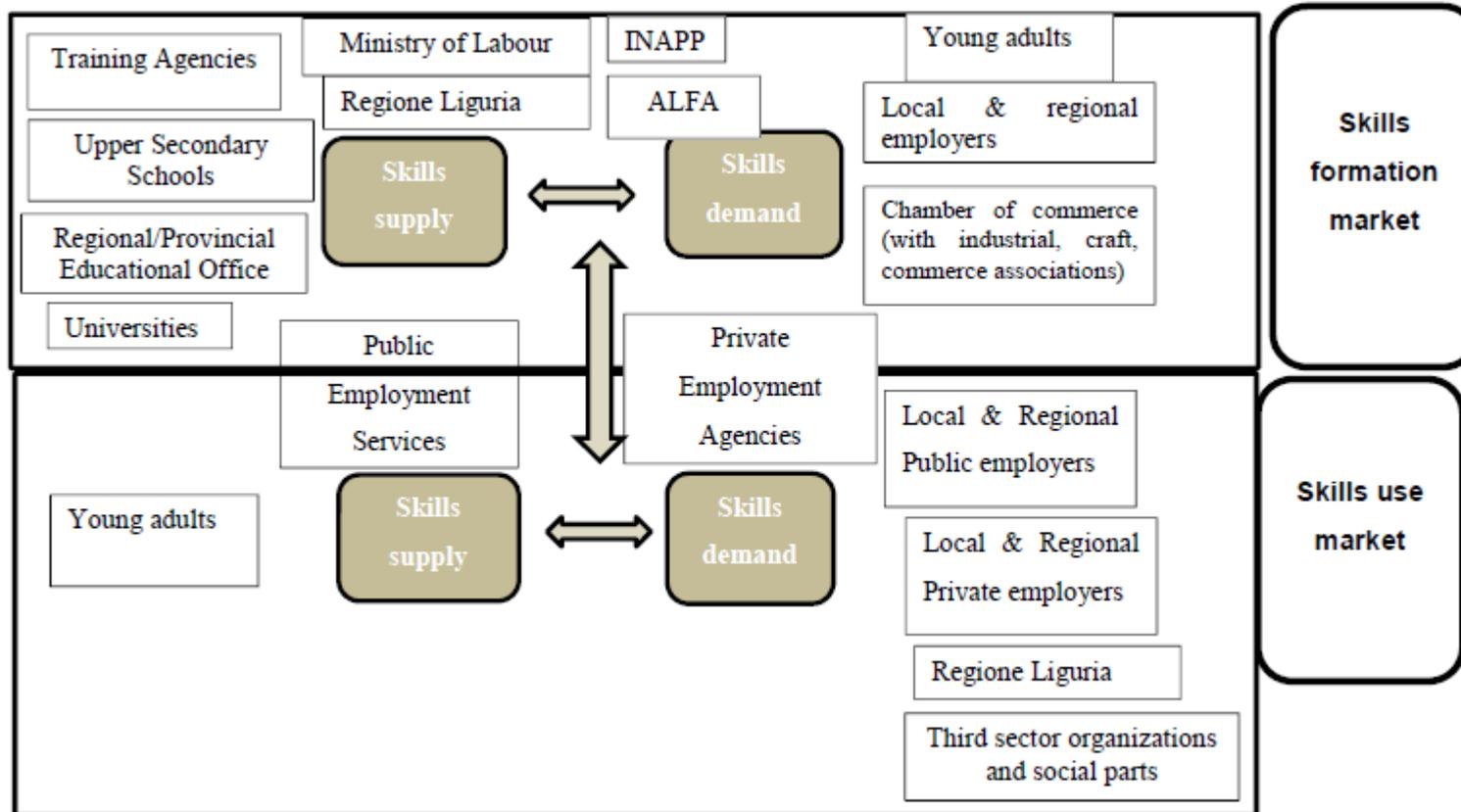
Other actors that can be considered as part of the demand for skills formation are local and regional employers, as well as their corresponding Chambers of Commerce: they are also in demand of skills formation courses of interest to their economic activities, in order to ensure a regional ready-to-work workforce.

As noted in figure 2 below, the Public Employment Services and the Private Employment Agencies are the bodies involved in the whole process, having a key role in connecting the skills formation and the skills use market. They act to respond to regional and local labour market skills demand, promoting courses on specific topics with work placement training: they are involved to understand how young adults can implement their skills.

Essentially, the supply of skills use is provided by young adults who are willing to use their skills (generally, work in exchange of a salary or job training). Upper secondary schools and University are also providers of potential skills users, as most of their courses are vocationally oriented and include or promote work placement training through the apprenticeships system.

Last, the demand for skills use comes basically from the public employers (local and regional public institutions) and private employers in GFR so that they can produce and deliver their products and services. Charities and third party organisations are also in demand of young adults' skills use, as they can volunteer or have work placement apprenticeships in some of them.

Figure 2: Skills system in the Genoa Functional Region: skills formation and skills use markets



Source: authors' elaboration.

4.3 Analysis of the local governance of skills

In this section, we are going to analyze the interrelations among the stakeholder involved in the local governance of skills and labor market in Genoa Functional Region.

The main source of information for the analyses provided in the following sections comes from semi-structured interviews conducted with key informants of the skills system in the two GFR. These informants come from the Genoa City Council, Liguria Region, Genoa Chamber of Commerce, Alfa-Regional Agency for labour and vocational training (Genoa), Trade Union (CISL), Confindustria Genoa³⁶.

4.3.1 Actors' policy orientations

The main skill formation providers in GFR are the upper secondary schools (especially Technical and Professional Institutes, the university and the training agencies, that, as we said in the introduction, are autonomous in the planning of training offer. Generally, the skills formation is based on the skills demands from the labour market, i.e. the training courses and the apprenticeships opportunities are defined by the professional skills requested by the local labour market and, consequently, they are developed in order to meet as much as possible such expressed needs. As noted by an interviewee, this is connected to one of the main regional "challenges" in terms of skills, i.e. the needed effort to reduce the mismatch between the skills demand and supply. The problem is that the labour market evolves faster than the traditional course is set, so that the jobs' demands could not be satisfied by the education and training system, still anchored to traditional qualifications. Thus, the risk is that the vocational education and training courses provide students with skills that are not really needed in the actual labour market.

Another important point to be underlined in the provision of skill formation in GFR is the role played by the Liguria Region, which manages (funding it) the Higher Technical Education (Istruzione Formazione Tecnica Superiore – IFTS, Istruzione Tecnica Superiore – ITS), as well as the Vocational Education and Training (IeFP).

The Regional Government of Liguria (Regional Education and Training System) emanates every one/two years calls to fund training activities through ESF. Only the OFA (Accredited Training Bodies) can participate to these Call. The orientation instrument for training programming is the regional Repertory of Qualifications managed by Regional Agency for Labor, Training and Accreditation (ALFA).

Vocational training programming is implemented, also, on the basis data on Monitoring of Vocational Training Outcomes and of the ALFA Job Market Observatory. Anyway, each call requires to proponents to document the need of the proposed professional figure and to join to the proposal letters from firms that guarantee the intake. There are then training courses "a free market", training courses for a fee managed independently by Training Agencies, for which the Liguria Region recognizes the possibility of certification. Liguria Region plays a key role in the planning and implementation of the public training offer for professional apprenticeship. The key

³⁶ In this current National Report's draft, we can provide evidences emerged from just some of the conducted interviews, since the transcription of some interviews is currently underway.

role played by the region within the regional skills/LLL/education and training system is confirmed by almost all the interviewees.

The main skills' formation policies, in Genoa, are directly influenced by the regional labour market's needs. The University and Schools provide students different skills in relation to the different educational paths.

Nowadays, in the Liguria Region Higher technical institutes (ITS) courses give access to professions in the following four technological areas: Information and communication Technology (ICT), sustainable mobility, new technologies for the 'Made in Italy' and energy efficiency.

The academic offer should be defined taking into account the suggestions of the Advisory Committee (one for each degree course) and the surveys on the professional outcomes of the different educational paths, at one and three years from the degree, but these data are not decisive to modify the courses (i.e. Almalaurea survey - <http://www.almalaurea.it>)

Training courses and professional apprenticeship courses provide technical-professional and specialist skills for regional labour market's macro areas (administrative jobs, graphics, Computer science, personal services, the building trade, the catering and hotel business, mechanical engineering and plant construction, trade, distribution, logistics, agriculture, etc.).

Neither at national nor at local level there is an institution which collects data of training needs. There are surveys (sampling) on the labour market needs (therefore, in a more general sense training needs) for example Unioncamere's survey Excelsior which focuses on the provision of employment for companies, but they haven't a crucial role in the policies definition and planning. The main economic demanding sectors in Genoa are: tourism, ICT, harbour, transport and logistics, social services, health sector. Among the main companies there are, for example, Erg (oil company), Ansaldo (energy and logistics), Costa Cruise (tourism).

Two interviewees indicate the development of the tourism sector as an important regional challenge. In such sector, it seems to be an 'entrepreneurship' deficit'. In the interviewees' opinion, especially the youth generation could provide an important contribution identifying new and innovative business forms. In particular, it could be necessary to develop and to promote the ludic/recreational dimension linked to the harbours (especially in Genoa city), as well as to valorise the richness of the Liguria Region coasts.

The Liguria training program is also based on the ALFA's managed labour market observation data. The observatory allows monitoring and evaluating whether the Region's investments in training and education system are turned with job market evolution, therefore, to reason on investments to be done providing employment opportunities. Besides this, there is "FP-Open" the vocational training information system, which manage professional training apprenticeship and recognition of employment outcomes.

4.3.2 Payment/funding of skills formation

Most of the training courses are publically funded. As at the national level, the primary and the lower secondary schools are totally free for the family, and the upper secondary schools are mostly publically funded. The Liguria Region manages also the "right to study", in order to avoid lower-income students' exclusion from the regional school system. University of Genoa is public funding and students pay (according to their family income) reduced fees (from 400 to 2400 Euros p.y.) face to the real per year student cost (almost 10.000 Euros).

The skills' formation courses are, also, basically publically funded by the European Social Fund. There are also, as already said, "a free market" training courses, training courses for a fee managed independently by the Training Agencies.

At the local level the Region supports the development of the professional technical skills of the employed people, promotes measures aimed at professional qualification and specialization, occupational redeployment, coordinating its interventions with those realized in the territory by other public and private agencies, in particular, by inter-professional funds (funds gathered from salaries and business and governed by joint committees of Trade Unions and Entrepreneurs organizations).

4.3.3 Degree of public/private commitment to skills formation and use

At the local level the public actors are the ones steering the skills formation for disadvantaged young adults. The public commitment to skills formation is high, as well as in the skills use market. Skills formation courses are aligned as close as possible with labour market sectors and occupations.

The degree of involvement of private employers and third sector organisations varies across employment area. What often happens is that they train youth on the job, with a low degree of coordination with the funded training offer.

Schools are involved in the skills use market skills with work-linked training, involving young people in concrete work experiences, fostering their job-related competences. Such as high-school apprenticeship is managed by the university and the professional apprenticeship is managed by the Region.

In relation to the young people work-linked training experiences, a lot of interviewees underline their potential effectiveness in putting the young people more and more in contact with the job market through a concrete working. However, the actual system has to be improved in relation to different aspects: the experience duration, judged too short in order to allow young people to acquire new skills; the project' contents, that should be more related to the students' educational subjects; and the young people' skills and inclinations assessment, that seems to be lacking in the actual system. Strictly related to this last point, some interviewees highlight that the schools' teacher role has to be seriously taken into account; since the young people work-linked training experiences have become compulsory (according to the Law 107/2015), the teachers' tendency is to fulfill the obligation but a real student development's project doesn't exist.

...for example, for the students coming in our Institution to experience the work-linked training a profile's assessments (in terms of competences, inclinations and so on...) doesn't exist, so that you cannot understand what he/she is more inclined to do, what he/she would prefer to do. They stay with us for 15 days...too short time, in such way he/she is more a 'burden' for the institution and the experience doesn't him/her to acquire new skills (WP6_E_IT_G_9).

the young people work-linked training experiences could be very useful, but the actual Italian system has to be improved: the hours are too few, the projects are too weak and not useful for the students' development, and the local firms are not so motivated and interested (WP6_E_IT_G_6).

With specific reference to the University's role, an interviewee expresses a negative opinion, affirming that the University of Genoa wasn't able to take advantage of the opportunities provided by the recent Laws. Moreover, it is too much self-referential.

The National Legislative framework (see in particular the Treu Law in 1997 and the labor reform, which was introduced in Italy in 2003, Law. No. 30), gave to the public universities a key role in the skills supply and demand field. The public universities, however, have not taken such opportunity (WP6_E_IT_G_6)

4.3.4. Level and mechanisms of coordination

Relationship between local/regional/national authorities

The Region can be considered the key institution at the local level as reference to the vertical coordination. The Region links the national authorities with the regional ones. It works with the local authorities and various partnerships to ensure that national skills policies are translated into the local context.

Due to the relevant role of ESF in funding regional activities in this domain, this coordination takes place through the ESF's Regional Operational Plan (POR) and through the collection of local data, then translated into regional reports which facilitate the monitoring and evaluation of regional policies.

The Region has a joint legislative role along with the State on issues related to education and job market regulation.

On this point, an interviewee expresses a negative opinion on the level of coordination between the State and the Liguria Region, as it happens also at the national level (thus, referring to all the Italian Regions and not just to the Liguria one). He affirms there is a gap between the State and the Region, between their activities: an integrated system is needed, especially referring to the job market regulation.

There is gap between what the Government does and what the Region does...That is, a minimum of structured intervention on Active Policies on Labour Market should exist, there is not an integrated system, but it is needed (WP6_E_IT_G_6).

Conversely, it is solely responsible for the planning, management and provision of Vocational Education and Training (IeFP) through recognized institutions, working closely with the Ministry of Education, University and the Research (MIUR) and the Ministry of Labor. IFP courses can be organized by local training agencies (private and public) and vocational upper secondary schools in partnership with training agencies. These are vocational training institutions that are accredited by the Regions according to specific criteria established in agreement with the State. Upper secondary vocational institutes follow the guidelines issued by their Regions for IeFP courses.

The whole offer provided by the School system and by the University is only weakly coordinated by the Region, by means of the relationships with Regional School Office and University, also if some institutional coordination occasions exist: the Regional Plan for education, training and job required by the regional law n. 18/2009 and the Three years Plan for the development of university, research and innovation, required by the Regional law n. 2/2007

Relationship and links between public and private actors

Public and private partnership plays an important role in stimulating the match with job market needs, providing actions and training program, and every service available to facilitate demand and supply in local labour market.

The governance of skills formation is public based, with the fundamental role of Regional Government that support social dialogue, conference board and web sites to match demand and supply of labour.

Since the universities and the schools have a strong autonomy, the coordination between them and the vocational training agencies is difficult, with the exception of ESF' planning, by the Rgional Government. However, in GFR the Regional Government has some difficulties in playing a leading or mediator role: on the one hand, there is a lack of push and dynamism by stakeholders, but on the other Job centres are not able to meet supply and demand because they are requested only by young adult looking for a job, while enterprises use other tools.

With regard to the public institutions, one interviewee underlines the lack of proper skills by the public employment services' staff operating in GFR.

What is the problem related to the Public Employment Services? In the public services the proper competences are missing (WP6_E_IT_G_6)

There are some formal coordination initiatives (regional committee for university and research, Ir2/2007) or regional committee for education and training (Ir18/2009), but they are more formal than effective. In fact, different interviewees affirm that a real collaboration among different actors and institutions at the local level is missing, as well as the link/relationship between public and private actor is absolutely not structural.

At the local level, a synergistic collaboration among different actors and institutions within labour and skill market regulation doesn't exist. Each of them (Region, Municipal, Universities, employers) performs its tasks, but a network system is missing: there is not a coordination of activities, nor an actual collaboration among actors and institutions. The link between public and private sectors is not structural (WP6_E_IT_G_5)

Actually, the collaboration is at a personal level. There should be a structured path, there must be a shared path where ... All the people involved ... Everyone knows what they should do and how they should be involved. Actually there is no structured relationships, all is at an informal level (WP6_E_IT_G_9).

This refers to a challenge indicated by the interviewees in terms of coordination-collaboration among actors and institutions in the skills/LLL/education and training sector. The interviewees complain the lack of coordination tables: there are no structured forms of coordination. Various initiatives, even if they are on the same topic, are not coordinated, so that they do not proceede in a synergistic way.

However, it has to be stressed the existence of other institutional participation places, as well as Chamber of Commerce and other specific temporary host of bodies building coalition (e.g. Technologic Park) in which specific interests merge into a collective representation.

In this context, meetings, conferences and other informal participation events show a great importance: in particular an interviewee (WP6_E_IT_G_6) reveals that his employer

organization is lobbying in order to obtain by Regional Government a rolling call for applicants and not a classical call for proposal about funding for training courses. For sure Alfa plays a formal role to have a demand and supply matching, with specific meetings oriented to establish professional profile and skills, listening to employer associations as well as trade unions, experts and so on, but it's real that industry and some training agency has been lobbying, in particular at the Regional Government.

As we said before, labour market and skill market are not embedded or interacted: they are substantially autonomous, lacking an effective coordination. In this way there is a fragmentation: skill formation market and skill use market user actors are different. In skill formation market actors are High Schools, University and families, while enterprises are not involved. A wider participation sharing decision-making is possible only with FSE funding.

About information and communication it is clear that there are a lot of information, data and research on this issue, but do this overload information generates difficulties of interpretation (as an interviewee argues), so often information are managed by intermediaries (job consultant, experts) that has a only partial view related to their topics (a specific job or skill market where they work or that they know). In this frame stakeholders participating decisional process are not necessarily able to use available information.

Another point is related to the fact that if there is a coordination with places of co-planning, there is also a possibility of using information but not vice versa (information doesn't leads to coordination): an example is that in Liguria the Regional Government finances training on the basis of job placement success: this means that the Regional Government prefers not to decide the economic sector on which courses must be funded, but to leave responsibility to the course designers. This leads to a shift from an institutional coordination to a market coordination (Hall, Soskice, 2001).

4.4 Assessment of the quality and use of skills

In this section, we are going to assess the type, quality and use of young adults' skills in the GFR's labour market. Building on the information provided by previous working packages (WP3 and WP4) and using secondary data and grey literature (e.g. reports, statistical outlooks) at the local/regional level we are going to first describe the level and type of youth people's skills available to be used in the labour market at the regional level. At national level, data are provided by ISTAT (National Institute of Statistics) and Excelsior System - by Unioncamere. Another source of official data is Almalaurea³⁷ and, at regional level, we can find skill ecology information at ALFA (the Regional Agency that manages data on skill and labor market). This Agency, with local and regional employers' associations and Chambers of Commerce, has a main role of collector and aggregator of skill requirement as well as analysts of labor market dynamics.

³⁷ An Universities consortium that collects data on employment, satisfaction, earnings and use of acquired skills of graduates 1, 3 and 5 years after graduation (<http://www.almalaurea.it/en>)

4.4.1 Type and quality of skills

In GFR and in Liguria Region young people tend to continue their studies more than in other Italian areas: in 2016 graduates are 14,44% of the population with more than 15y, compared with 13,24 of national average. During last years, instead schooling rate decrease (45,2% of students enrolled in upper secondary paths in 2012, stable or declining in the last years) while Early School Leavers are stable at 15% (while in other Region are declining) and college enrolments are down. Even if data show that employment rate and average income are directly correlate with study degree, Genoa young people seems to be not so interested in continuing studies. This is a new dynamic because in the recent past qualifications were considered a passport to have access in public administration or in a big company. Vocational and professional training is funded mainly by ESF and they get good results, particularly on qualified or graduate; on the other hand, high unemployment rate of young people is always explained with the fact that they don't have right professional skills, and entrepreneurship association complain transversal, informal and social skills.

In Genoa Functional Region several training courses are related to tourism (and in particular catering sector), administration, mechanics, building, personal services (social and health care), aesthetics and hairdresser³⁸. The most requested diplomas are related to administrative and commercial sector, tourism and catering, electro-technical and IT. Struggling sectors are real estate, manufacturing, transports and storing. High training qualifications are targeted to Economics, Electronics and ICT Engineering³⁹. In GFR there is an increasing gap between traditional and innovative activities, because after the crisis of the public sector in the 80's a "subsistence" (little shops, self-employed people, small enterprises) and "advanced" economy coexisted. IIT (Italian Institute of Technology), <https://www.iit.it/> is a relevant resource, as well as university, for innovation; IIT's total staff is of 1568 people, university's staff is about 2.700, in the first case the scientific field is represented by approximately 85% of staff, in the second one about 50%.

In IIT about 45% of researchers come from abroad. The scientific staff consists of approximately 63 principal investigators, 136 staff researchers and technologists, 513 post docs/fellows, 424 PhD students and recipients of scholarships and 186 technicians. More than 300 positions created thanks to external funding. Average age is 35 years. 40% women / 60% men (data as of 31/12/2016).

4.4.2 Skills (mis)matches

In Liguria Region, even if there is a good tendency to high studies, only few recruitments require a graduation. According to National Report of Unioncamere, in 2016 just 9.7% of the expected employment by the firms will require a graduation, 41.3% a high school certificate, 27.1% no title of study and 21.9% a professional qualification.

Focusing on tourism and commercial enterprises, in GFR the expected recruitments for 2016

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https://www.alfaliguria.it/docs/monitoraggio/23_06_2016_Report_IeFP_OML_MOAN_2015_novembre.pdf

³⁹ <http://excelsior.unioncamere.net/documenti/previsioniarp/doc.php?id=769>

amounted to 2,200 (5.900 in Liguria Region). Of these expected employments, the 36.1% in Genoa are requested with a high school diploma, the 31.9% in Liguria. Nevertheless, considering higher qualification, only the 0.4% is requested with a graduate degree in Genoa (dropping to 0.2% in Liguria). The age until 29 years old is relevant for the 40.1% of the expected recruitments in Genoa and for the 37.0% of those in Liguria.

The 25,6% of the firms in Liguria declare difficulties in finding qualified staff in the ICT sector, nevertheless this problem seems to be less encountered in the Genoa's labour market, where such difficulties are declared only by the 19.5% of the firms.

4.4.3 Attraction and retention of skills

According to Almalaurea Report 2017, 18% of graduates at University of Genoa come from outside the region; in particular, it is 17% on bachelor's-degree and 23% about master's degree. The total number of graduates of foreign citizenship is 4.6%: 4.4% bachelor's degree and 5.6% master's degree. 71% of graduates hold a high school diploma (classical, scientific and linguistic), 67% for the first level and 72% for the biennial master classes. 14% of graduates has a technical high school diploma. Only residuals have professional high school diploma. 52% of graduates have completed internships recognized by their own degree course: 54% are graduates of the first level and 57% of the master's degree. 10% participated at program abroad (Erasmus in particular): 8% for bachelor's degree and 12% for master's degree. 72% of graduates worked during their university studies: 71% of the first-degree graduates and 73% of the two-year high school graduates. More than half (57.3%) of students at University of Genoa had studied in the same town and 22.9% near Genoa and 9,6 not near but in Liguria. These data confirm a regional vocation of University of Genoa, the only one in the Liguria Region.

4.5 Young adults' characteristics

From 2004 Liguria population with elementary school diploma or no qualification is decreased (from 359 to 238 thousand); it is reduced also population with professional qualification only too (90 to 84 thousand), while are increased the population with high school diploma (from 384 to 428 thousand) as well as bachelors' degree, master's degree and doctoral degree (from 146 to 210 thousand).

Interesting it is the high non-participation rate to the job market (for age 15-34 in the third quarter of 2016 was 34.9% at national level): it is common in Italy but we need to underline the hard sense of discouragement that inhibits the entry onto the job market. In Liguria, this rate had grown from 14.6% in 2004 to 27% in the third quarter of 2016: a value the highest in West North Italy.

NEET (18-29) in Liguria were about 46 thousand in 2004 (15,7) and this value was substantially stable until 2007. In 2008 decreased to 14.4% but from 2009 to 2014 it rose to 26%; from 2014 to 2016 this rate is reduced about six-percentage point (20.8% in 2016; 14.7% in aged 14-24)⁴⁰.

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https://www.alfaliguria.it/_docs/osservatorio/Approfondimenti_tematici/2017_05_23_OML_Neet_2016new.pdf.

4.6 Conclusions and Implications for young adults in GFR

The governance of the skills system in the GFR reflects the Italian situation, where, as we said, the two markets, i.e. the skills market and the labour market, are mainly separated acting as two almost autonomous systems.

Reproducing the national trend, in the GFR the skills formation is based on the skills demands from the labour market; this means that the training courses and the apprenticeships opportunities are defined by the professional skills requested by the local labour market and, consequently, they are developed in order to meet as much as possible such expressed needs. The local public actors are the ones steering the skills formation for disadvantaged young adults, providing skills formation courses aligned as close as possible with labour market sectors and occupations. The common assumption seems to be that the way to smooth the transition from education to the labour market is by providing work placement learning opportunities, by supplying ready-to-use skills targeted to the regional labour market needs. However, the training supply doesn't always meet the actual needs of young adult and the skill formation system provides skills not always in line with the labour market's needs. This refers to the well-known mismatch between educational and employment systems, requiring to consider the actual local young adults' needs. Some peculiarities of the Genoa's labour market help to understand this aspect and its implications for young adults' conditions, as well to draw some possible elements to be taken into account for future development.

First of all, the weak connection between the two markets (skills and labour) makes it difficult to orient and to read the paths. In the GFR there is not a centralized/integrated system on the local skills supply and demand. Similarly, there is little hard data on the issue. Neither at national nor at local level there is a dedicated institution collecting data of training needs. There are some surveys on the labour market needs (therefore, in a more general sense, relating to training needs), but their results are scarcely used to modify the training courses and they haven't a crucial role in the definition of the local policies. Among these, we can remind the Excelsior-Unioncamere survey, which focuses on the forecasted provision of employment by companies, and the Almalaurea survey on the professional outcomes of the different educational paths, interviewing youngsters at one and at three years from the degree. At regional level an important role has played by the Regional Agency for labour and vocational training (ALFA), managing data on skill and labour market and providing information on the local skill ecology. Potentially, in the future ALFA could increase its main role of collector and aggregator of skill requirement, as well as of analyst of labour market dynamics, intensifying the already existing collaboration with local and regional employers' associations and Genoa Chamber of Commerce. Bridging the information gap would be important to improve the orientation services (both in the educational and in the employment spheres) for young adults, contributing to understand which practices are most promising and what it will take to sufficiently train young adults in order to let them become productive participants in the global economy. Moreover, it could be useful to provide a regional skills formation planning, really meeting specific needs.

Secondly, the identification and description of the main actors, institutions and structures involved in the governance of the local skills ecology in the GFR have showed that there is not any formal institution representing the local young adults' voices and needs. Even if young adults are the main actors in the demand of skills formation, actually enrolling in courses and attaining knowledge and skills to use in the labour market, there are no formal institution

representing youth voices in relation to their skills formation and use expectations, ambitions and concerns.

Thirdly, the fact that the labour market prevails on the skills market is worsened by the local scarcely dynamic occupational system, which is greatly suffering from the economic crisis. This utterly aggravates the lacking of opportunities particularly for the young adults.

Another important point to be underlined refers to the heterogeneous and fragmented nature of job-training systems. As at the national level, in the GFR the skills training takes many different forms and it is provided by several different stakeholders. Indeed, mainly upper secondary schools and universities⁴¹ are required to actively cooperate with companies and industry associations at the local level. The effectiveness of such experiences for skills development has to be carefully evaluated in order to make them really a tool for easing the transition between schooling and labour market systems. This requires to consider also the degree of involvement of private employers and of third party organisations that are involved in the skills formation of young adults when providing them apprenticeships. It has to be evaluated at what extend local employers are really committed to train the young adults in order to enlarge their own skills, or, instead, they exploit the apprentices just for their business, without taking care of the young adults' training needs.

Observing the educational qualification of Genoese young people, in the recent past the local youth used to have a higher level of education then nowadays. Two elements have contributed to this: from one hand, in the past the employment in the public administration and in the big firms was the prevalent kind of occupation. For such kind of employment, the educational qualification was a needed requirement. The second element refers to a demographic dimension: in the past, the only child was more common among Italian (and Genoese) families and then the educational investment could be supported also by the lower socio-economic families (Bini and Palumbo, 1990⁴²). From the aforesaid elements two consequences have derived. The first one refers to the structural over-qualification, as a consequence of the trend – in itself a positive development – that the Liguria (and Genoese) working population is increasingly higher qualified (similarly to what has happened at the national level). This is confirmed by statistical data: from 2004 in the Liguria Region the population with high school diploma increased (from 384 to 428thousand) as well as increased those with bachelors' degree, master's degree and doctoral degree (from 146 to 210thousand, www.alfaliguria.it). However, such trend has led to a widespread over-education phenomenon, i.e. more frequent situations when a job-holder has an achieved qualification above the one which would currently be required for someone to get such job (rather than to do the job itself). In this way, a lot of young adult workers possess excessive educational qualifications in compared to those their jobs effectively require.

The second aspect to be underlined refers to the fact that the youth, generally, consider the

⁴¹ By the Law 107/2015 the traineeships became compulsory for students in the last three years of the upper secondary schools. The Treu Law in 1997 and the Biagi Law in 2003 introduced students career guidance as a practice in universities and the Decree of 20 September 2011 has required universities to mediate labour supply and demand. On this point, 'Cliclavoro' (portal where universities publish the CVs of their students and graduates - within 12 months-) is one of the main tool aiming to match the employers and the university graduates.

⁴² Bini B. and Palumbo M. (1990). *Il mutamento sociale in Liguria. Terzo rapporto dell'Osservatorio Socio-economico*. Marietti: Genova

educational qualification as a needed requirement to access to the labour market (as it is emerging also from the WP5 interviews with Genoese young adults). This recalls the credentialism issue (Collins, 1979⁴³), relevant in the recent past when qualifications were considered a passport to have access to jobs in the public administration or in a big company. However, it has to wonder at what extent it is true in the actual society, characterized by the educational qualifications' oversaturation (inflation) and the consequent devaluation of these qualifications. The overeducation phenomenon could be seen as a consequence of the lack of precise and trustworthy data and information on the local skills system, through which young adult could better understand skills and labour market demand, evaluating different opportunities. At the same time, among Genoese young adults there are both over qualified and under qualified subjects: as in most countries, the fact of having a higher level of skills facilitates employment, compared to those that do have a lower level of qualification.

According to such scenario, it is interesting to note that in Genoa high unemployment rate of young people is always explained with the fact that they don't have right professional skills, and entrepreneurship association complain transversal, informal and social skills. This requires to better problematizing the mismatch between the young adults' skills and the employers' needs, wondering the schooling roles in the skills development's process, especially in the development of transversal skills so required by the labour market. At the same time, the recognition and the validation of informal and non-formal skills became an important issue. The challenge refers to the impacts at the regional and local level (Liguria and Genoa) of the Legislative Decree 13/2013 on national certification of competence and validation of non-formal and informal learning. On this point, the regional Repertory of Qualifications (that pre-existed to the National one) managed by the Regional Agency for Labor, Training and Accreditation (ALFA) is an important tool for the certification of individual skills, through the gradual standardization of essential elements of education and training qualifications, including vocational education and training and qualifications. One of the added values of the Ligurian regional Repertory is that it is a tool for mediating demand and supply of skills from a qualitative point of view, not a quantitative one. Similarly, the tool "Labour Atlas", which is realizing at the National Level by The Ministry of Labour with INAPP in order to describe tasks and contents of labour specifying process sequences and activity areas for the different economic professional sectors, will be important being conforming to the professional skills of the regional Repertory. At least, we have to remind the Atlas and Profession database (online by December 2017) that will collect regulated profession according to 2005/36/EC and in particular regionals Repertorys of apprenticeship occupations. All of these tools could play an essential role in the governance of local skills system, operating as orientation instruments for both skills demand and skills supply and contributing to satisfy the need of better coordination and collaboration among different institutional levels. To summarize: the National Qualifications Framework (as well as the regional one) is built not only as a "reference tool" for certification, but (thanks to extensive use of statistic classification systems) as an important component of the information digital dashboard for policies and programs. It represents a strategic lever for coordinating infrastructural and human resources public investments and for integrating education, vocational training and employment services. Furthermore, the development of such a system would help

⁴³ Collins R. (1979). *The Credential Society*. Cambridge, MA: Harvard University Press.

young adults, throughout their lives, to capitalize on their non-formal and informal experiences, promoting social inclusion with reference to people not holding regular qualifications and competences needed in the labour market.

In short, until now, the regional and local skill ecology is scarcely shaping the available opportunities for young people to develop their life projects. First of all, currently, the planning of the training courses and initiatives is not based on the real needs of young adults, but on the responsiveness of the training institutions belonging to the skills formation market (as it has emerged from several interviews). Secondly, the scarce capability of coordination and sharing of information encourages partial and traditional reactions. Thus, the success of the previous actions becomes the driving of the future ones, as proved by the recent Region's decision to fund the training activities based partly on the success in terms of job placement of the courses. Thirdly, the lack of feedback from the employment services to the training agencies favors the perpetuation of mismatch and strengthens the ineffectiveness of the institutional coordination model.

Thus, the attention is on a perspective that would increase the value of lifelong and life-wide learning by creating a common ground for the formal and non-formal learning process; the emphasis is less on the teaching methods or on the context in which one acquires the skills, and more on the "learning achievements", conceived non-just as didactic subjects but including wider dimensions (thinking, just as an example, to the citizenship competencies). This requires to carefully take into account the mix of knowledge, competence and attitude that is needed in order to perform a specific task, enhancing the valorization of informal and non-formal skills. This represents a very important challenge for the governance of the skills ecology both at national and at regional/local level and require the active participation of all the stakeholder, improving coordination and collaboration among different institutional levels.

5. Analysis of skills supply and demand at Milan Functional Region

5.1 Context information on economic and labour market conditions

The Milan Metropolitan Area is a prototype of an 'incorporation mode' polycentric metropolitan area, meaning that this polycentric area is dominated by a large city that extends its sphere of influence to once rather distinct other, but much smaller cities in the wider metropolitan area (EUKN, 2017). The total population of MFR is 4,159,854: 6.84% of the national value, with a density of 1577.03 persons per km² (the highest in EU).

According to ISTAT, Young adult from 18 to 29 yo are 364144, with a higher quota of male (188,214) than female (175930). Young adults migrants population is 71,240 (ISTAT, 2017), with a little higher quota of male on female. The old age dependency ratio is 35.23, a little higher than national ratio (33.1), but lower than GFR ratio (46,74), while the youth dependency ratio in MFR (22.82) is higher than national (21.49) as well as GFR ratio (19.7). This demographic composition depends on the fact that MFR hosts many universities and attract many students (the rate of foreign students is 13%). MFR is the land of singles: more than 96% of young adult are male single while the percentage is about 90% of female. People come to MFR to live alone, learning and working hard. The average of marriage is the lowest in Italy (2.7) in 2015.

This social phenomenon is based on two factors: higher education and businesses, a combined system that is particularly focused on biological and sanitary sciences, which attract 50,000 students (21% nationwide).

More than 187 thousand students study in one of the 8 universities in MFR, and over 43% of the population aged between 30 and 34 years has a university degree.

The techno-industrial basis of MFR seems to be solid, and with a significant international standing, able to absorb the positive impact of innovation: the ratio between patents and exports is positive. The companies that use solutions for intellectual property protection are – all things being equal in terms of location, sector and size – more productive by an average of 22%.

In structural terms, the profile is even more telling. According to the Assolombarda, which elaborated BCG data, 123 companies with an annual revenue of more than €1 billion are headquartered in the MFR. This compared with 61 in Munich, 25 in Barcelona, 28 in Stuttgart, 11 in Lyon, 8 in Manchester, 44 in Amsterdam, 13 in Turin and 7 in Glasgow.

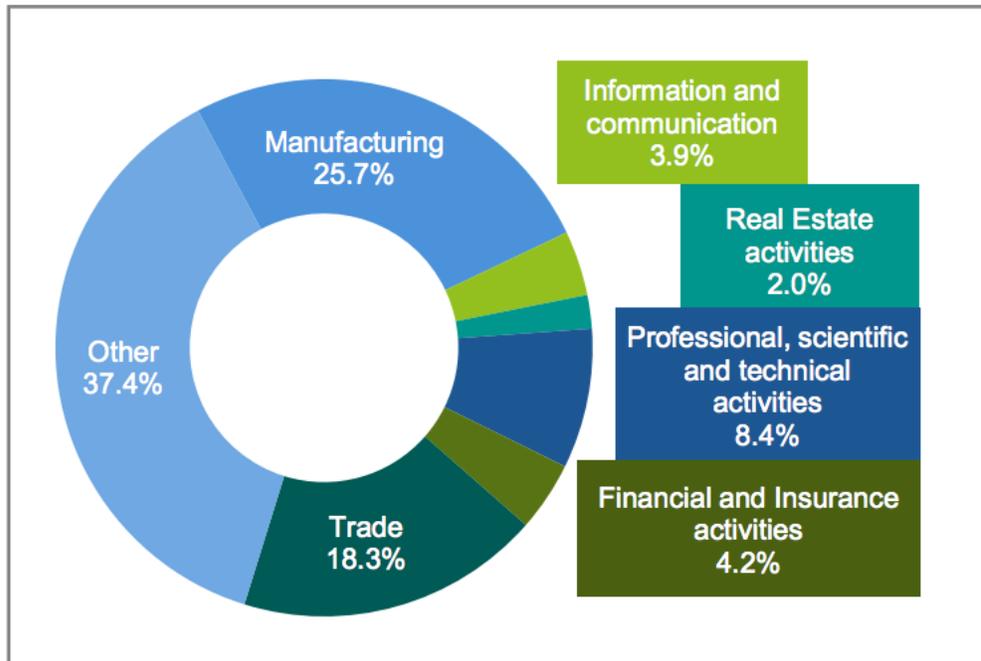
So it is not surprise that MFR is the metropolitan area richest in Italy, with a GDP at current market prices at 186,045 in 2013 (Eurostat), the third in EU after Paris and London. The GDP per capita is about 36% higher than the national average and about 10% of the national GDP. The value added per capita (2015) is 44839 in MFR while in Lombardy is 32001 and only 24288 at national level.

In MFR there is 5% of Italian active enterprises, and 10% of creative ones, the city ranked 10th in Europe in 2015 for economic prospects (according to the European Regional Economic Growth Index. And it goes even better when it comes to Research & Development, as Milan registers one fourth (25%) of all Italian patents. In MFR 4 billion Euros have been invested in R&D, ranking Milan 49th out of 445 cities with a high level of economic and social innovation (according to the City Innovation Classification and Rankings).

The MFR shows a leading role of the city: Milan drivers some economic clusters in the surroundings:

- North of Milan 'Brianza region' - Furniture
- North-East of Milan 'Vimercate' - Communication, media, ICT
- North-South of Milan 'Legnano' - Textile, elector mechanical industries
- South of Milan - Agro-food business

The workforce by business sector is:



(own elaboration, source: Assolombarda, Unioncamere, 2014)

250 manufacturing medium enterprises are located in MFR, while 1,000 are located in Lombardy equal to 7% and 31% of the 3000 medium enterprises active in Italy.

In 2016 exports increase and in particular there where a growth on repositioning on extra-UE markets: if we consider main trade partner and the comparison between 2008 and 2016, the geography of export become the following:

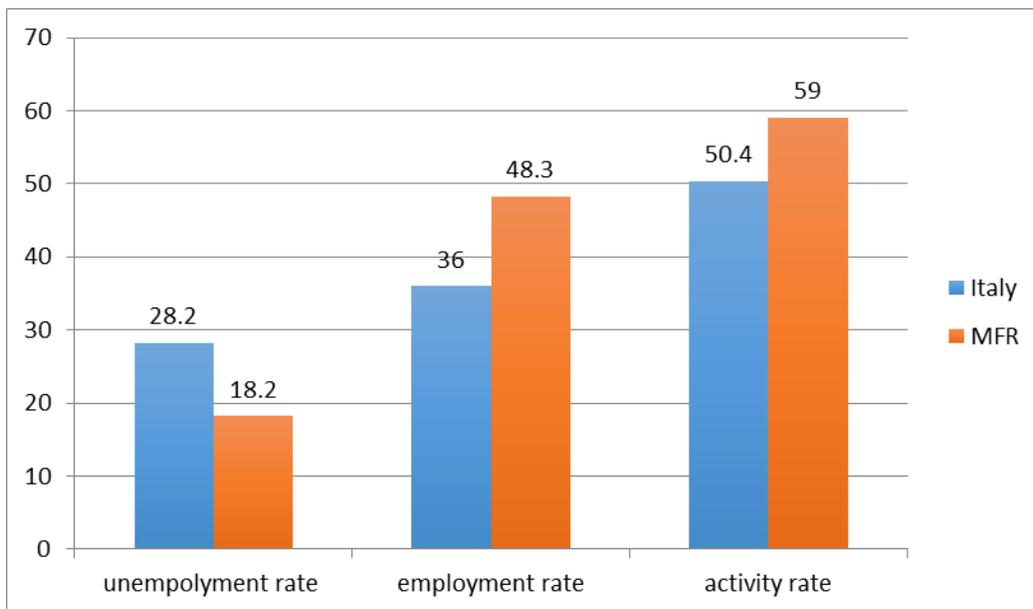
	Export 2016	% change 2016-2008
1 Germany	15140	6,0%
2 France	11237	-7,8%
3 USA	8053	37,0%
4 Spain	6146	-5,0%
5 Switzerland	6121	22,3%
6 UK	5248	11,0%
7 China	3608	50,2%
8 Poland	3078	17,2%
9 Netherlands	2732	4,1%
10 Turkey	2592	27,0%

Own elaboration on Chamber of Commerce source.

Concerning labour market, data confirm a better performance than the Italian average: in 2016 the unemployment rate in Italy was 11.7% while in UE was 10,0% and in MFR was 7,5%. the unemployment rate in the second quarter of 2016 was 6.9 % compared to 7.8 % in the previous quarter. Overall, there were 322.000 unemployed people.

The unemployment rate of young adult is 28,2 in Italy, while in MFR is 10 points lower, 18,2 % About the employment rate in 2016 in Italy was 57,2%, while in UE was 65,4 and in MFR was

68,4. The employment rate of young adult was 36,0 % in Italy, 48,3 in MFR, the activity rate was 59,0% (Italian rate was 50,4%).



Unemployment, employment and activity rate of 18-29year old people in Italy and in MFR, 2016, own elaboration, source Istat.

In the second quarter of 2016 there was year-on-year growth in employment (the number of employed persons was 4,367,000), male employment rose and female employment decreased. The employment rate of the working age population (15-64 years) in the first quarter of 2016 stood at 65.8 %. The number of jobseekers in Lombardy in 2015 fell by 3.8 % compared to 2014, coming to 364,000.

The first quarter of 2016 showed a decrease of 11 % of hiring compared with the first quarter of 2015 and related equally to men and women. All economic sectors recorded a fall in the number of hiring; agriculture showed the least marked fall (1%), compared to the construction sector (- 19.5 %), industry (- 11%), and trade and services (- 10.8%).

As regards employment contract types, overall there was a 6 % increase in agency contracts between the first quarter of 2016 and the first quarter of 2015 and a decrease in permanent contracts (- 23.5 %), apprenticeships (- 9.5 %), fixed-term contracts (- 4.7 %) and project-based contracts (- 32.6 %).

In Lombardy and MFR, the difficulties in filling vacancies are attributable equally to the poor skills of candidates and the lack of availability of the professional profiles sought. On the other hand, vacancies are filled more easily in public utilities and in leisure services.

At a sectorial level, recruitment difficulties are more frequent in IT services and telecoms (28 % of the total), advanced services to enterprises (23 %), electrical and electronic industries (22 %), metalworking industries (21 %), and textile and clothing industries (20 %).

The main sectors requiring the greatest specific work experience are: construction (74 %), media and communication (68 %), healthcare and social work (68 %), IT and telecoms (67 %), and textile and clothing industries (66 %).

In 2015, in Lombardy, the recruitment of highly-skilled workers (specialists 8 %, technicians

16 %, and a small number of managers) came to 32,750, or 25 % of total hiring. The hiring of medium-skilled workers, of which 12 % were office workers and 31 % service and trade occupations, was 57,890, or 44 % of total hiring. The remaining 42,390 planned recruitments were in low-skilled occupations, accounting for 32 % of the total. They included labourers (21 %) and generic unskilled occupations (11 %).

The occupations in greatest demand were: skilled workers in trade, hotels and restaurants/bars (cooks, waiters, bartenders and similar), unskilled occupations in trade and services, technical professions in organisational, administrative, financial and trade activities, secretaries and office workers, and technical professions in science, engineering and production.

In 2015, 22 % of new recruits were required to have prior experience in the specific occupation (21 % in Italy) while a further 35 % were required to have at least experience in the sector in which the company operates (37 % in Italy). However, the frequency with which enterprises require specific prior experience varies significantly across sectors, with shares of total recruitment ranging from 30 % in public utilities to 74 % in construction.

In the first quarter of 2015, the total authorised hours of wage subsidy (*cassa integrazione*) in Lombardy decreased by 37 % compared to the first quarter of 2013.

The flows of workers included in the mobility list following collective redundancies showed a downward trend. There was a slight increase year-on-year in collective redundancies due to the spike in the last months of 2014, before the entry into force of the new rules on duration of the mobility allowance set out in Law No 92/2012.

In January 2016 (data supplied by the Subcommittee on mobility/redundancy benefits of 27 January 2016) redundancies fell by - 53 % compared to the situation as at January 2015. In absolute terms, in January 2015, the number of workers laid off was 6.383 (almost 5.000 in the metalworking sector), against 2,979 workers laid off in January 2016.

MFR experienced a high number of redundancies, albeit with a reduction from 1,271 as at January 2015 to 1,105 at January 2016: MFR showed persistent difficulties, recording a high number of redundancies; despite a 25 % decrease, the number of dismissals remains high.

5.2 Mapping of the main actors/institutions/ structures

1) Regione Lombardia: is the main legislative actor on labour, training, education and LLL that governs delegating to intermediate agencies (public and private). Traditionally has a role focusing on competitiveness implementation. Strong ties with industrial and trade associations, private and public Universities, Cooperative consortiums, Region defines skills and training standards, Youth Guarantee, Unique Job Dowtry (the main policy that integrated skills, training and labor market). Technical Training etc. The Regional Government set up in 2016 the Commissione Regionale per le Politiche del Lavoro e della Formazione (regional committee of Labor and Training), where stakeholders share decisions on Labor Market policies and training. There is also a subcommission where stakeholders decide on qualification and skill Repertory

2) ARIFL – EUPOLIS: this two different regional bodies are dealing with research and analysis of labour, training and skills in Lombardia. The first one is focused on the meeting on demand and supply of skills and labour while the second is more focused on impact research of labour policies. The second has the task of monitoring labour market, training public employees and developing social research in Lombardy, so has more competences and knowledge than the

equivalent institutions of GFR (where Liguria Ricerche develops few research about Liguria, a training agency for public employees doesn't exist).

3) Universities: Milan is one of Italy's great university cities, with more than 185,000 students choosing to study a degree in the city. In Milan, there are 8 higher education institutions, public and private, organized in Faculties, Schools and Departments. They are the main higher education providers in the FR, linking education and skills development to today's labour markets, offering apprenticeships and internship opportunities, such as postgraduate specialization courses and second-level university master courses. Four universities in Milan (Bicocca, IULM, Statale, Vita-Salute San Raffaele) and the Conservatory belong to a consortium that groups quite all the private and public Universities in Italy that manages the online platform AlmaLaurea, aiming at fostering integration between universities, institutions and businesses and developing research on occupational condition of degrees at one or three years after graduation.

4) Local Public Education bodies: Regional Education Office and CPIA. Regional Education Office is the regional public body aimed to implement national policies in relation to Education and Training at the local and regional levels, supporting quality and improvement in teaching and learning. It tackles educational issues from early childhood to adult learning. CPIA are the Provincial centres of education for The Adults: they are autonomous institutions open to more than 16 years old with no professional qualification or graduation (for example NEETs, migrants etc).

They aim to create a training offer to obtain lower secondary school leaving diploma, professional operator certificate or upper secondary education diploma (with b1 competences in Italian language). They try to facilitate the achievement of technical diploma through a network agreement with schools, local authorities, firms and professional associations. They play an important role in migrants' linguistic and educational integration.

The Regional Office manages the activities of the 12 Local Area Educational Offices spread out in Lombardy Region.

5) Upper secondary schools: they are the main providers of both vocational and general further education and they are generally publics. Their main mission is providing vocational education and training recognised by the Ministry of Education, University and Research (M.I.U.R.) with knowledge and skills relevant to the regional labour market.

6) Training Agencies and Private and Public Employment Services: their mission is the development of personal human capital, fostering the increase of skills, knowledge and abilities, aiming to strengthen values and abilities in order to increase effectiveness of regional actions towards multiple stakeholders, involving the whole production system and citizens. After Unique Job Dowry, training agencies and private and public employment services are main subject that collect citizen's needs aggregating into training course in line with regional Repertory of skills. All these private agencies are accredited by Region and in MFR they are numerous and specifically focused on personal skills needs, matching between job's offers and demand.

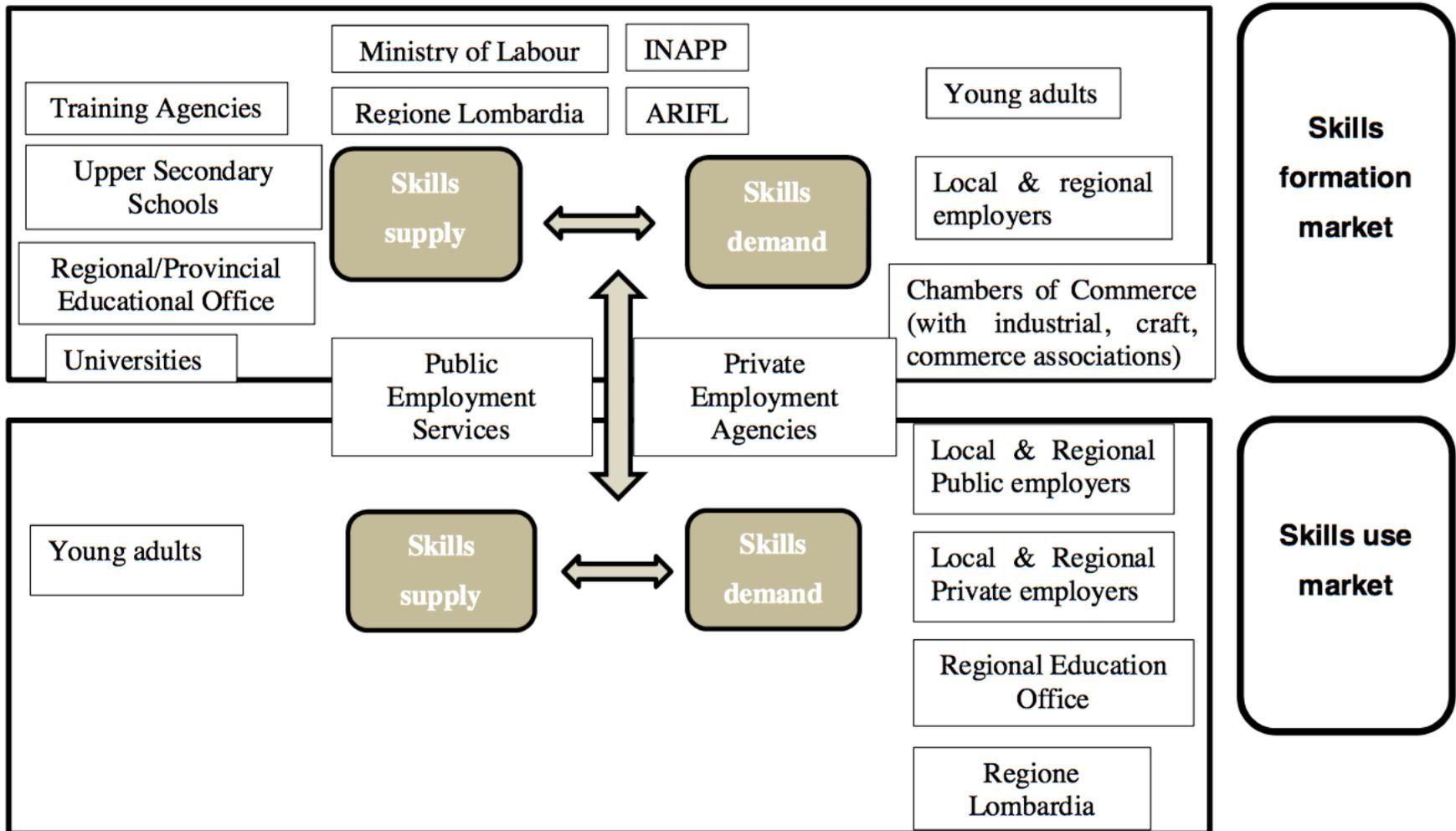
7) Assolombarda: it is the main entrepreneurial Association in Milan and metropolitan area and it is the largest territorial association of the entire entrepreneurial system in the country (6000 firms over 30% belong to the metal and mechanical industry, another 30% to the industrial, innovative and tourist tertiary sectors, almost 10% to the chemical sector, and also transport, fashion industry, business communication services). The mission of the Association is to protect

and represent the enterprises' interests in dealing with the political world, social and political organizations and local authorities as well as with trade unions. Assolombarda also provides its associated firms with a many services and in particular it has an important research center and support many projects related to training, education, innovation, relation with schools and universities.

8) Milan Chamber of Commerce: it is a public body that supports and promotes services of interest to the firms and enterprises located in the province of Milan. Its head office is in Milan, but it has set up a series of satellite agencies to respond to local demand and provide in-situ services to the businesses scattered throughout the entire province. It aims to support the business system and local market, promoting activities aiming to boost the economic development of the area and the level of competitiveness of the local business system at a domestic and international level.

9) Third Sector Organizations and Social Parts: the third sector organizations in MFR constitute an active and multi-faceted reality and they are a source of stimulus and a boost to innovation in various fields of intervention. In particular, in MFR there are 647 foundations and the main are corporate foundation as Fondazione Pirelli, Fondazione Trussardi, Fondazione Prada, or bank foundation as Fondazione Cariplo (the greatest in Italy with an asset of more than 6,3 €billion and about 190million€ for allocation to nonprofit organizations), or social foundations. The role of co-operatives is also important: Lombardy represents the first region in Italy with about 15,5% of the total number of co-operatives (Istituto Tagliacarne, 2014). About trade union in MFR there are, as well as in GFR the three main Italian organizations as CGIL, CISL, UIL. Milan is also the capital of finance, hosting the most important industries and companies, so also the role played by the entrepreneurial component is very relevant (see Assolombarda).

In MFR Metropolitan City government is playing an important coordination role, in accordance with the Regional Government, that is the leading institution. Social partner are encouraged by a dynamic labour market to co-ordinate skills analysis as well as participation in the construction of training offerings. The city of Milan is the heart of the regional economy and therefore, even if the main institutional actor is the Regional Government, the business associations, the Chamber of Commerce and the Trade Unions of MFR play a leading role at also at the regional level. The interviewees recognize also in MFR a gap between skill supply and skill demand into the skill formation market, but in this case skill demand is playing a role in training programming, which is defined with a participatory approach. Therefore, the gap is filled with both public and private stakeholders, by means of the Regional Committee for labour and Training Policies and of the regional funding allocated to Dote Unica. This policy is an ego-centered experimentation that emphasizes a model closed to Liberal Market Economies: this policies allows the demand for influence the offer since it is the citizen who choose, even if within training catalogues by the regional government.



Source: own elaboration

5.3 Analysis of the local governance of skills

The main source of information for the analyses provided in the following sections comes from the grey literature and the semi-structured interviews conducted with key informants in the skills system in the MFR. These informants come from the Milan City Council, Lombardy Region, Alfa-Regional ARIFL, Trade Union (CGIL), Assolombarda, Chamber of Commerce of Milan.

5.3.1 Actors' policy orientations

In this subsection, we are going to identify the main policy orientations of the actors and institutions involved in the skills system in MFR. We will do so by detailing the institutions that provide skills formation, how the content and type of skills formation is influenced/decided, how it is funded and which is the degree of involvement in the skills system of public and private institutions.

As we saw in GFR the main skills providers in MFR are High schools (more in detail technical and professional subjects), Universities and training agencies.

In general, skills formation is demand based: professional and in particular industrial associations as Assolombarda especially support technical training courses and apprenticeships and internship opportunities (as well as school-work alternation), participating to programme decision at Regional level and supporting training program and Technical schools as ITS.

According to law 107/2015 internships are mandatory for all students in the last three years of High schools: every high school need to manage internships as a standard part of High education and it means a new role of the school in local labor market and skills demand. At this point, Lombardy Region has been started with an experimentation of the dual educational system. Education and training have combining periods in an educational institution or training agency and in the workplace. The alternation scheme can facilitate inclusion of disadvantaged student and promote technical, industrial and trade career high schools. This system seems to be efficient and useful to solve the mismatch between labor and skills supply and demand even if some interviewees argues that weaknesses lies to the School System and to the parents: Schools have a lot of prejudice against business world while parents prefer that students have a linear path (first school and then work), more traditional. In this way experimentation at 5th year to obtain IFT graduation are considered both Regional Government and Industrial Association as innovative and appropriate initiatives but only few students are involved.

Vocational Education and Training courses (IeFP, the school targeting for who has only primary education and need to complete compulsory schools or obtain a professional qualification providing answers tailored to the needs, characteristics and skills of each person (as well as in GFR) is now improving students.

The actors appear determined and focused on trying to get closer education, training and labor market: in MFR this effort seems to be easier than in other territories because policies by Region are directed to citizen's need. The introduction of the so called "Dote Unica" seems to support a revolution: this policy aims to facilitate the matching of employment demand and supply for specific vacancies, particularly hard-to-fill vacancies; re-employ people at a greater distance from the labor market (i.e. those out of the labor market for longest) and respond to

companies' needs for training. But the brand-new aspect is concerned to the fact that the policy is designed to accompany all people throughout their whole active life with the aim to increase the effectiveness of the welfare system in Lombardy. For each person in need of support, a number of services from a defined set of services may be activated.

The measure aims to address the difficulty in supporting individuals with a wide variety of needs and expectations to enter the labor market. The main differences compared to other regional employment policies is that people access Dote Unica through a network of public and private employment agencies and they shared with the agency a personalized plan and some services are repaid only upon attainment of an employment result.

Dote Unica Lavoro show a so called "quasi market" policy approach, where public funds promote an especially private training system: private agencies perform the main function of training and job matching.

This policy is coherent with a general quasi market orientation of Regional Government: Education and Employment in Dote Unica seems to be coherent with health and social policies and with the principle of subsidiarity and community care supported by the Region Fondazione Cariplo and in general third sector organizations too.

The Regional Government's intervention was at the same time financial and regulatory, supporting individual choices with Dote Unica, and accrediting training agencies on the basis of job placement potential. This policy has allowed 40% of YA to have over 6 month job contract and another 40% to have shorter term contracts.

In MFR as well as in GFR main skills formation policies are directly influenced by labor market needs: Universities and Training schools provide different skills matching to the local labor necessities.

Nowadays great digital changes are driving skills demand not only in ICT but in ever regional excellent sector; for example, fashion, design, furniture, chemistry and transport, with very high skills demand mainly provided by Polytechnic of Milan and European Institute of Design (IED).

Skills formation is monitored by University Bicocca Observatory sharing information by Assolombarda, the powerful regional entrepreneurial association. In Lombardy, the difficulties in filling vacancies are attributable equally to the poor skills of candidates and the lack of availability of the professional profiles sought. On the other hand, vacancies are filled more easily in public utilities and in leisure services. At a sectorial level, recruitment difficulties are more frequent in IT services and telecoms (28 % of the total), advanced services to enterprises (23 %), electrical and electronic industries (22 %), metalworking industries (21 %), and textile and clothing industries (20 %) (Euroes, 2017). Our interviewees confirmed that there is a lack of medium technical profiles: process experts, computer and chemical technicians.

Milan Chamber of Commerce, in addition, is one of the major actor in supplying training with a specialized agency (Formaper) considered by OECD one of the best practice in Italy (OECD, 2014). Metropolitan City of Milan in accordance with AFOL offer support to young people to European Jobs and Erasmus activities, skills certification of third sector, volunteering and other activities, training for Dote Unica beneficiaries and other local project sustaining Civil Service. The university system in MFR comprises 9 universities: state universities, private universities and one higher education institute. In addition to universities, Milan hosts several prominent research centres, both private and public, among which there are institutes of the National Centre for Research (CNR) and teaching hospitals/institutions (e.g. Humanitas Medical

School). The University System is very differentiated: Bocconi University is one of the most famous University in Italy thanks to its great international reputation with a specific offer in Business & Management Studies. The Catholic University of the Sacred Heart is another private university with 12 faculties belonging humanities and economics. Milan State University (the biggest and more general), Polytechnic (Engineering, Architecture and Design), Bicocca (general but with importance in Biotechnologies, Biology and Chemistry studies), Brera Academy of Fine Arts, IED, a private school focus on Design, Visual Arts, Communication, and Fashion, San Raffaele private and exclusively dedicate Medical Studies, (with a in Psychology and Philosophy), NABA private with curriculum in computer graphics, video editing, 2D and 3D modeling, and sound design and IULM, focused on foreign language and Marketing. Most of Universities (and in particular private athenaeums and technical faculties of public Universities as Polytechnic and Bicocca) have strong relationships with industrial association and firms in order to orientate some programs and activated apprenticeship and internship. Bocconi offers services as counseling and self empowerment and they offer company presentation, drop-in session and investment bank weekends in order to maintain a high employment rate of its students.

5.3.2. Payment/funding of skills formation

The Skills formation is mostly funded by the public sector but for sure MFR is the Italian context where private funds has an important role too. Public High Schools and Public Universities receive funds from MIUR while professional training courses are financed by ESF (as in GFR). The Regional Government promotes the right of education and finances three-year training: as stated above this training is reserved to who has a 12 grade only and need a professional qualification. In Lombardy students in three year training are 13.400 (3800 mechanical industry, 2428 electric and electronics), 1884 tourism, 1477 administration and sale; only few in fashion, agro-food processing and agriculture). Regional Government, furthermore, has introduced “Dote Unica Lavoro”, which provides recipients with access to personalized “service packages” (such as training course, demand and supply matching, career counseling or coaching services) provided by accredited public and private sector organizations (Cucca, Ranci, 2016). Dote Unica Lavoro show a so called “quasi market” policy approach, where public funds promote an especially private training system: private agencies perform the main function of training and job matching. As an interviewee said:

“We do not finance training courses, we give money to individual subject who can take advantage of a rank of services, including training courses, but not only courses” (WP6_E_IT_M_4).

Private finance, in particular by Private Corporate Foundation and Banking Foundation support specific and innovative activity in education and training, in partnership with non-profit organization or through study grants in Private Universities.

5.3.3. Degree of public/private commitment to skills formation and use

One of the most important characteristics of MFR approach is Regional Policies funded on the equivalence among public and private bodies. In particular, about training agencies and job

services, the Regione Lombardia leads the process through the accreditation procedure, where public and private entities are assimilated. This approach is clear at vertical managing level too: the Regional Committee for Labor and Training Policies (CRPLF) is now the place where businesses, schools, Universities and accredited training bodies share the regional strategy on the skills supply.

School and labor market, instead, are not completely integrated: schools struggle to deal with labor market, but this weakness can be solved by new policy and action as Dote Unica, and in general del dual system testing in Lombardy Region. High Schools are involved in the use of market skills with work-linked internship, implementing young people in concrete work experience, as also professional apprenticeship and dual system do (managed by the Region). At local level AFOL, the metropolitan agency for training and job, try to match skills formation with High Schools (every study and career office is located in a high school), and with local labour market.

5.3.4. Level and mechanisms of coordination

Lombardy and in particular MFR shows a very particular case in Italy for many reason:

- Lombardy Region has always plays a leading role in the labour market, trying to maximize its political position by New Public Management models. Regional Government tested innovative policies, using ESF funding and its own resources, allocating finance to sustain development, innovation, new training pathways. Main stakeholders supported this leading role: Assolombarda and the other employer association shared a dynamic dialogue used to find new needs and new ways to answer.
- Political homogeneity between Region and Metropolitan Municipality (till 2011) amplified this power even during economic crisis that hit sector of excellence as fashion, design and the financial and banking system.
- The University System, for its part, managed to maintain a high level of offer, strengthening an oligopolistic training market able to compete at international level as well as at local level.

In MFR there are different participation centres where stakeholders can share information and data and they can influence labour market policies.

One of the most important is the Regional Committee for Labor and Training Policies (CRPLF). In this context ARIFL, the regional agency for Labour, Education, and Training Policies, try to facilitate matching of demand and supply of labour.

This agency is a good example to describe MFR: a leading role of the public (in particular Region) as well as a dynamic private system able to express their own needs: it is demonstrated by plural possibility of meetings, fairs, and participation contexts most of them arranged by Universities, financial magazines or employers' associations: e.g. Labour market Conference (organized by Confindustria Lombardia), Human Tecnopole, Milan Pact, Labour Fair, etc. In this way, there is a so called "didactic partnership University-Business" with some best practice as Innovation Lab at University of Milan, Business Case competition at Catholic University of Sacred Heart, Digital content at IULM.

As an interviewee said:

“Arifl has the vertical leading role on education, training, work, health and transportation policies. It has set up the Regional Committee of Labour and Training policies that has two working groups, (regularly scheduled), including trade unions, entrepreneurial associations, where all labour and life learn learning policies are shared and discussed.”
(WP6_E_IT_M_1)

Metropolitan City of Milan, in accordance with Region, promotes partnership agreement to support Young People Project with a pragmatic approach focused on job matching and the promotion of Dote Unica opportunity.

Metropolitan city of Milan, instead, created a database (Sailor) classifying private and public job opportunities linked with other metropolitan cities and former provinces.

An important field of cooperation has been also the Regional Repertory of Qualifications, that Lombardy started in 2007. The Repertory has favored a participatory approach to the topic, thanks to a sub-committee of the Regional Committee of Labour and Training policies that decides not only about the introduction of new qualification, but also for the programming of Fondimpresa (that has not regional sources of funding)

At MFR formal and informal relationships between public and private actors are dynamic and frequent: the frame of these relationships seems to be more transparent now: Regional Government in 2016 approved the unique regulation on lobbying in Italy: a list of bodies (employers' associations, trade unions, consumer organizations and so on). It was after numerous damaging corruption scandals right at Regional Government.

Mechanisms of coordination work also in an horizontal way: as an interviewed said:

“Our strength is truly based on horizontal networks, where there are certainly schools, such as training agencies and technical professional secondary schools, universities, research centers an the entire network of vocational, education and training center, the ITS and IFTS networks, and the Job centers. In Lombardy, in fact, we have a mixed system, we do not have only public job centers, but we have also private job agency that support the job search system with a subsidiary network. These private job agency are our sensitive sensors to the trends of employment” (WP6_E_IT_M_1).

This last sentence underscores the role of Job centers (private and public) which in MFR is considered very positively, unlike in GFR. It may be added that in MFR these access point seem to play a key role in starting up young adults towards professional training, guidance and job placement in agreement to public and private operators. This path allows also placing people in Dote Unica under condition to choose with a certain degree of awareness and to get their funds right.

Lastly it is noted that in a place where there is a high level of participation and coordination among stakeholders and social partners leaving it is easier to implement a policy based on individualization of choice, because everyone know that changes are too fast for an ex ante concertation. This leads to a shift from institutional coordination to a market coordination (Hall and Soskice, 2001).

5.4. Assessment of the quality and use of skills

In MFR industry represents more than a fifth of employees' requests in high as well as low technology manufacturing (in order of importance: chemical and pharmaceuticals, textile and clothing, mechanics, food)⁴⁴

About services, higher rate of job demand in 2016 were in ICT, education and professional training, health and social assistance, logistics.

The preview for 2016 counts 65.970 hires (11.950 in manufacturing, 54.020 in service sector) with a percentage of young adult workers of 4,3% until 24y and 23,3% 25-29y in manufacturing while 6,0% and 28,1% in service sector. The most relevant sector that requests young adults is public utilities.

If we consider educational level, the most targeted hires are under graduates (40,2%), with, in some sector, gender discrimination; more in general, women are still away from the labor market (even if MFR female employment rate is higher than at national level, it is still lower than EU average). The low female employment rate in Italy -as well as in MFR (and in GFR)- is caused by obstacles in combining work and family life and caring responsibilities and women are always overeducated⁴⁵

If we consider area of studies requests, the most for graduates are in Economics, Electronics and Informatics Engineering (these are considered difficult to find), Medicine and other Engineering sector.

About undergraduate level main sector are: administration and finance, tourism and catering, mechanics and energy. Low-level qualifications most requested are catering and tourism (as well as in GFR)⁴⁶

At national level, but in particular at MFR there is a strong focus on future skills requests (the so-called Industry 4.0) about trends in automation and Internet of things. The Observatory of Industry 4.0 of Milan Polytechnic shows that there is a lack of adequate skill-sets to expedite the march towards this "revolution.

In this context, the most emerging relevant professional figures are:

- 1) Information processor and analysts (big data, business intelligence)
- 2) App designer for social media
- 3) Automation and cyber physical system designer⁴⁷

In Lombardy, it's possible to say that the crisis hit particularly young adults, remaining in a worsening situation and women employment condition remained quantitatively and qualitatively lower than men (even if in MFR gender gap is lower). Professional levels are splitting high and low: mid-range position seems suffering, while complex skills and low level skills are growing (with more flexible contractual forms).

One of the strengths of the Lombard system is the training offer: this is true in particular for high

⁴⁴ Lombardia 4.0 <http://www.assolombarda.it/centro-studi/lombardia-4-0-competenze-e-lavori-per-il-futuro>.

⁴⁵ <http://www.infodata.ilsole24ore.com/2016/03/21/gap-formazione-lavoro-400mila-giovani-sono-troppo-qualificati-per-il-lavoro-che-svolgono/>

⁴⁶ <http://excelsior.unioncamere.net/documenti/previsioniarp/doc.php?id=791>

⁴⁷ http://www.osservatori.net/it_it/osservatori/executive-briefing/la-digitalizzazione-dell-industria-italia-work-in-progress

school offer (150 scientific high school location, 90 linguistic high school and 70 human sciences school, 110 administrative and commercial high school). Particularly widespread is training offer at leFp (with low level training course, as “wellness operator”, “catering operator” (the most requested), “administrative operator” and “electric operator”).

The policy of Dote Unica Lavoro seems to be effective and innovative with an 82.000 target group people (half of them in high help intensive)⁴⁸.

5.5. Implications for young adults

In Lombardy people with more than 15y with elementary school diploma or no qualification are, in 2016, 1.355 thousand (in 2004 they were 2,022 thousand), population with only professional qualification are increased from 645 in 2004 thousand to 752 thousand in 2016 as well as population with high school diploma from 2004 thousand in 2004 to 2416 thousand in 2016. An important raise is related to bachelor’s, master’s and doctoral degree: from 715 thousand in 2004 to 1229 in 2016.

The NEET (18-29) rate in Lombardy show a development from 12.9% in 2004 to 22.1% in 2015, with a decrease of 2 percentage points in 2016 (20.1%): this rate is important if we consider gender distinction: in Lombardy in 2016 female rate of NEET is at 24.6% while male rate is 15.8. In absolute terms NEETs are increased from 160 thousand in 2004 to 229 thousand in 2016: the discourage effect of young adults in a dynamic region seems to be relevant.

On the contrary, there is an increasing number of people enrolled to CFP: young people and their families seems to have interest in professionalized training path and in last 10 years almost 22 thousand students took the final exam for qualification or diploma at leFP.

More in general young adults in MFR seems to be in a favorable contest: a good integration between public and private bodies, a wide and high quality training offer, an interesting and effective policy experimentation as Dote Unica, a lower rate of NEET.

According to an interviewee (WP6_E_IT_M_1), one of the main critical aspect is the gap between expectations of young adult and what they can really do. Young people have an idea of work far from reality and when they become active in job search, the main issue is orientation.

This seems to be the reason why policies in MFR has good performance: the focus attention to orientation and coaching. According to another interview, young adult in MFR are precarious but they can work continuously thanks to regional financial support of Dote Unica. Regional policies try to drive out NEETs with several initiatives (in particular third sector projects) to promote self-activation to young adults with serious difficulties too. Despite all these initiatives, the phenomenon of NEET, paradoxically, in Milan seems even more striking than elsewhere:

“You can see in the periphery you can see all these guys who do nothing, and it is very painful and you notice it even more than in other cities because here everyone is running and competitive. See these guys who do not do anything is clash “WP6_E_IT_M_7.

There is a business affiliate program for workers who have lost their jobs in order to a reintegration. Implication for YA seems to be positive: policies are focused on orientation activity that takes into account, as far as possible, their need, although existing opportunities cannot

⁴⁸ [http://www.eupolis.regione.lombardia.it/shared/ccurl/30/308/SINTESI%20FIN%20\(10.05.2016\).pdf](http://www.eupolis.regione.lombardia.it/shared/ccurl/30/308/SINTESI%20FIN%20(10.05.2016).pdf)

satisfy all of them.

Main problems quoted by our interviewees are the following. First of all, the 'unbelievable gap' between education and training system and labour market, defined as 'two separate worlds'. (WP6_E_IT_M_2).

For this reason, the school-work alternation system has to be improved: the working experiences could help students to socialize with a working environment, with its rules, professional relationships and culture, also showing them how soft skills could be important.

Another important element in LLL is "taking care" of the low motivated workers. (WP6_E_IT_M_3) Generally, the most inclined workers to attend a training course are those workers with higher level of education and previous workplace training courses experienced. The challenge is to involve in LLL experiences those workers low educated and less motivated, through 'positive actions' helping them to be proactive, to use skills acquired in a workplace also in another workplace.

6. Comparison of the two Functional Regions

Milan is generally depicted as the main 'working city' and the 'place for opportunities' in Italy, and Genoa is figured as a static ex industrial area with a non-dynamic social fabric (especially in terms of relation with the labour market and the entrepreneurship). Moreover, about the conditions facing young people, we can highlight better educational opportunities, training and employment in Milan than in Genoa, which presents high levels of youth unemployment and a downhill rate of youth engagement.

Also regarding the policy recommendations, we put in evidence that there are profound differences over the two approaches. Milan implements more participatory policy programmes, especially for young people; offers more job opportunities of high qualification; has more medium and large enterprises; is more innovative in social policies. Milan is towed to Genoa. Genoa has been rooted for a long time in traditional policies, especially with regard to training, education and lifelong learning strategies. Genoa is changing since the new Regional and Municipal government is introducing models of funding to be allocated to training initiatives on the basis of the actual resulting employment; moreover, it is strongly focusing on the activation of a technical and professional training supply chain in parallel to the university one as well as on the dual system's development.

Another important point is focused on university student mobility: in Lombardy (and MFR in particular) there are prestigious universities that attract students from other regions and also foreign students (such as Bocconi, IED, San Raffaele, etc).

So, Lombardy Region and in particular MFR are most attractive for young people from other regions and abroad, both for the richest training and educational offer, and for the wider range of work opportunities.

In Liguria Region, even if there is a good tendency to high studies, only few jobs require a graduation, while in Lombardy the percentage is even double (the highest of Italy).

This trend is confirmed by the fact that planned hires in 2016 in Lombardy are 29,610 while in Liguria are only 2,070.

In general, educational, social, labour policies in Milan invest more in the activation of young people and emphasizes the choice of individuals, trying to build a quasi-market environment, turning to the addressees of policies the responsibility to choose the tools to use to improve their employability. On the other side, GFR had traditionally a more centralized design of social (labour, educational) policies, in which the main stakeholders defined the interventions that must be done and also the ways to do it and the subjects that can implement it. This difference implies a greater effort, in Lombardy and in MFR, on guidance, to make aware YA about the opportunities that they can enjoy, could improve the self-awareness of YA, but also give them more responsibilities. In additions, MFR, thanks to the greater vitality of supply, can favour a more proactive behaviour of YA. The opposite situation occurred in the past in GFR, where the weakness of labour supply and the greater importance of skill market, joint with the greater distance from a quasi-market environment, can favour a more passive behaviour of YA. It will be interesting to observe if the recent changes in policies will produce changes in the expectations and behaviour of stakeholders and of YA in particular.

Nevertheless, till 2015 we can speak at best of quasi-market policies versus “traditional public policies” (MFR vs GFR), but recent changes in politics (right government both in Liguria and in Lombardy Region) seem to suggest that the GFR strategic policy framework is going to the MFR approach.

Generally, MFR is more innovative and competitive rather than GFR: this functional region is going to adopt policies closer to the MFR’s ones, but within a very different socio-economic context. Regional and Municipal government (now right wing as in MFR) seek to use models coming from Lombardy. However, Liguria used to have a strong consociational tradition. Main actors are Regional Government and supply system, while in MFR the leading role of the regional government is so strong that can afford the direct involvement of young adult and citizens through Dote Unica, strengthening also the participative construction of policies with the main stakeholders. In this frame Lombardy Region tries to match a market model with the institutional coordination model. A strong point in MFR and in the Lombardy region is that the involvement of young people seeks to make them an active part of a path where employment services appear to be able to provide adequate guidance and accompanying support for direct insertion working or through vocational training. In the GFR, employment services seem less effective and less able to engage young people coaching them in their paths.

The current trends show a growing orientation towards market regulation, more advanced in MFR than in GFR. What is unclear is whether the partial failure of institutional coordination systems, which is perceived above all in GFR, is due to the too fast socioeconomic change or to the conservatism of the operators (implementing defensive strategies of their interests have favored the mismatch) Certainly in MFR institutional coordination is much stronger even among the institutions (the Region and the Metropolitan City) and more participated by the other stakeholders, and the market in genral is much more dynamic; so it is not easy to see if the best results are due to the structure and economic dynamics or goodness of the policies.

7. Emerging issues

The first one is the lack of coordination among actors, in Liguria also between the public ones (Region and Metropolitan Authority), while in Lombardy places and intensity of coordination

seems better. Nevertheless, skill formation market and skill use market are autonomous, as their main actors, so the need to bridge these two worlds is deeply perceived and only partly solved.

Companies complain lack of technical and transversal skills, as occurred in other countries, but they don't check what skills and competencies do the employees possess. Most companies make the selection process based on degrees and personal skills and seem to believe that technical skills can only be acquired in the company. On the other hand, the educational system seems to have prejudice against companies (league table of schools...).

In Italy, there is a strong sense of distrust of the educational system towards too close relationships with the production system, as if the inadequate coordination between schools and labour market is always quoted (by our interviewees as in the political debate).

Although many recent reforms have been attempting to bring these two worlds closer together, there is not yet a really coordination, particularly as regards the number of professional figures formed by the education system compared to those required by the production system and about the capacity of the two worlds to speak a common language regarding the skills needed for a job.

Anyway, the differences between the two FR show that the same problem can be afforded with different tools and tackled with different commitment of the involved actors.

Moreover, another issue emerges regarding the relationships among educational systems, society and economy that are very different in the various contexts. It follows that the link between the educational outcomes and the job opportunities in the same contexts is of different intensity and so are the results.

A further important point might have been looked at. There are no adequate and sufficient places and opportunities to allow young people participating in the construction or in the implementation of the policies aimed at help them, although in the Italian system there is the participation of student representations in all government agencies of the educational agencies (Schools and Universities), but only in those. It is crucial involving young people in decision-making policies and to allow them to represent needs and expectations. The case of Lombardy Region and MFR shows, anyway, that involvement of YA can be enhanced also in the implementation phase (by means of Dote Unica), despite of the lack of participation in the policy design.

7.1. A best practice in GFR

The tourist sector is characterized by a strong fragmentation of operators, which aren't able to easily structure the skills demand. The Liguria Region has begun to invest in the tourist sector with a dedicated training perspective, involving different educational level, from the post compulsory schooling three-year Vocational Education and Training (IeFP) courses to the Masters. Basing on the professional needs of some cruise industry's stakeholders, the Region has invested in courses specifically aimed to train professional profiles useful for the tourist sector (nowadays strongly expanding). The interest for the intermediate professional profiles (and not just for the highest or lowest ones) is a noteworthy feature for such specific approach, as well as for the whole training chain. At the same time, the following practice exemplifies the main current trends in the local labour market and skills ecology: prominent actors from the skills' supply sector (for instance, the Italian Merchant Marine Academy ITS Foundation) and

from the skills' demand sector (for instance, the MSC and Costa Cruises company) are able to obtain significant public funding, which are useful to develop a structured and non-fragmented training supply chain.

The practice of local coordination in GFR refers to the first school in Italy dedicated exclusively to training hospitality professionals to work on passenger ships: cooks, pastry-makers, bakers, tourism entertainers, customer service representatives, and other positions related to on-board hospitality and entertainment. The initiative is a result of collaboration between the Liguria Region, the Municipality of Arenzano (a locality near to the city of Genoa), the Italian Merchant Marine Academy ITS Foundation and the Costa Cruises company (an Italian cruise line, based in Genoa, owned by Carnival Corporation & plc). The reference is to the "Accademia di Alta Formazione per l'Hôtellerie di Bordo" (Academy for Advanced Training in On-Board Hospitality) project: the school, located in Arenzano, is an incubator for the development of professional profiles for employment in the cruise ship hospitality sector, with the aim of promoting Italian excellence in on-board hospitality.

The project offers four courses with classes started in February 2017. The first one (*The Superior Technical Institutes course - ITS*), is for training on-board pastry-makers and bakers, financed by the Ministry of Education, Universities and Research (MIUR), designed for EU young people in search of employment. It is about one and a half years long, alternating classroom training with on-board internships. There are 22 places available, with Costa Cruises making a commitment to hire at least 70% of the students who successfully complete the training course. Three other courses, financed by the Liguria Region through the European Social Fund, are designed to train tourism entertainers, customer service representatives and cooks, for a total of 60 places (20 places for each course), reserved to EU students over 24 years old who are in search of employment. The courses will be from 300 to 415 hours long and Costa has guaranteed that 60% of qualified students will be hired.

Such project is an example of successful local practice of coordination and different factors might explain its emergence. It has really implicated the direct involvement of the major players. The Liguria Region has invested a lot of resources through the European Social Fund not just to finance the courses, but also to provide the restoration work of the school (located in a beautiful 18th century liberty-style villa). The commitment of the Liguria to put the young people more and more in contact with the job market through a quality education is evident also considering other expected investments dedicated to the so-called 'Blue Economy', which is open to educational organizations and consortia or special purpose associations in the region that present projects for unemployed persons who possess a three years' qualification, a higher secondary school diploma, or a college degree. The Municipality of Arenzano has created 9 fully-equipped classrooms, a library, a tea room/exhibition hall, a multi-purpose Tapestry Room, a refreshment area, a bar and a kitchen for classroom use. The Costa Cruises, a strong partner of Italian Merchant Marine Academy ITS Foundation, firstly has planned and provided the courses training courses: on this point, a favouring factor refers to the usual Costa Cruises' s strong commitment to the development of its employees' skills (with more than 800,000 hours of training for employees during the year). Secondly, the Costa Cruises has committed itself to hire a large share of students at the end of the training courses. This last aspect is very important, showing a real commitment by all the involved players to reduce the gap between the local skills demand and supply, concretely favouring the young adults' employability. Moreover, the project

shows a good understanding capability of the local skills' demand, especially in a key sector for the development of the Liguria Region, and of the GFR in particular, as the tourist one. Thus, this project could be considered as a good practice of integrated and multi-stakeholder approach, that could be assumed as good practice of local coordination.

7.2. A best practice in MFR

“Far volare Milano” (literally: “Make Milan fly”) is the slogan that Assolombarda (the largest, most important entrepreneurial Association) uses to convey the meaning of reinforcing the region’s role as the leading driver of economic growth throughout Italy. It’s an ambitious goal, composed by many projects focusing on developing industry, and specifically to new form of partnership between industry 4.0 and educational and training system.

The approach to skill topic is based on four steps:

- Focusing on business processes,
- identifying critical skills,
- identifying priorities in the educational system,
- shared analysis of the educational system with firms and main stakeholders

Industry 4.0 forced to identify strategic skills for a new productive paradigm. In this frame cross-cutting enabling technologies are: cloudcomputing and cybersecurity, augmented reality, 3d printing and fast prototyping, advanced automation and robotics, industrial Internet of Thing, Artificial intelligence and machine learning, advanced industrial analytics and big data. Skills need to be able to manage this technology trough business process and professionals (with new professional or evolutional ones).

The programme tries to foster the link between the educational system and the business world for the development of industry 4.0 skills at different levels:

- High school with specific project of school-work alternative
- ITS with implementation of courses (presence of Assolombarda in six foundations)
- Universities (deal with 9 universities in MFR and Pavia), through tutoring, laboratories, business case, business teching, project work, thesis in firm, spin-off.
- Life-learn-learning, with a consolidation of the system with updating and qualification of employees.

About universities there is an experimentation of a graduation in ICT with the model of school-work alternative: this course, in accordance with Università degli Studi di Milano, in order to anticipate the work experience in a firm, taking the opportunity to establish a reputation and acquiring transversal and technical skills. The model is:

Year	Time at University	Time at enterprise	Duration	Type of workplace	Remuneration
first	100%	-			
second	60%	40%	90 d	apprenticeship	3000€ refund
third	40%	60%	150 d	traineeship	Part time salary
Thesis (6 months)	-	100%	120 d	traineeship	Full time salary

Annexes

a. Actors and institutions involved in the skills formation and/or use markets at national level

Name of institution	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions	Other relevant information
Ministry of labour	Public	National	The Ministry of Labour's key areas: social safety nets and employment incentives, disability, immigration, guidance and training, security, industrial relations, poverty and social exclusion, social services, retirement	Ministry of labour is involved in National Program for disadvantage people and poverty with specific tasks related to skills formation. With Ministry of Education, INAPP and Regions deals with realization of National Repertory of Professions and Qualification	Not directly	Italian Government, Regions, Companies, National Agency for Youth, National Office for Civic Service	http://www.lavoro.gov.it/Pagine/default.aspx

<p>INAPP (former ISFOL)</p>	<p>Public</p>	<p>National</p>	<p>INAPP (National Institute for Policy Analysis) was born in December 2016 with some changes from the entity replaced, ISFOL. It is a public Institute directly under Ministry of Labour and it is responsible for analysing, monitoring and evaluation of the economic, social, labour, education and vocational training areas. The main goals are to contribute to the scientific, economic and social development of the country and provide support to policy makers. The most important</p>	<p>With Ministry Labour, and Regions deals with technical support to the realization of National Repertory of Professions and Qualification, Atlas and Profession</p>	<p>Not directly but it is involved in skill use data collection to have a feedback to update national Repertory and Atlas</p>	<p>Italian Government, Regions, Companies, National Office for Civic Service, Universities</p>	<p>http://www.inapp.org/ http://www.isfol.it/</p>
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			analysis for 2017 are: impact of pension reforms, impact of job Act on permanent work, impact of decentralized negotiation, monitoring and evaluation of Youth Guarantee with a particular focus on Civic Service				
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b. Actors and institutions involved in the skills formation and/or use markets in GFR

Name of institution	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions	Other relevant information
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Region e Liguria	Public	Local/Regional	Region has legislative competence and it is managing partner on LLL: multi annual programs on vocational training based on local need; information system for employment and training (Excelsior with Chamber of Commerce) classification of the professional unit; vocational training with FSE funds, definition of skills and training standards for the regional organization (technical and professional skills for the triennial figures of qualification and four-year diploma, identified according to the EQF scheme) and for apprenticeships for the qualification and professional degree (while professional apprenticeship are defined by collective agreements), accreditation of training facilities, definition of evaluation and monitoring tools on territorial training offer system-level (with the support of Alfa), coordination with unions and third sector to bring together labour demand and supply	Yes, in supporting educational and training system	Not directly, but through employment office.	Ministry, Municipalities, in-house bodies like Alfa, employment office system, education system, Chambers of Commerce, training institutions, University, etc	www.regione.liguria.it
Alfa	Public	Regional	Alfa (former Arsel) is a public institution formed by a regional law. Its managing functions are related to: professional training, vocational guidance, development of adult learning opportunities, activities related to civic service, preliminary activities for the release of the regional visa in favour of foreign citizens, media education activities, activities of accreditation and evaluation of public and private employment services and monitoring, monitoring of the results and analysis of training needs; monitoring of employment policies; management of Social Responsibility Register, communications on education, training and labour; Observatory on educational management and regional training policies	Yes, with communication, job orientation, monitoring and evaluation of policies, training institutions, analysis of training needs	Yes, in particular with Observatory of Labour market	INAPP, Regione Liguria, employment office system, education system, Chambers of Commerce, training institutions, etc	https://www.arsel.liguria.it/

			and the labour market; regional system management of validation and certification of skills expected; Regional Repertory management of professions and databases associated.				
University of Genova (UniGe)	Public, funded by Ministry of Education, University and Research (M.I.U.R.)	Regional	The University of Genova is organized in 5 Schools (Natural Sciences, Mathematics and Physics, Medical and Pharmaceutical Sciences, Social Sciences, School of Humanities, Polytechnic School) and 22 Departments (concerning the areas of Architecture, Economy, Pharmacy, Law, Engineering, Literature and Philosophy, Medicine, Educational Sciences, Mathematical Physical and Natural Sciences, Political Sciences). The University of Genoa is the University of Liguria as it is present on the entire regional territory with educational centres also in Savona, Imperia and La Spezia. At the moment, with more than 3,000 foreign students, it is a point of attraction for the students that choose Italy for their University studies. It is the main provider of higher qualifications. In addition to university courses, it offers post-lauream courses, through PERFORM, the University of Genoa Lifelong Learning Service. It aims at providing high profile	Yes, its main mission is skills formation (higher education level). It offers real possibilities of integration between theory and practice, also through stages with institutions and companies and training periods abroad.	Yes. It offers orientation services for students before beginning university courses, during the educational path and at its end. It belongs to a consortium of fifty private and public Universities that manages the online platform AlmaLaurea, which gives firms access to graduates curriculum vitae. The main aims are to provide institutions with	Secondary schools, local and regional employers, Chambers of Commerce, training institutions, Regione Liguria. There are many different forms of collaboration and cooperation with foreign Universities and Institutions that allow a high mobility of students from and towards foreign countries. In particular, Perform has managed a lot of	https://unige.it/ ; http://www.perform.unige.it/

		<p>education in order to meet specific professional needs, focusing its effort on lifelong learning, postgraduate studies, high-level professional development and training excellence. In Genoa, it is also very important the sector providing for the education and training of highly qualified professionals in artistic fields that have long played a significant role in Italian cultural traditions, such as music, figurative and applied arts, conservation (AFAM system). In Genoa, there are an Academy of Fine Arts and a Music Conservatory.</p>	<p>reliable information on their graduates (also in terms of skills) and to facilitate graduates labour market transition, fostering integration between universities, institutions and businesses. Besides, universities have special programs for the creation of spin-offs and corporate projects to promote entrepreneurship students.</p>	<p>projects carried out in collaboration with more than 500 public and private businesses and institutions.</p>	
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Regional Educational Office of Liguria	Public agency from the Ministry of Education, University and Research (M.I.U.R.)	National, with regional and local centres	The Regional Educational Office is a peripheral organ of the Ministry and it is an autonomous center of administrative responsibility; it is organized in local areas (Local Area Educational Offices) which provide administrative, monitoring and support services to schools. Its main aim is to implement at the local level the policies formulated by the Italian Government in relation to Education and Training, from early childhood to adult learning (also including the educational paths provided by the CPIA).It promotes the mapping of regional training needs and the development of the relevant courses offer, monitors the levels of training effectiveness and it handles, with the Regional Agencies, the educational curriculum, adult education and higher education, as well the school-to-work relationships.	Yes, in supporting the educational system from early childhood education to adult education.	Not directly, but they support schools to organize and manage apprenticeships experiences of students in firms in order to favour the transition from education to work.	Regione Liguria, education system, Chambers of Commerce, training institutions, municipality, universities.	http://www.istruzioneeliguria.it/index.php?option=com_frontpage&Itemid=1
Local Area Educational Offices	Public agency from the Ministry of Education, University and Research (M.I.U.R.)	Regional and local	The Regional Educational Office promote the establishment of networks among schools in the same geographical area in order to enhance the professional resources and to implement educational and cultural projects or activities.	Yes, in supporting the educational system from early childhood education to adult education.	Not directly, but they support schools to organize and manage apprenticeships experiences of students in firms in order to favour the transition from education to work.	Regione Liguria, education system, Chambers of Commerce, training institutions, municipality, universities.	http://www.istruzioneegenova.it/index.php?option=com_frontpage&Itemid=1

Upper secondary schools	Public and private	Local	Upper secondary schools are the main providers of both vocational and general further education. There are three types of Upper secondary schools (Lyceum, Technical Institute and Professional Institute) that offer a diverse curriculum (programmes are generally decided at national level but each schools have autonomy to change some aspects (educational and administrative) fitting to their specific target. They could manage students apprenticeships experiences in firms as well as co-manage, in collaboration with training agencies, the three-year Vocational Education and Training (IeFP) courses, and the four-year Education and Higher Technical Education (IFTS) and Education Higher Technical (ITS) courses.	Yes, their main mission is skills formation (vocational level, further education and higher education)	Yes, they support apprenticeships as part of most of their courses in order to favour the transition from education to work and they could cooperate with training agencies in the management of programmes for higher technical education and training Especially the Technical and Professional Institute usually have contacts with local and regional employers.	Regional Educational Office, Regione Liguria, Universities, Local and regional employers.	http://www.istruzioneliguria.it/
Training Agencies	Public and private	National, regional, local	It can be an association, a cooperative, a public body, an university department, a private firm, which performs as its principal task education and training. A training agency carries out its activities by providing courses, organizing internships and promoting employment and / or social integration of its members. In Liguria there are three typology of TA: starting (23 TA in our Functional Region) disadvantaged (26); lifelong learning (53), high training (53).	Yes, their main mission is skills formation	Yes, they support apprenticeship as a part of the most of their courses in order to facilitate the transition from education to work, and they used to have contacts with employers.	Region (that gives accreditation), local and regional employers, professional societies.	http://sirio.regione.liguria.it/accreditamento.nsf/provincia?OpenView&Start=1&Count=100&Expand=1.2#1.2

Public Employment Services	Public	Local	<p>They provide information and free services for people and businesses in order to promote employment and to favor the matching between job's offers and demand: companies, families, Italians and foreign citizens and disadvantaged groups. Their aim is to promote and support people to define their educational and professional project, through orientation activities based on real skills and motivations of people seeking employment. Among their services: providing information on employment opportunities in Italy and abroad, on public tender competitions and professional training courses in Region; individual guidance interviews aimed at training or career choice; promotion of apprenticeships and moments of alternation between study and work in regional firms.</p>	<p>Yes, especially in providing apprenticeships and career guidance, as well as orientation activities to better clarify the personal skills and to provide information on training opportunities at local levels. They also provide information and direction to adapt skills formation to skills needs from the economy and businesses.</p>	<p>Yes, especially trying to favor the matching between job's offers and demand in order to fulfil employers' and economy's skills demands.</p>	<p>Educational system (in particular upper secondary schools), local and regional training agencies, private employment agencies, employers, Liguria Region</p>	<p>http://www.iolavoroliguria.it/area-operatori/2014-04-10-13-31-00/cpi-centri-per-l-impiego.html?jj=1490773058299; http://www.provincia.genova.it/portal/template/viewTemplate?templateId=dgfr4xbeo2_layout_cnvx24beo4.psml</p>
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Private Employment Agencies	Private	National, regional, local	<p>The main activities performed by the private employment agencies is job placement, acting as intermediary bodies between people seeking jobs and employers in order to match employers to employees. They are specialized in finding (recruiting or sourcing) personnel for companies in various industries and they provide outplacement training and support activities. They must have fulfilled certain criteria and received authorisation by the Ministry of Labour and by the Regions at a regional level; they have to be registered in a specific Register of Employment Agencies.</p>	Yes, especially providing outplacement training activities and course	Yes, especially in responding to economy and employers demands. Their main purpose is to fulfil employers' and economy's skills demands.	Employers, Regione Liguria, Public Employment Services, Local and regional training agencies, educational system.	<p>The main Private Employment Agencies in Genoa include, among others, Adecco (www.adecco.it), Eurointerim (www.eurointerim.it), Kelly (www.kellyservices.it), Manpower (www.manpower.it), Randstad (https://www.randstad.it), Gi Group (http://www.gigroup.it/offerte-lavoro), Praxi (https://www.praxi.praxi/)</p>
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Chamber of Commerce of Genoa	Independent public body	Local	Genoa Chamber of Commerce is the voice of business in Genoa. Their main activities are dealing with the Register of Firms and Companies, hosting business and networking events that both help business people develop and grow their contact base, training and workforce development to upskill and develop employers and staff (through special agencies), supporting for access to credit for companies and co-financing of local initiatives useful to promote and advertise the firms partners, campaigning on a local and national level on important policy issues on behalf of members.	Yes, one of their main activities is provide and/or organise training for employers and their staff (through special agencies)	Not directly	Local authorities, professional, industrial handicraft, commerce, tourism, harbour association, cooperatives.	http://www.gen.camcom.gov.it/
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Third Sector Organizations and Social Partners	Voluntary and community organizations, social enterprises, industrial and provident societies or cooperatives, belonging neither to the public nor to the private sector	National and local	Typically, most third sector organizations devote themselves either to a particular issue which needs solving (for example, unaffordable housing) or to a particular group in society (for example, women, young people or vulnerable subjects, facing cultural or structural barriers to education) who requires support and representation. The Social Partners are the interlocutors of public institutions in situations of negotiation or consultation on matters related to work.	The main role of trade unions is not providing skills formation, but to be aware of the existing landscape of skills formation supply and support trade union members in getting the skills formation they want or need. They support their members in accessing skills and lifelong learning opportunities .	Charities and third sectors organisations are also in demand of young adults' skills use, as they can volunteer or have work placement apprenticeships in some of them.	Local authorities, professional, industrial handicraft, commerce, tourism, harbour association.	The main Italian workers trade unions are CGIL (Confederazione Generale Italiana del Lavoro), CISL (Confederazione Italiana Sindacati Lavoratori), UIL (Unione Italiana del Lavoro). Among the business associations, the main ones are Confindustria (Italian Industrial Federation), Federalberghi (bringing together the hotels associations), Federcommercio (the main Italian commercial business association)
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c. Actors and institutions involved in the skills formation and/or use markets in MFR

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intutions	Other relevant information
Regione Lombardia	Public	Regional	has legislative competences on Labour, Education, Professional Training, Lifelong learning policies. In Lombardy the focus is on integration of education, training and labour in order to implement competitiveness. Its main activities are related to the local implementation of Youth Guarantee, Dote Unica etc. With technical assistance of ARIFL try to support meeting of supply and demand of work. With a private and public network realized Repertory of Professional Standards;	Yes, in supporting educational and training system	Not directly, but through employment office and dual system.	Municipalities, employment office system, education system, Chambers of Commerce, training institutions, Universities, trade and professional association, cooperatives consortiums, etc	www.regione.lombardia.it
Arifl -Eupolis	Public	Regional	Arifl is a public institution established by a regional law. Its managing functions are related to: analysis of labour market; support to regional labour policies, strategies and actions; implementation of policies and programs (with financial and technical support) to education and training system Eupolis is a regional institution focused on research, statistics, training supporting Regional Committee	Yes, with communication, job orientation, monitoring and evaluation of policies, training institutions, analysis of training needs	Yes, in particular with Analysis of Labour market	Regione Lombardia, employment office system, education system, Chambers of Commerce, training institutions, etc	http://www.arifl.regione.lombardia.it/
Universities in Milan	Public (Statale, Polytechnic Bicocca) and Private (Bocconi, IULM, San Raffaele, Humanitas)	National	Universities are the main providers of higher education qualifications. They are organized in Faculties, Schools and Departments, that are responsible for scheduling and promoting courses and coordinating their respective disciplinary fields, educational and cultural programmes, favouring an interdisciplinary approach and ensuring the possibility of specialisation in specific sectors. They offer different type of courses: Bachelors, Masters, PhDs. In Milan it is also very important the sector	Yes, their main mission is skills formation (higher education level). They offer real possibilities of integration between theory and practice, also through	Yes, especially promoting regular meeting between companies and graduates and managing database containing students' CV, available to employers. Besides,	Secondary schools, local and regional employers, Chambers of Commerce, training institutions, Regione Lombardia, Research Centres. There are many different forms of collaboration and cooperation with foreign Universities and Institutions that allow a	http://www.unimi.it www.ucscinternazionale.it http://www.unimib.it http://www.polimi.it http://www.unibocconi.eu http://www.iulm.com http://www.unisr.it

			<p>providing for the education and training of highly qualified professionals in artistic fields that have long played a significant role in Italian cultural traditions, such as music, figurative and applied arts, conservation (AFAM system), as well as in the specific area of Milan, such as design, fashion, visual communication and management. In Milan there are Academies of Fine Arts, Music Conservatories and the European Institute of Design.</p>	<p>stages with institutions and companies and training periods abroad.</p>	<p>universities have special programs for the creation of spin-offs and corporate projects to promote entrepreneurship students. Four universities in Milan (Bicocca, IULM, Statale, Vita-Salute San Raffaele) and the Conservatory belong to a consortium that groups quite all the private and public Universities that manages the online platform AlmaLaurea, aiming at fostering integration between universities, institutions and businesses.</p>	<p>high mobility of students from and towards foreign countries</p>	<p>https://www.hunimed.eu/</p>
Regional Educational Office of Lombardia	Public agency from the Ministry of Education, University and Research (M.I.U.R.)	National, with regional and local centres	<p>The Regional Educational Office is a peripheral organ of the Ministry and it is an autonomous center of administrative responsibility; it is organized in local areas (Local Area Educational Offices) which provide administrative, monitoring and support services to schools. Its main aim is to implement at the local level the policies formulated by the Italian Government in relation to Education and Training, from early childhood to adult learning. It promotes the mapping of regional training needs and the development of the relevant courses offer, monitors the levels of training effectiveness and it handles, with the Regional Agencies, the educational curriculum, adult education and higher education, as well the</p>	<p>Yes, in supporting the educational system from early childhood education to adult education.</p>	<p>Not directly, but they support schools to organize and manage apprenticeships experiences of students in firms in order to favour the transition from education to work.</p>	<p>Regione Lombardia, education system, Chambers of Commerce, training institutions, municipality, universities.</p>	<p>http://usr.istruzione.lombardia.gov.it/</p>

			school-to-work relationships. Besides, the Regional Educational Office promotes the establishment of networks among schools in the same geographical area in order to enhance the professional resources and to implement educational and cultural projects or activities.				
Upper secondary schools	Public and private	Local	Upper secondary schools are the main providers of both vocational and general further education. There are three types of Upper secondary schools (Lyceum, Technical Institute and Professional Institute) that offer a diverse curriculum (programmes are generally decided at national level but each schools have autonomy to change some aspects (educational and administrative) fitting to their specific target. They could manage student's apprenticeships experiences in firms as well as co-manage, in collaboration with training agencies, the three-year Vocational Education and Training (leFP) courses, and the four-year Education and Higher Technical Education (IFTS) and Education Higher Technical (ITS) courses.	Yes, their main mission is skills formation (vocational level, further education and higher education)	Yes, they support apprenticeships as part of most of their courses in order to favour the transition from education to work. Especially the Technical and Professional Institute usually have contacts with local and regional employers.	Regional Educational Office, Regione Lombardia, Universities, Local and regional employers.	
Training Agencies	Public and private	National, regional, local	Their mission is the development of personal human capital, fostering the increase of skills, knowledge and abilities, aiming to strengthen values and abilities in order to increase effectiveness of regional actions towards multiple stakeholders, involving the whole production system and citizens.	Yes, their main mission is skills formation	Yes, they support apprenticeships as part of most of their courses in order to favour the transition from education to work. They could manage student's apprenticeships experiences in firms as well as co-manage, in collaboration with upper secondary schools, the three-year Vocational Education and Training (leFP) courses, and the four-year Education and	Region, upper secondary schools, local and regional employers.	

					Higher Technical Education (IFTS) and Education Higher Technical (ITS) courses.		
Chamber of Commerce of Milan	Independent public body	Local	It promotes activities that focus on encouraging entrepreneurial training and tuition, facilitated credit for businesses, innovation and transfer of technologies, the diffusion of e-commerce enterprises, the protection and safeguard of the environment in relation to manufacturing activities, infrastructure development and the exploitation of the resources within the area. It also focuses on targeted activities that aim to boost the economic development of the area and the level of competitiveness of the local business system at a domestic and international level. The constitution of the Metropolitan Chamber is planned in the future, collecting the territories of Milan, Monza-Brianza and Lodi.	Yes, one of their main activities is provide and/or organise training for employers and their staff (through special agencies) aiming at supporting the business system and local market.	Not directly.	Local authorities, professional, industrial handicraft, commerce, tourism, cooperatives.	http://www.mi.cam.com.it/home
Polytechnic University foundation	public	national	Polytechnic University foundation is networked with the big companies and public administrations to contribute not only to economic growth but also to the social, participating in joint projects capable of enhancing academic research and to offer productive opportunities for innovation.	It works with big companies and public authorities directly involved in skill formation: It promotes LLL activities and manage the process of skills certification of non-formal and informal learning	See skills formation	The main relationship is with Universities, local authorities and big companies	



Work Package 6

Comparative Analysis Skills Supply and Demand

Portugal National Report

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1. Introduction

The WP6 intends to **describe and understand the governance of the supply and demand of skills within and across the functional regions** under study in the Young Adulllt (YA) project. The project refers to the local/regional supply and demand of skills as the local/regional *skills ecology*. It's up to each partner country to describe and analyse the governance of the skills ecology in the two functional regions under study, in order to get further comparison of cases. We here present the **national report for Portugal, that provides evidence and analyses the functional regions of Vale do Ave (VdA) and Alentejo Litoral (AL)**. These two functional regions correspond to the functional regions selected in Portugal for in depth analyses across the whole YA research project.

With the main objective of describing and understanding the governance of local/regional skills in VdA and AL, we have responded to four tasks:

1. **Identifying and mapping** the actors, institution, structures and their main activities relevant to the local governance of the skills ecology
2. Analysing main actors' **policy orientations** (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults
3. Understanding the **level and forms of coordination** of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults
4. Report and assess evidence on the **quality and the relevance of the skills** developed and used by young adults in the workplace and society

It was deemed important to describe and differentiate two relevant terms: the **skills system** (constituted by the *skills formation market* and the *skills use market*) and the **skills ecology**. As shown in Figure 1 below, the skills system is constituted by two markets: the skills formation and the skills use market. In each one of these markets there is a supply and demand for skills. Local, national and supranational actors and institutions might be involved either in one or in both markets and develop their activities, which jointly constitute the skills system.

Skills systems are framed in a **local/regional socioeconomic context**, which is likely to differ from one region to another and across countries. The skills system is not impermeable to its context, which is also likely to vary across time. Therefore, the local/regional context is likely to affect the actors and institutions and their activities. Conversely, these actors/institutions and their activities might also have an influence in shaping the local/regional context.

The combination of the local/regional skills system into the local/regional context constitutes the **local/regional skills ecology**. Thus, **the interest of this national report of WP6 resides in understanding the local/regional governance of the skills system in VdA and AL, assessing to what extent it is influenced by their local/regional socio-economic context.**

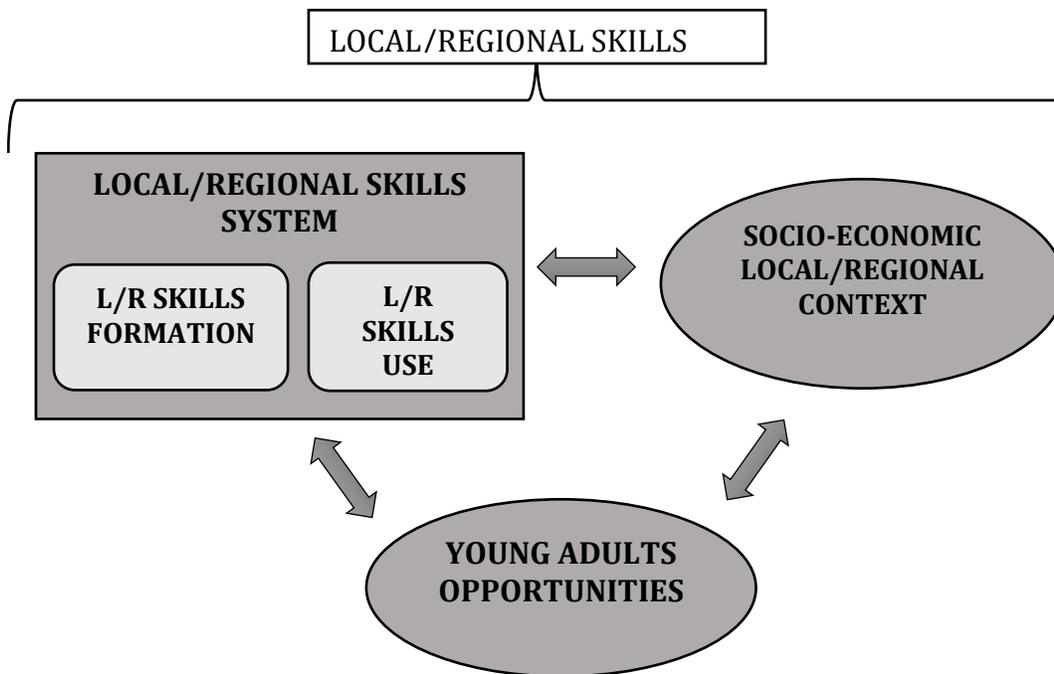


Figure 1: Skills system, context and skills

The work of the WP6 complements and was developed in coordination with the rest of empirical working packages. However, one of the main differences is that the unit of analysis in WP6 is the region itself. The WP3 (*Policy Mapping, Review and Analysis*) is focused on policies targeted to young adults, the WP4 (*Quantitative Analysis of Young Adults' Living and Social Conditions*) on young adults and the WP5 (*Qualitative Research with young Adults*) in young adults participating in the policies under study. Although the WP6 does not focus on specific policies but on the overall pool of available skills in the functional regions, the work undergone in the WP3 facilitated the identification of main actors involved in the local skills ecology and the reports and sources of information used by policy makers and practitioners to govern the local skills ecology.

The work developed in the WP4 has been crucial to frame and contextualise the socio-economic context of the regions under study. Previous work on skills supply and demand tends to focus on national averages. Gathering data that considers the regional and local characteristics facilitates the understanding of different forms of governance of the local skills ecology.

Also, the empirical material gathered in the WP5 and the analyses developed in parallel to the current work for the WP6 served to contextualise the opportunities of young adults in each region. The interviews conducted with policy makers, practitioners and young adults involved in the policies mapped in WP3 have further facilitated the understanding of the regional resources, objectives and priorities in terms of skills.

The work currently developed in the WP6 national report also aims at feeding and facilitating the

tasks of the WP7 (*Regional/Local Case Studies*) and the WP8 (*Comparative Analysis and Reporting*).

The present report is organised in **seven** main sections. Following this **1)** introduction, we present the **2)** methodological framework used to develop the WP6. After this, we introduce the **3)** National System of Skills, following the description of both functional regions for the Portuguese case: first **4)** Vale do Ave, and then **5)** Alentejo Litoral. Here we analyse each functional region according to: a) the contextualisation of the region in terms of socio-economic characteristics; b) the mapping of the main regional and local actors, institutions and structures involved in the skills system; c) the identification of the policy orientations and levels and forms of coordination among actors; and d) the assessment of the quality and use of skills at the regional level. The implications for young adults in the region are derived from these analyses. Finished this individual analysis, we then make a **6)** comparison between the two functional regions and discuss **7)** emerging issues that were not included in the previous sections.

2. Methodology

In the WP6 we propose **to identify the actors involved in the supply and demand of skills and understand how they govern, manage and coordinate their activities and which the implications for young adults are.** To attain the objective of **describing and understanding the governance of the supply and demand of skills within and across the FRs** under study, our work involves the four specific objectives we described in the introduction.

The YOUNG ADULLLT project, and of course the WP6, has a theoretical framework based on three main theoretical perspectives: The Life Course Research (LFR), the Cultural Political Economy (CPE) and the Governance framework (GOV). Although the WP6 includes all the three theoretical perspectives, the GOV and the CPE are central to the analytical approach.

The Governance framework plays a key role in the task of identification of relevant actors and institutions involved in the local/regional activities influencing young adults' skills formation and skills use. It also contributes to the understanding of the interplay among actors and institutions involved in different scales of governance (national/supranational/across regions). Therefore, GOV framework is especially relevant in identifying and mapping the actors, institution, structures and their main activities relevant to the local governance of the skills ecology (Task 1).

However, the interactions among actors and institutions are not random. The CPE framework can help us understand actors and institutions activities. Actors usually detect and consider problems for given targeted groups when some changes are experienced at the local/regional/national/supranational level (Variation). The activities/policies they decide to take part in (Selection) and promote (Retention) at the regional/local level are influenced by the problematisation of the situation of the targeted group. In this sense, the national report of the WP6 considers the CPE approach when taking in account the nature of the activities related to LLL for young adults and the policy orientation (interest, frames, incentives) of the actors/institutions involved (Task 2), as well as the (in)existence of coordination and their forms (Task 3).

Finally, the way in which actors and institutions interact and decide to place some activities/policies for young adults and coordinate them is likely to influence young peoples' lives. Therefore, from a LCR perspective the governance of the local/regional skills ecology is likely to influence the expectations, opportunities and lives of young adults. The (mis)match between young adults' skills, expectations and ambitions and the ones provided in their local/regional skills ecology is also likely to influence their lives (Task 4).

The empirical evidence to attain these objectives and develop the tasks considered come from different sources. The main ones are the semi-structured interviews with key local actors and the grey literature used in the region in relation to skills policies. Table 1 below presents the profile of the people interviewed in each region and the documents revised in VdA and AL.

4. **Interviews:** In the Vale do Ave (VdA) case, we interviewed key informants from the most knowledgeable and significant institutions in the region. They were: the North Regional Delegation of the Institute of Employment and Professional Training (IEFP); the Agency for Regional Development (ADRAVE); and the Vale do Ave Intermunicipal Community (CIM-AVE).
For the Alentejo Litoral (AL) region, the interviewed key informants were from similar institutions at the VdA region: the CCDR of Alentejo, the Alentejo Regional Delegation of the IEFP and the Local Office of the IEFP in Alentejo Litoral.
5. **Grey literature:** For the VdA region, the main reports considered for the systematic review of grey literature were: the regional relevance of level 4 qualifications, from CIM AVE; the prospective analysis of sectoral developments in Portugal, from the National Agency for Qualification; and the supply and demand management practices for Adult Qualification, from the QREN observatory.
For the AL region, the last two reports were also consulted as well as the laws regulating the entities such as IEFP, SANQ, CIMAL and the ESF fund for the Human Capital (POCH).

Table 13: Key informants and grey literature

	Vale do Ave	Alentejo Litoral
People interviewed	<ul style="list-style-type: none"> - North Regional Delegation of the Institute of Employment and Professional Training (IEFP) - Agency for Regional Development (ADRAVE) - Vale do Ave Intermunicipal Community (CIM-AVE) 	<ul style="list-style-type: none"> - CCDR Alentejo – Coordination Commission of the Regional Development in Alentejo - Alentejo Regional Delegation of the IEFP – Employment and Professional Training Institute - Alentejo Litoral Employment Centre and Training Centre of the IEFP
Grey literature revised	<ul style="list-style-type: none"> - <i>Relevância Regional das Qualificações de Nível 4</i> (regional relevance of level 4 qualifications for Vale do Ave), CIM Ave (Vale do Ave Intermunicipal Community) 2016 - <i>Análise prospetiva da evolução</i> 	<ul style="list-style-type: none"> - <i>Análise prospetiva da evolução sectorial em Portugal</i> (Prospective analysis of sectorial development in Portugal), ANESPO & ANQ (Nacional Agency for Qualification), 2016 - <i>Zooms Territoriais – práticas de gestão da oferta e da procura de Qualificação de Adultos</i>

	<p><i>sectorial em Portugal</i> (Prospective analysis of sectorial developments in Portugal), ANESPO & ANQ (Nacional Agency for Qualification), 2016</p> <p>- <i>Zooms Territoriais – práticas de gestão da oferta e da procura de Qualificação de Adultos (Territorial Zooms - supply and demand management practices for Adult Qualification)</i>, Observatório do QREN, 2012</p>	<p>(Territorial Zooms - supply and demand management practices for Adult Qualification), Observatório do QREN, 2012</p> <p>- laws regulating entities like the IEFP, SANQ, CIMAL and Human Capital ESF funding:</p> <ul style="list-style-type: none"> . Circular nº 1/ANQEP/2015 . Decreto-Lei n.º 37/2015 de 10 de março . IEFP. <i>Lista de Áreas Prioritárias</i> (Priority Areas's list) . Portaria n.º 319/2012 of 12 of October . Portaria n.º 60-A/2015, of 2nd of March . Lei n.º 75/2013, of 12 of September . Portaria n.º 60-C/2015 de 2 of March . <i>Sistema de Antecipação das Necessidades de Qualificações (SANQ)</i> (System of Qualification's Needs Forecast) - DGEST 2015. <i>Relatório de escola do questionário estudantes à entrada do secundário 2013/14</i> (School Report of the Student's Survey at the entrance of the Secondary Education) - INE. 2013. <i>Destaque Conta Satélite da Economia Social</i>. (Feature on the Satellite Account on Social Economy)
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The semi-structured interviews were subject of content analysis, based on the CPE approach of Variation, Selection and Retention. The information gathered in the interviews was used to improve the mapping of actors and institutions, to better know and understand their institutions policy orientations, interaction and forms of coordination with the rest of actors. A summary of each interview can be found in the annex.

The grey literature deemed relevant and influential at the local/regional level in terms of skills policies has been systematically reviewed. Two main approaches have been used in this task: CPE and LCR. Information on the quality and use of available skills at the regional level and the way they are assessed by the institutions (e.g. positive, desired, negative....) has provided relevant information for assessing the quality and use of young adults' skills in the regional skills ecology.

In addition to the interviews and the grey literature, other sources of empirical evidence to attain the objectives of this WP6 national report have been the WP3 Portuguese national report on *Policy Mapping, Review and Analysis*, the policy documents reviewed in WP3, the websites of the main institutions involved in the regional skills system in each FR and the informal contact with key informants from the studied institutions. The interviews from the WP5 with street professionals and young adults have also served as background information to support and

contrast information available in the rest of the empirical material. Quantitative indicators from the WP4 have been used to contextualise the FRs.

The table 2 below summarises and links the objectives of the national report with the main research questions, the theoretical approach and the empirical evidence and methodology used to answer the questions.

Table 14: Links between objectives, questions, theory, evidence and methods

Objectives	Questions	Theoretical framework	Empirical Evidence	Main methodology
1. Mapping of actors and institutions	- Which are the actors and institutions involved in the governance of the skills ecology?	GOV	Policy documents Websites Interviews	Content Analysis
2. Policy orientations	- What is the perception of actors of the main economic and social challenges of the FR? - Which is the degree of public and employers' commitment to skills development of young adults in the FR? - Which are the policy orientations of the actors and institutions involved in the governance of the skills ecology?	CPE	Interviews Policy documents	Content Analysis
3. Level and forms of coordination	- What is the relationship between the local and national authorities regarding LLL and skills activities? - How do actors and institutions coordinate their activities? Which mechanisms do they use? - Which actors have an influence in what is taught in LLL courses in the FR? - Which actors influence the decision of which skills are considered as relevant/needed at the local	GOV CPE	Interviews Policy documents Interviews WP5	Content Analysis

	level?			
4. Types of (mis)match	<p>- To what extent are young adults affected by the types of (mis)matches taking place in the skills formation and use markets?</p> <p>- How do they affect their lives' opportunities and outcomes?</p>	LCR CPE	Grey literature Indicators WP4	Systematic Review

3. National System of Skills

The ANQEP is the national institution coordinating and monitoring the national skills formation system. It does so by conceiving the National Qualification Framework (SNQ), the National Qualification Catalogue (CNQ)⁴⁹, the *Qualifica* Program for career guidance and prior learning recognition and the System of Qualification's Needs Forecast (SANQ). It's under the double tutelage of the Ministry of the Education, who rules the secondary and professional schools and the Ministry of Labour, Solidarity and Social Security, who rules the IEFP, the employment and professional training national institute⁵⁰. The IEFP holds a network of local training and employment centres, a network of autonomous sectoral training centres and a pool of external training operators, chosen by contest set when there is a shortage of training offer in a certain region. The ANQEP is also in coordination with the Ministry of the Economy, responsible by the certification of the training providers (private companies and professional schools)⁵¹.

The main VET providers are the secondary and professional schools for young people until 18 years. The IEFP training centres network serves as a complement and specifically targets unemployed people⁵² with or without the compulsory schooling of 12 years. All the training provision is according to the national qualification catalogue (CNQ).

The Professional Schools were created in 1989 as an option for those young people finishing the compulsory schooling (9th grade) and looking for an alternative to further studying at the secondary schools, in a context of higher education promotion. In addition to scientific and sociocultural disciplines, these schools offer a strong component of technical specialization disciplines, also in the form of a curricular internship and deliver an education certification of upper secondary education as well as a professional certification (level 4), still allowing the further study possibility.

Since 2007, secondary schools have started to deliver *Professional Courses*, with an intended strong connection to the local skills' needs. The introduction of professional courses in

⁴⁹ The CNQ is a strategic management tool for the national qualifications from level 1 to 4. It integrates unique qualification references for the double certification training and for the recognition, validation and certification of prior learning (RVCC). It regulates the double certification training offer, which public funding will depend on the compliance with the references contained therein.

⁵⁰ www.anqep.gov.pt

⁵¹ www.anqep.gov.pt

⁵² According to the local IEFP informant.

secondary schools had two main political objectives: to offer an alternative to the fulfilment of compulsory schooling, which became 12 years; and meet the policy benchmark of reaching 50% of students enrolled in upper vocational secondary education. They also provide other VET courses such as Education and Training Courses which are an opportunity to attend or complete schooling of 6, 9 or 12 years and simultaneously to prepare the entry into the labour market with a academic and professional qualification. These courses are targeted to young people under 18 years or to adult population. Young adults usually enrol in professional courses and adult education and training courses. Opposite to the growing weight of these vocational and training provisions, dual apprenticeship training has always been residual.

Public providers are the ones taking the responsibility for the skills formation. Therefore, the State is highly involved in the skills formation market. Furthermore, the level of centralization is high, as it is the ANQEP, as well as for what is taught in each curricular unit that forms each skills training. The degree of commitment of private employers and third sector organizations to the skills formation depend on the sector, which vary according to each local territory.

For the regular and the professional schools, the courses that can be offered are chosen within a list provided by the SANQ⁵³, which constantly assesses the relevance of qualifications to the labour market and the trends in the supply of qualified human resources⁵⁴ for each region. This system intends to identify the qualification's needs and the priority areas for the vocational and training network, producing clear guidelines for the definition of the local network of training offers by the schools. The diagnostic process includes three structural action plans each composed of the use of quantitative or qualitative methodologies⁵⁵. The three plans are constituted: I) by reading the dynamics observed in the supply and demand for qualifications; II) carrying out prospecting exercises (short and medium-term) of qualification requirements; III) developing qualitative and prospective assessment of skills needs. The development of these three plans results in a set of indicators of quantitative and qualitative nature that seek to identify the relevance to be attributed to each offer on a scale of 1 (low relevance) to 10 (very relevant). The design defined for the model contemplates the articulation of a basic diagnosis, of regional scope (disaggregated to the level of NUT II) and diagnosis of local scope (at the level of the Intermunicipal Communities⁵⁶, NUTIII). This diagnosis includes a quantitative approach done by the ANQEP and a qualitative one, described as follows. The qualitative approach, labelled as the *Regional Deepening* of the Diagnosis, is coordinated by the respective intermunicipal community, which articulate with the respective municipalities the analysis of the information generated by the basic diagnosis, as well as the collection and application of other complementary instruments. This Regional Deepening is set by a protocol between the ANQEP and the CIM, still not compulsory, which only four CIMs out of 18 have signed this protocol. One of them is CIMAVE.

The public professional training network is designed by the IEFP that displays at its web site a

⁵³ [Circular nº 1/ANQEP/2015](#)

⁵⁴ http://sanq.anqep.gov.pt/?page_id=699

⁵⁵ http://sanq.anqep.gov.pt/?page_id=699

⁵⁶ The Intermunicipal Communities (CIM) aggregates in a body a set of municipalities according to each NUTS III

national qualification area priority list⁵⁷. By law⁵⁸ the local employment and professional centres have the task of collecting information on the needs and the configuration of the local labour market, which is articulated with the central services, to formulate the training offer of each centre.

Focusing on local training centres, the information to identify skills' needs follow a different path than the SANQ. In one case, the IEFP central service conducts its own survey on the labour markets' needs, which is complemented with data from regional economy and labour market, formulating a skills priority list. Once the training offer plan for each region is concluded, it is presented to the IEFP local advisory council, receiving relevant contributes, according to the AL IEFP local informant. The final plan is then presented to the regional structures and approved.

The IEFP has its own catalogue of professional training courses, always chosen from the National Qualifications Catalogue, according to each region's socioeconomic characteristics and needs. In each territory where the local units operate, there is an autonomous local advisory council where representative people of the municipalities, the state, employers and workers' unions meet to advise the Training Service on its Training offer for each year. The IEFP also supervises the sectoral training centres with a low degree of interference. These centres provide initial and continuing training in specific economic activities target to employed population and to young people searching for an academic and professional qualification.

Any person registered at the employment centre must have a first interview in this office within one month. And from this, depending on if the person receives or not social benefits, a more structured answer is prepared considering the adequate qualification.

Professional courses and adult education and training courses provided by public and private professional schools are fund by the state through the ESF.

The IEFP funds all the training centres from applications to the EU funds for human capital development and through a percentage share of the social contributions of the companies and workers dedicated to fund continuing vocational training⁵⁹. Funding mainly comes from the ESF.

At the regional level, the Ministry of Education, through the regional services of the DGESTE⁶⁰ organizes the local initial VET network by holding local meetings with the secondary schools delivering professional courses and the professional schools. The local IEFP training centres can be invited to participate but they are not obliged to follow neither the Ministry of Education's guidelines nor the decisions taken in the meetings. The local skill provision in initial training is defined according to the *Recommendations for Action*⁶¹ set by the ANQEP. These

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https://www.iefp.pt/documents/10181/227378/%C3%81reas+de+educa%C3%A7%C3%A3o+e+forma%C3%A7%C3%A3o+prioritarias_2016-2017.pdf/78977f0f-f9f6-41a9-b193-650c94dffa9f

⁵⁸ Law n.º 319/2012 of 12 of October, defining the internal organization of the IEFP.

⁵⁹ According to the 3rd Article of the law (*Portaria* n.º 60-C/2015 de 2 of march), 80%, 85% or 50% (Algarve, Less Developed Regions and Lisbon, respectively) is supported by the funds and the rest from the State Budget.

⁶⁰ Directorate-General of the School Establishments, under the Ministry if the Education.

⁶¹ These recommendations will be annual and used in the planning of the local network of offers at the beginning of each training cycle (http://sanq.anqep.gov.pt/?page_id=23)

recommendations are defined by the SANQ conducted centrally for each region or by the regional deepening diagnosis, thus involving the CIMs. In spite of the term '*recommendations*', these are compulsory and define which courses can be delivered in each region or community. The main goal of this meetings is to assess the adequacy of the schools' proposals to the ANQEP's recommendations and to avoid duplication of the training provisions at local level.

The coordination of the IEFPP training provision is a responsibility of the IEFPP central and regional services that define for each region the number of trainees that must be involved. The type of courses delivered is a decision of each training centre, after consulting its advisory board.

In Portugal, the collective skill formation system is characterised by a strong direct state involvement in the provision, the funding and the monitoring of the skill provision in initial VET. Through the ANQEP, the state is also directly involved in the formulation of the occupational training profiles which integrate the national qualification framework. The institutional design of the training is based in a high degree of standardisation and certification. The skill formation system provides standardised and certified occupational skills, recognised in the labour market.

There is a high level of integration of VET in the educational system. All the VET provisions delivered a professional and academic certification which entitles students for further education. At least from a legal viewpoint, VET is not a non-end pathway. VET also plays an important role in the integration of young adults with low academic achievements into education and employment. Therefore, and especially during the financing crisis vocational training was both an educational and an active labour market_policy. Based on Busemeyer and Trampusch's theoretical framework and on the high public commitment to vocational training, Portugal presents a *statistic skill formation system*.

To classify Portugal according to Hodgson and Spours's (2011) framework is a more difficult task. Portugal is a high centralized country where new forms of governance are emerging and rehearsing a different kind of relationship between national, regional and local decision-making, with the state playing the main role. We argue that Portugal is changing towards a more centrally managed localism type of governance but without and effective transfer of policy-making responsibilities to local authorities or intermediate associations.

4. Analysis of skills supply and demand at Vale do Ave Region

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, section 3 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Vale do Ave Region (VdA). A contextualisation of the socioeconomic context of VdA precedes the analyses in section 3.1.

4.1. Context information on economic and labour market conditions

We will now contextualize the Vale do Ave functional region in terms of 1) sociodemographic factors, 2) education and training institutions, 3) economic factors, 4) labour market and social institutions and 5) young adults demands; this is done through a quantitative approach.

Concerning sociodemographic factors, and according to the PORDATA database, the Vale do Ave (NUT III) region has a rather young population, especially when compared to Portugal or even the North (NUT II) of the country (graphic 1). In 2016, in Portugal, the population in the age range 15-19 was 5,42%, in the North region it was 5,71% and in Vale do Ave it was 6,13%. When we pass to the next age range, 20-24, in Portugal it represents 5,25%, in the North region 5,59% and in Vale do Ave 6,04%. This age range has less population than the previous, but Vale do Ave has the higher rate of young people. Analysing the last age range, 25-29, in Portugal it represents 5,38%, in the North region 5,57% and in Vale do Ave 5,87%. Once again, as we can see, this last age range presents a lower value when compared to the previous age ranges, but, again, Vale do Ave has the higher percentage of young people.

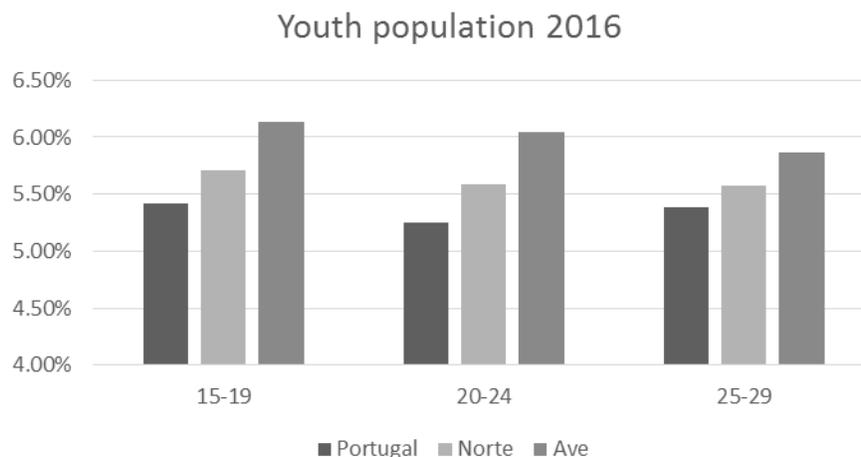


Figure 2: youth population in 2016 in Portugal, North region and Vale do Ave

In 2012, 51,2% of the young people in Portugal, between 20 and 24 years old, attended tertiary education (ISCED 5-8) and only in the North region was this percentage higher, at 58% (Eurostat). In the school year 2015/2016, in Vale do Ave there were 1590 students in the University. Note that in Vale do Ave there are only private universities. There is part of a public university, but this doesn't come into the statistics once it is hosted in Braga, which is outside Vale do Ave.

The number of students enrolled in upper secondary education and post-secondary non-tertiary education as a percentage of the population aged 15 to 24 years old in the North region of Portugal (ISCED 3-4) is 36,5%. Early leavers from education and training (18-24 years) is 20,5% in Portugal and 19% in the North region. In Vale do Ave, in 2012, the retention and dropout rate was 7% in basic education and 15,3% in high school.

In 2016, the NEETs (neither in education, employment or training) represented 10,6% of the population aged 15-24 in Portugal and 11,1% in the North region. The youth unemployment of young people between 15 and 24 years old was 32% in Portugal and 32,8% in the North region. The ratio of young adults on the overall unemployed population was 10,7% for young people in the age range 15-24, and 15,1% for young people in the age range 20-29.

Regarding education and training, young people must make the first selection in the educational

system at the age of 15, and the secondary school (either regular or professional) consists of 3 years. In 2015, in Portugal, 44,9% of young people were enrolled in vocational education and training and in the North region this rate was higher, at 46,2%. In 2013, the percentage of apprenticeships as a share of students enrolled in VET programs, and more specifically the vocational specificity (based on the percentage of upper secondary vocational education in a dual system) was 30,88% in Portugal. In 2014, in Portugal, the rate of participation of young adults aged between 25 and 34 years old in adult education was 16,8%.

In the 2015/2016 school year, the schooling rate for higher education was 33,1% in Portugal, 30,2% in the North region, and 3,1% in Vale do Ave.

Considering the economic factors, in 2015, the share of the agricultural sector in the Portuguese GDP was 2,33%, contrasting with the 22,25% of the Industry and the 75,42% of the Services. Vale do Ave, on the other hand, is a highly industrialized region, and the most prominent sector present in the functional region is the secondary, representing over 50% of the region's economy.

In 2014, there was a total of 781823 companies in Portugal, 95,34% of which had 9 or less people employed, 2,59% were companies that had between 10 and 19 people employed, 1,37% had from 20 to 49, 0,61% had between 50 and 249, and 0,10% had more than 250 employees. In 2014, 7,2% of the Portuguese population worked in Public Administration and in the North region this number was of 4,6%.

The Gross Value Added (GVA) at the regional level, in 2013, was 0,8% in the North region, and in 2012, in Vale do Ave, it represented around three million euro.

About the labour market and social institutions, in 2015, 1,54% of the Portuguese public expenses were channelled into active labour market policies (ALMP), and in 2013, the degree of unemployment protection in the country was of 3,18%.

Finally, regarding young adults' demands, in 2013, the rate of young people between 20 and 29 years old living with their parents was 71,6%. In Portugal, the fertility rate, in 2016, was 10,28% for the age range 20-24 years old, and 21,56% for the age range 25-29. In Vale do Ave, the fertility rate is 8,62% for the age range 20-24, and 22,42% for the age range 25-29.

The socio-economic context of the Vale do Ave region encompasses some real challenges for young adults. This is a rather young and industrialized region. Despite this, young people from Vale do Ave face similar challenges as the rest of the country, such as unemployment and the lack of specific training that meets the real needs of the region. Although this is a region with a large industrial history, there are also changes happening and young people must adapt to these changes. Nowadays, there are needs of foreign languages skills, for example, which is something new in the region. This contrasts with the need of skilled seamstresses, for example, as this region has a long tradition in the textiles industry, but the major problem is that young people are not interested in working in this area. Also, and although there are some private higher education institutions in the region, the data show us that the percentage of young people from Vale do Ave attending the university is quite low, especially when compared to the rest of the country. This means that, unless young people attend high school, either in regular or professional schools, they become low or unskilled, making it even harder for them to get a job.

According to the interviews we did to experts in the region, in Vale do Ave the dropout rate is not that high, but the main problem they face in schools is failure. The region also has some municipalities that are more rural and isolated, and this makes it difficult for mobility, both to study and to work.

4.2. Mapping of the main skills actors and institutions in VdA

This mapping consists on describing actors, institutions and structures in the Vale do Ave (VdA) Functional Region. We start by identifying and briefly describing actors and institutions and then we present exploratory charts with more detailed information on each institution.

The Vale do Ave Functional Region is situated in the North of Portugal and comprises eight municipalities: Guimarães, Cabeceiras de Basto, Fafe, Mondim de Basto, Póvoa de Lanhoso, Vieira do Minho, Vila Nova de Famalicão e Vizela, as we can see in figure 2. Each municipality has a city council and its own administration.

The Vale do Ave region covers an area of 1453 km², with a total of 236 parishes, and 425411 inhabitants (Censos, 2011), which corresponds to a population density of 293 hab./Km². The NUT III Ave covers a territory of three hydrographic basins (Ave, Cávado and Douro) and two districts (Braga and Vila Real).



Figure 3: Vale do Ave region and its location in Portugal

Source: authors' elaboration.

4.2.1. Identification and description of actors and institutions in VdA

We have identified institutions of six main different types in the Vale do Ave functional region. These institutions are involved in governance and policies that somehow affect young adults'

lives. We concisely describe each type of institutions and then explore each one in charts (see tables 3 to 8).

- 1) Local authorities – the Vale do Ave functional region is constituted by eight municipalities, corresponding to a council each, in a total of eight councils. Even though in Portugal the executive power and the education policies are centralised, city councils have some executive and financial autonomy. Concerning education, city councils are responsible for the management of some of the human resources, namely the non-teaching staff. The Vale do Ave region comprises eight municipalities/councils: Vila Nova de Famalicão, Guimarães, Fafe, Vieira do Minho, Vizela, Cabeceiras de Basto, Mondim de Basto e Póvoa de Lanhoso.
- 2) Education and Training: Mandatory Education – the mandatory educational offer in Vale do Ave is rather extensive and varied for young adults. High schools and professional schools (e.g. CIOR and FORAVE) have adult education and VET offer, accordingly to the educational policies from the Ministry of Education. Public schools are today grouped in a vertical organization, comprising education from pre-school until high school. Each group of schools has one Directing board and staff that may circulate among the several schools. In the Vale do Ave functional region, there are also 7 *Qualifica* Centres, throughout the several municipalities The *Qualifica* Centres offer a vast, diverse, and oriented option in Education and Training, mostly concerned with adults who abandoned regular education and now want to finish school.
- 3) Education and Training: Higher Education – the Vale do Ave region has six higher education institutions, mainly small university campuses. Almost all higher education institutions are private, but the region also comprises a public university campus (Azurém Campus from Minho University).
- 4) Employment: IEFP Regional Delegation – the region is covered by the policies of IEFP (Portuguese Employment and Professional Training Institute), in cooperation with other Vale do Ave's institutions and organizations (e.g. associations, professional schools, companies), namely in the education field and in the labour market. The IEFP promotes the linkage between skills' supply and demand, professional guidance and qualification; encourages professional integration and entrepreneurship; and assures the development of policies related to employment social support, having a set of initiatives aiming the social and professional (re)integration of unemployed people, that face specific difficulties on the labour market.
- 5) Associations – there are some associations in the Vale do Ave functional region that provide support to other institutions in the region and whose main focus is local development, solidarity and community and social integration. These associations are, mainly, private institutions of social solidarity, that give support to the region population, in order to contribute to social cohesion, combat social exclusion, provide support to children (e.g. day-cares) and elder (e.g. day centres and domiciliary services), promote education and training, ...
- 6) Development agencies – the Vale do Ave region is covered by the policies of a public commission of regional development, which mainly focuses on employment, environment and territory planning. There are institutions (e.g. ADRAVE and CIM-AVE)

and projects (e.g. CLDS Famalicão 3G) that promote the region's development. All of them partnership with other institutions and organizations, and some (e.g. ADRAVE) are the linkage between the private and the public sector in Vale do Ave region.

4.2.2. Description of the skills system in VdA

We will now present the relationships between the institutions of the Vale do Ave region with skills formation and skills use, after their brief presentation and description. To conclude this section, we will also present a figure (figure 3) that summarizes these relations between skills and institutions in Vale do Ave.

Which institutions are involved in the skills formation market in VdA?

In the Vale do Ave functional region, the main institutions involved in skills formation are education and training, higher education and employment. In the Vale do Ave region there are several institutions of education and training; as seen above, we have chosen to highlight the six most relevant, six institutions of higher education and the delegations of the Institute of Employment and Professional Training. Forave, in Lousado, Vila Nova de Famalicão, is the professional school that stands out most in the region, establishing partnerships with several companies that allow students to complete their traineeships and end up recruiting them. Also, public schools like Agrupamento de Escolas Francisco de Holanda, in Guimarães, take a significant role in education and training. Besides regular education, it has one training centre – *Centro Qualifica* – which is part of the *Programa Qualifica*, a programme that aims at adult qualification by improving the levels of adult education and training, contributing to the improvement of the qualification and employability levels of the population

Which institutions are involved in the skills use market in VdA?

In Vale do Ave, all institutions presented on this mapping are somehow involved in the skills use market. The institution that spans both skills formation and the skills in use in Vale do Ave, as we can see in figure 3, is the Institute of Employment and Professional Training (IEFP). This institution offers training and apprenticeships in several areas, specialized responses meeting the specific needs of the companies. Also, it provides help and monitors the job seeking process.

The employment in Vale do Ave is very oriented for the services, technology and the industry. Nevertheless, Vale do Ave is a highly-industrialized region, with a special focus on textiles. These industries are, still today, the main employers in the region and some of those companies are, for example, Tiffosi, Salsa, Coelima (in textiles) and Continental Mabor, which is one of the major companies in the whole region. There are many protocols established between companies, schools (either regular or professional), city councils and the Institute of Employment and Professional Training (IEFP). All the work, from planning courses to actual training, is done near the companies in the region.

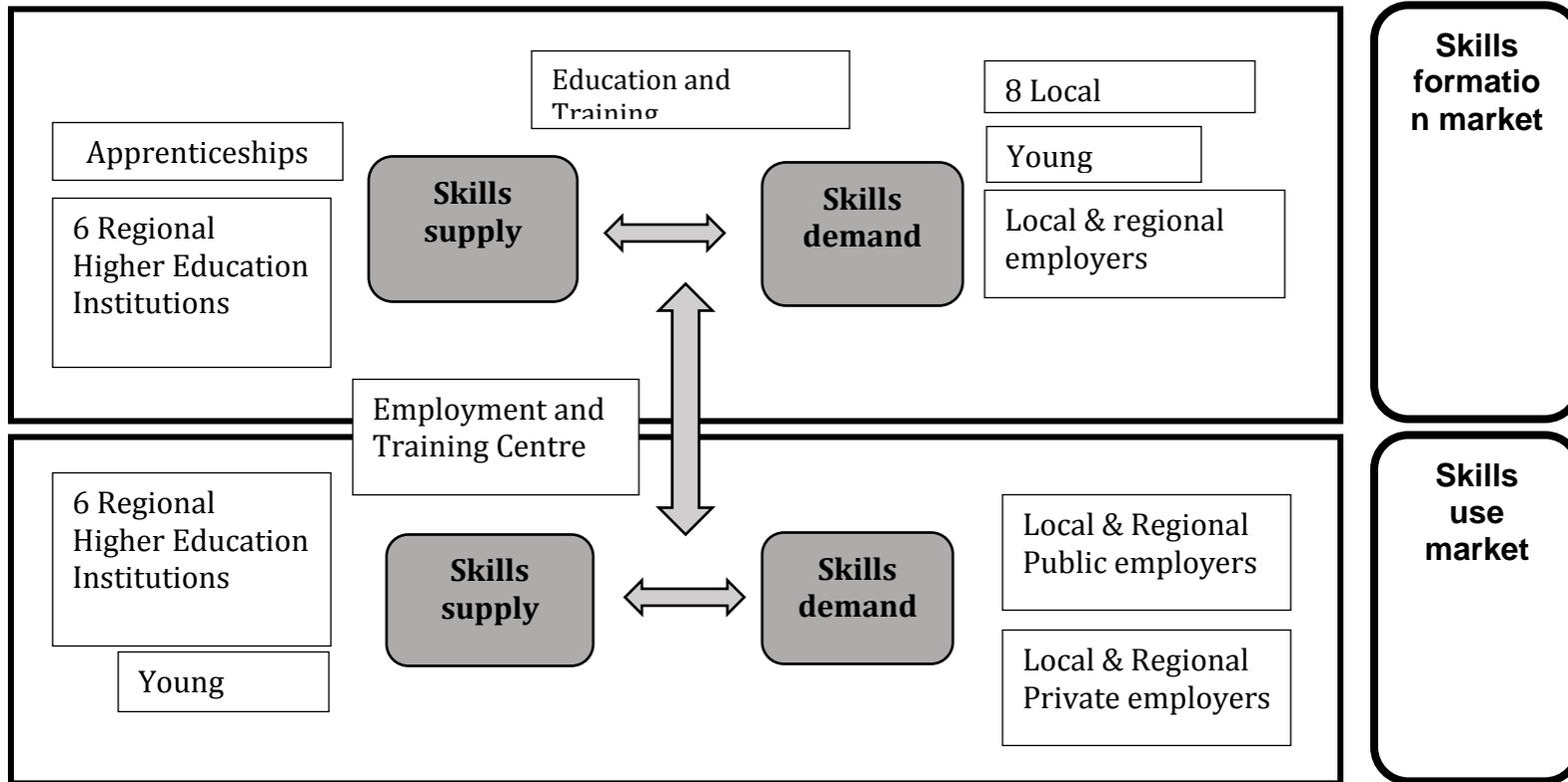


Figure 4: Skills system in the Vale do Ave Region: skills formation and skills use

Source: authors' elaboration.

4.3. Analysis of the local governance of skills at VdA

After identifying and mapping the main actors, institutions and structures that are involved in the skills system in the Vale do Ave (VdA) region, we will now analyse the local governance of skills.

In the previous exercise, we identified and mapped all the actors and institutions in VdA, and the existing relations between them, to understand who and how is involved in the skills system in the functional region.

In this section, we will emphasise the policy orientations of the main actors and their forms of coordination, when they exist. For this purpose, we will resort to data from the analysis of semi-structured interviews carried out with key informants in the skills system in the region. In the VdA region there were 3 key informants: the regional delegate of the Institute of Employment and Professional Training (IEFP), the service officer of the Agency for Regional Development (ADRAVE), and the project manager of the Vale do Ave Intermunicipal Community (CIM-AVE).

4.3.1. Actors' policy orientations at VdA

Here we will identify the main policy orientations of the actors and institutions involved in the skills system in Vale do Ave. This exercise will consist in presenting and analysing the institutions that provide skills formation, how the content and type of skills formation is influenced/decided, how it is funded and what is the degree of involvement in the skills system of public and private institutions.

Provision of skills formation

In Vale do Ave, the main skill formation providers are organized in an education and training network constituted by about 50 institutions. This number includes six higher education institutions, either public or private universities, and regular and professional schools. Regular schools are public and have *Centros Qualifica*, which offer adult education and professional training. Professional schools are private and work in articulation with companies, providing the courses that are most adequate to the labour market. The Institute of Employment and Professional Training (IEFP), through its training centres, also provides specific training, according to the employers' needs. Adult education and the IEFP training centres are not just for young adults but for all adult population. Nevertheless, young people also attend education and training in these modalities.

According to the interviewees, to know what skills are most needed at any given time, there is an instrument that is built every two years and is called System of Qualification's Needs Forecast (SANQ). This instrument is meant to be applied nationally and constructed regionally, together with other regional institutions. In the case of the Vale do Ave region, this report is built in partnership with some of the most knowledgeable regional institutions, like CIM AVE (intermunicipal community of Vale do Ave) and ADRAVE (agency of regional development); and national institutions, like IEFP (institute of employment and professional training) and ANQEP (national agency for qualification and professional training). SANQ crosses two worlds that work in parallel but must also intersect: the business world (the world of employers) and the educational partners (the world of educational and training offer).

For the construction of the Vale do Ave SANQ report, multisector focus groups, interviews and

statistical analysis were made in order to identify the priorities of the educational offer in the region. ANQEP has a training offer per NUT II and the SANQ enabled a focus on the reality of each NUT III, given the differences within each NUT II. Thus, the institutions that made the report in Vale do Ave joined the interested business partners from the region, in order to understand the difficulties of the territory and to prioritise the training offer. SANQ is a working tool guiding the educational offer that the educational partners use in Vale do Ave. The actors in the field consider that it is especially significant as it reflects the real needs felt by companies (the main employers in the region) and, in this way, education and professional training may be thought and organized according to specific and real needs of the territory. Looking at the bigger picture, this is not only a way of making education and training offer more adequate to the region, but also a way of enabling local companies to grow and assure lower unemployment rates in the region.

Skills formation content and type

In Vale do Ave, and according to the actors in the field, the skills formation seeks to answer directly to the real and specific labour market needs and demands. As we have seen in the previous subsection, the institutions linked to the region's development come together with companies and educational partners in order to understand what are the territory's needs and plan a strategic answer to them by building the SANQ report. The interviewed key actors argue that this report is a very useful instrument to enable young adults opting for education and training areas that are actually needed in the territory. It allows to improve employability and the regional economy, as the secondary sector still represents more than 50% of the region's labour market. The Vale do Ave region has been a highly-industrialized region for several decades, and is home to both national and international companies. This way, the labour market in Vale do Ave dictates the education and training offer for the region.

In Vale do Ave, the leading activity sector is the industry, mainly textile, agriculture and food, and metallurgy and metalworking. However, and even though the industry represents more than 50% of the region's economy, there are other emerging activity sectors, such as:

- goldsmithery;
- tourism - the territory has been evolving at this level and business, cultural and nature tourism are standing out the most;
- social economy - it absorbs a great amount of people in the territory, mainly long term unemployed people, and Private Social Welfare Organisations (IPSS) are great employers in this sector (there are about 175 IPSS in Vale do Ave).

Payment/funding of skills formation

Most of the skills formation courses are funded by public money, although many companies from the region also fund many courses, especially in private professional schools.

There are courses promoted by public schools or the IEFPP that are funded by public monies. Private professional schools are also State and European funded, and also receive funding from regional private companies they closely work with. The key actors consider that this allows companies to invest in the working force once students get proper training, according to the companies' standards, and these students have a job right after leaving school.

Concerning higher education, in Vale do Ave there is one public university (State funded) and

the other five are private (own funding).

Even though funding for education and training is targeted for all adult population, most of it is directed to young adults, once Vale do Ave is quite a young region, as the interviewees have mentioned. To be exact, and according to the official data (PORDATA), in 2011 the total population in Vale do Ave region was 425411 inhabitants, of which 80322 were young people between 15 and 29 years old.

Degree of public/private commitment to skills formation and use

In the Vale do Ave region, public and private actors and institutions work together in the skills formation system. Actually, ADRAVE (an agency for the region development), a cooperation platform that bridges the public and the private sectors, and CIM AVE (the intermunicipal institution) illustrate very well how diverse institutions partner and work well together. These institutions are an example of good practices in terms of regional work. They articulate between themselves (inside) and with other actors, institutions and structures (outside), either public and private, regional and national. The actors and institutions include, for example, local authorities, private companies, associations (e.g. cultural, local development), universities, and public and professional schools. We may argue that private companies are directly involved in the skills formation system as stakeholders, once they firmly participate in SANQ, together with the education and training entities.

4.3.2. Level and mechanisms of coordination at VdA

Continuing our analysis, we will now focus on the forms of coordination between public authorities at different levels (local, regional and national) and the communication between the supply and demand of skills formation and use. We shall recognize that these mechanisms of coordination are not just targeted, once again, for young adults but for the entire adult population in Vale do Ave. Yet, young adults are a substantial part of the projects and policies target population, once they are in great number in the region and they are (or are about to be) the active working force.

Relationship between local/regional/national authorities

The three interviewed key actors have analogous speeches and have answered similarly to the interviews. It is as if their discourses were traced long parallel lines, as all the interviewees provided us the same information. They all refer the fact that Portugal is a highly-centralized country. Nevertheless, each region has specificities that we must attend to and it is quite important that there are entities who adapt the national orientations in to the regional realities.

Vale do Ave is a very heterogeneous reality. There are quite rural municipalities, with lower population density and an older population (Mondim de Basto, Cabeceiras de Basto, Vieira do Minho, Póvoa de Lanhoso). There is the transition Vale do Ave, between the rural and the industrialized (Fafe). And there is also a deeply industrialized Vale do Ave (Famalicão, Guimarães and Vizela).

Regional institutions like CIM AVE and ADRAVE play a significant role in the relationship between local, regional and national authorities, actors and institutions. They cooperate both with other regional institutions, like local city councils and education and training entities, and

with national institutions, like IEFP, ANQEP or DGESTE (Directorate-General of the School Establishments).

There is a working group constituted by the Vale do Ave stakeholders that takes part in the Vale do Ave plan for inclusive growth, which manages and coordinates the work that this plan will develop. Some of these stakeholders are: municipal councillors of education, trade associations, ADRAVE, SOL do Ave, DGESTE, IEFP, national anti-poverty network. The Vale do Ave plan for inclusive growth brings together education and training, employability and entrepreneurship, and social inclusion. These three poles together form the Vale do Ave plan for inclusive growth.

Relationship and links between public and private actors

Once again, it is present in the key actors discourses the fact that the Vale do Ave institutions like CIM AVE or ADRAVE play a noteworthy role bringing together public and private institutions in the region, and even in national terms.

ADRAVE is a key institution in this relationship. Actually, ADRAVE recognizes itself as a cooperation platform that links the public and the private sectors and actors. It is a regional development agency created in 1998, through the initiative of a public policy. It arose in a context of possible imminent regionalization, with the objective of providing technical support to the region. It is a platform for cooperation constituted by institutional partners. Some of the partners are, for example, local authorities, private companies, associations (cultural, local development ...), universities, etc. One of the main objectives of ADRAVE is to promote economic development by working closely with companies, understanding their difficulties and needs and seeking solutions for them, either directly or by calling for other partners. They also promote training, urban development, social participation, cultural development, etc. They have a diverse activity and work in the triangle: economic development, social development and cultural development.

4.4. Assessment of the quality and use of skills

In this section, we will consider skills – their type and quality, (mis)matches, attraction and retention – and the characteristics of young adults. Grey literature (e.g. reports, statistical outlooks) forms the basis for this exercise, but the main focus of the analysis lies on the interviews and material of previous work packages, such as WP3, WP4 and also WP6, in order to get a more detailed and specific framework of the Vale do Ave region.

Type and quality of skills

Since 2014, CIM Ave coordinates the collection of data on the education and training needs in Vale do Ave for SANQ (System of Qualification Needs's Forecast). The entity responsible for this project is ANQEP (National Agency for Qualification and Professional Training), which elaborates reports every two years for NUTS II and NUTS III. For SANQ, they bring together the business partners in order to identify the difficulties of the territory and to make decisions regarding the priorities of the training offer, with the purpose of addressing the businesses' needs. It is a working tool guiding the educational offer that educational partners use. The last reports were published at the end of 2016 and they gather contributions from partners from

several activity sectors.

The 2016 SANQ was developed with the goal of improving what was done in 2014. Thus, CIM Ave decided to carry out focus groups by activity sectors relevant to Vale do Ave. The executive board of the Vale do Ave inclusive growth plan (a working group that consists of the Vale do Ave stakeholders) selected the key sectors of activity: textile, agriculture and food, metallurgy and metalworking, goldsmithery, tourism (the territory has been evolving at this level), social economy companies (because they absorb a lot of people in the territory, mainly long term unemployed – the 175 IPSS in Vale do Ave are a large employer in this sector) and commerce. The industry is very present in the territory, especially the textile industry but now it is also expanding to the metallurgical and metalworking sectors.

CIM Ave invited for the focus groups the representative companies of each municipality and of each of the activity sectors; all companies that accepted the invitation took part in the process. The companies / industries are, in their majority, located in the municipalities of Guimarães and Vila Nova de Famalicão for strategic reasons, such as proximity to the airport and the port of Leixões, once accessibility is a crucial issue. These focus groups were developed in partnership with the School of Economics and Management of Minho University because CIM Ave wanted to provide scientific validity to their work. They identified the needs of the business partners through focus groups and conducted interviews with the mayors of all municipalities.

After realizing the needs of the different areas, they produced the final report on Vale do Ave's training needs.

Skills (mis)matches

The Vale do Ave's educational partners have also participated in focus groups for the SANQ reports. There are around 50 educational partners in the region and all were invited - all schools, all entities that have training offer. The difficulties that educational partners currently feel more strongly regarding their education and training adequacy are: 1) motivating students for the educational offer that corresponds to the needs of the territory – it is very difficult to get students to do training in textiles, because working conditions and salaries do not correspond to young adults' expectations and this is a priority area in Vale do Ave. In agriculture and the food industry, it is difficult to recruit people who know how to cut meat according to the standards of the recruiting companies; 2) adapting the references made available by ANQEP to professional courses is often not adequate to the real needs of employers - what is taught does not correspond to what employers need workers to know; 3) internal difficulties in adapting their facilities and human resources to new market needs – for example, a professional school that has opted for industrial kitchens for kitchen/bakery, restaurant/bar courses (TV programs such as MasterChef increase the demand for these courses) now has some difficulty in readapting the training offer to a new sector, once it's a high investment to do so.

Attraction and retention of skills

In the Vale do Ave region, skills are very much labour market oriented. This is a highly-industrialized region, where the secondary sector is the most present, representing over 50% of the region's economy.

Professional schools and *Centros Qualifica* base their education and training offer on SANQ (System of Qualification Needs's Forecast) report. As we have seen before, this report collects

the region's skills needs and those who organize education and training try to respond to those needs. Mostly, these are the real needs felt by employers, who in general are companies and the industry.

This way, the attraction of skills is pretty much dictated by the needs felt in the region, as on this relies the fact that young people may or may not enter labour market after education or training. On the other hand, there are some skills that are lacking in the region but for which young people feel no attraction at all. These are mostly skills related to the jobs of seamstress, in textiles industries, and of meat cutters, in the agro-food industries. Vale do Ave is a region with a long tradition on textiles and young people do not seem to be attracted by jobs related to that particular industry (e.g. seamstress), mostly because of two reasons: first, it is commonly related to female jobs; second, young people don't want to struggle like their parents and grandparents did by working on textiles. Textiles are still seen as a low-pay, hard-work industry in the region.

Young adults' characteristics

There are some elements that may be affecting young adults' opportunities in the Vale do Ave region.

First of all, as previously mentioned, the Vale do Ave region is very heterogeneous and so is its population. Some municipalities are more industrialized and others more rural. This aspect may influence a variety of things, such as experiences, access to school and work opportunities.

Another aspect worth mentioning is that the higher the level of skills (e.g. higher level of schooling), the higher the opportunities of having a better job (e.g. well paid job, access to a career). Organizations from the region (e.g. IEFP, ADRAVE, *Centros Qualifica*) support training for young people who need higher skill levels or even training in specific areas that are most needed. The dropout levels are not very high in the Vale do Ave region, but school success rates are low.

In Vale do Ave, young people are mostly affected by unemployment or precarious work. This happens not only because they lack adequate, specific or higher skills, but also because employers ask for previous experience, which young people will only have when they start working.

4.5. Conclusions and Implications for young adults in VdA

Portugal is a rather centralized country, especially in what concerns policies. Even though policies are national, they're applied in quite diverse contexts in the whole country. Our functional region of Vale do Ave is, by itself, a rather heterogeneous setting. Vale do Ave is constituted by eight municipalities, yet they comprise diverse realities. Vila Nova de Famalicão, Guimarães and Vizela are the industrialized Vale do Ave, where the majority of the industry and institutions are located. These are also the municipalities with higher population density and younger population. Mondim de Basto, Cabeceiras de Basto, Vieira do Minho and Póvoa de Lanhoso are the more rural municipalities, with lower population density and older population also. Finally, the municipality of Fafe represents a transition Vale do Ave, that is in between a rural and industrialized reality.

However, and as we have seen before, the Vale do Ave functional region has a rather young

population, especially when compared to the whole country or even the North region, giving a deeper meaning to our study on policies in the region.

The Vale do Ave functional region comprises institutions of several types, like local authorities, education and training, higher education, employment, associations, and development. These institutions are somehow involved in the governance and policies of the region and have an impact in young adults' lives, whether direct or indirectly. These institutions work very closely together and there are two key institutions that bridge the relations between all of them: ADRAVE (Agency of Regional Development) and CIM AVE (Vale do Ave Intermunicipal Community). Both ADRAVE and CIM AVE put the public and the private institutions - either national and from the Vale do Ave region - to work together. These two institutions have diverse fields of action. Besides the provision of skills and education and training, they also work in areas that intersect the economic, the social and the cultural development areas.

Concerning the skills formation, there are many institutions involved. In Vale do Ave there are the education and training institutions, such as public schools that are organized in *Agrupamentos*; private schools, like professional schools; and *Centros Qualifica*, which is a network of vocational education especially aimed for young adults and adults. The functional region also has higher education institutions, mainly consisting on private universities; and delegacies of the national employment institution: the IIEP (Institute of Employment and Professional Training).

The skills formation in Vale do Ave is very much labour market oriented. This means that the education and training offer is to a large extent focused on answering to the labour market needs and demands. This is possible due to the articulated work between all the institutions of Vale do Ave, together with an instrument: the SANQ (System of Qualification Needs's Forecast) report. This report is an ANQEP (National Agency for Qualification and Professional Training) instrument that is built and used regionally, for NUTS II and III. In the Vale do Ave case, this report has been headed by CIM AVE and built in partnership with all the region institutions. The pilot report was done in 2014 and they have already elaborated a second one in 2016, trying to keep the two-year periodicity.

All these issues impact the Vale do Ave's young adults lives. The CIM AVE interviewee mentioned that the SANQ report lacks the visions of the young adults, but there are other indicators, especially those linked to the employment of the young adults in the region, mentioned by the three interviewees, and that show the implications of the policies in young adults' lives. In Vale do Ave, young people are pretty much affected by unemployment and precarious labour conditions, and this is mainly due to the fact that they lack adequate, specific or higher skills. There is a high demand in the region for textile workers, for example. However, textiles mean hard work/low paid jobs and, especially, young people don't want to work in this area. Vale do Ave has a long tradition in the textiles industry and young people have a solid background of family working in the textiles.

The skills ecology of the Vale do Ave functional region is shaping the structure of available opportunities for young people to develop their life projects. And this happens, as we could comprehend based on the interviews conducted with region experts, in a very specific way. In this region, professional courses seem to have a very significant role as an educational path. The offer for these courses is very much oriented by the needs of the companies from the region, as we can see from the SANQ report.

This skills ecology is very much job oriented, also having in mind the fact that youth unemployment is still rather high, both in the Vale do Ave region and in the rest of the country. However, this is also life shaping for young people. On the one hand, this is believed to provide better job opportunities, fitting the real needs of the region and giving young people the opportunity to build and develop their life projects. But, on the other hand, to what extent do the region's needs meet young people's actual interests and vocational orientation? And how are young people being supported in order to find an educational path that will lead them to employment and satisfaction? According to the interviews made to the region experts, there is a network of psychologists in Vale do Ave, and the private professional schools also have a psychologist who provides vocational guidance to all young people who are beginning high school. But do all young adults have real access and the opportunity to benefit from it?

5. Analysis of skills supply and demand at Alentejo Litoral Region

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, section 3 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Alentejo Litoral Region (AL). A contextualisation of the socioeconomic context of AL precedes the analyses in section 3.1.

5.1. Context information on economic and labour market conditions

With the main objective of describing the governance of the skills ecology in the AL, we start the description of this functional region' skills system by framing it in the particular local/regional socio-economic context of the Alentejo Litoral sub-region. According to the WP6 theoretical proposal, it can influence the institutions' policy orientations and their activities on both markets, the skills formation and its use. A list of set of indicators were proposed: socio-demographic factors; education and training institutions; economic factors; labour market and social institutions and youth adults demands. To be noticed that the data access and quality in most indicators challenges the proposed task, as NUTS III data is often missing or refers to the year of 2011, the last national census conducted every ten years. Whenever possible, the chosen data relates to the more recent year found. Attending to the aim of the present task, the data alluding to the NUTS III was considered. In the case of missing data for some indicators at NUT III, data for NUT II were used. All data were collected in PORDATA, unless the mentioned cases. A description of those indicators follows.

Alentejo Litoral presented in 2011 a percentage of youth population lower than the national average. Young adults aged between 20 and 24 years were 5,1% against 5,50% in Portugal; and between 25-29 years 5,8% in AL and 6,20% in Portugal. The percentage of youth with upper secondary education attainment in AL was, in 2011, 15,4%, very near to the national average (15,7%); with higher education in AL we find 8,6%, value significantly lower than the national average (13,8%). In 2016, the percentage of NEET was almost the same in Alentejo (10,3%) and in Portugal (10,6%). The percentage of ESL can only be found for Portugal. In 2016 it was 16%.

The youth unemployment in AL in 2011, was 23,8%, among people with 15-24 years old against

27,9% in Portugal (values with break in series).

The education and training system in Portugal is centralised at the national level and comprehensive. The division into three tracks, each three year long, takes place when youngsters are 15 years old, at the entrance of the upper secondary education: the scientific-humanistic track; specialized arts tracks and the VET track. All VET provisions offer double certification (academic and professional), avoiding dead end pathways in the education system.

In 2015, the percentage of students in VET in AL was higher, 52,7%, than in Portugal, 46,10%, although the apprenticeship courses in AL were lower, 5%, than the national average, 8,4%.

While the employment in the primary sector, in 2011, is far higher in AL (11,7%) than in Portugal (3,1%), the secondary sector employs 24,8% of the labour force in AL and 26,5% in Portugal and the third sector 63,5% in AL and 70,5% in Portugal.

The gross added value in 2015 in AL is mainly from Agriculture, Fishery, Hunting, Animal Production and Forestry (13,9%) and from Transport and Warehousing (20,7%), way greater than in Portugal, 1,9% and 7,9%, respectively. Accommodation, Catering and so have a GAV in AL of 5,9% and in Portugal of 4,9%. There is no data related to Industry in AL.

In Portugal and in AL, in 2015, micro-enterprises (with less than 10 employers) were the main existing, 96,4% and 97,2%, respectively. Small and medium were 3,6% in Portugal and 2,7% in AL. Big enterprises with more than 250 employers are 0,1% in both Portugal and AL. In terms of the percentage of Social Economy Units, AL shows, in 2013, the lowest value in the country: 1,2% (INE, 2013).

In Portugal, in 2015, the agriculture share of economic sector in GDP was 2,33%, the industry sector was 22,25% and the services sector, 75,42%.

In 2015, Portugal invested in labour market policies (LMP) a total amount of 1,54% of GDP (OECD), while the degree of employment protection was 3,18% in 2013 (OECD).

In Portugal, the principle of freedom of choice of profession is laid down in the Constitution of the Portuguese Republic. The actual regime of access and exercise of professions and activities aims to ensure the simplification and elimination of unjustified barriers. In order to regulate a profession, it is necessary to have objective reasons justifying the restriction of rights, freedoms and guarantees, which is determined by law. Thus, the assessment, as regards the regulation of a profession, must be fair and adequate, so as not to conflict with another fundamental right, that of freedom of choice of profession. It is possible to distinguish between free access professions (which access does not depend on professional requirements, including professional qualifications) and regulated professions, those which are subject to the verification of professional access and exercise and those whose regulation falls within the attributions of public professional associations). Regulated professions are those whose exercise is regulated by mandatory professional titles (License, Professional Card, Professional Card or other) that guarantee the possession of the necessary skills.

The fertility rate in 2014 for the Alentejo region is 1,22, very near to the national value. And regarding the youth living with alone/partner/parents/other, 71,6% live with the parents, data only available for the country.

The socio-economic context of the Alentejo Litoral region encompasses some real challenges for young adults. The weight of the primary sector in the region's economy and its expansion in the last decade has been responsible for net job creation in Alentejo Litoral. However, the kind of jobs offered do not attract young adults. They are unskilled jobs, low paid and temporary. In addition, the work conditions are particular hard. The industry sector deals with two main trends which affect young adult's lives. On the one hand, big companies are not recruiting for permanent jobs. However, they offer temporary high qualified and well-paid jobs in the maintenance sectors which young adults are willing to accept. On the other hand, small companies are less attractive to young adults, mainly because of the low wages they pay. Tourism is another sector of activity responsible for creating temporary employment in the region. The jobs' seasonality, the flexibility of schedules and the low wages make them an option to earn some money during the summer, rarely providing medium- or long-term professional perspectives, particularly for those young people without professional qualifications.

While the percentage of students enrolled in vocational upper secondary education is higher than the national average, the percentage of young adults with a higher education degree is significantly lower than the national average. Two main reasons can explain this situation. One is related with the absence of higher education institutions in region. To attend higher education in another region entails a considerable increase in costs that may have a deterrent effect on the academic projects of young people and families. The other reason is related with what we call the *migration effect*. The interviewees with young adults reveal their desire to migrate either abroad or to Lisbon region. The lack of 'proper' job opportunities along with the living conditions related with consumption and leisure are aspects that fuel their desire to leave the region. Based on this data we can hypothesize that the small percentage of young graduates of higher education can be explained in part by the migration effect. Most probably, an important part of these young adults chose not to return to Alentejo Litoral after graduation, reinforcing what seems to be the region's difficulty in attracting and retaining highly qualified workforce.

5.2. Mapping of the main skills actors and institutions in AL

This mapping will bring to light the main institutions composing the Alentejo Litoral Region's (ALR) skills ecology. First, we identify and briefly describe the actors, institutions and structures which are involved at any level of governance and play a role in the local/regional skills ecology. Next, each element is positioned within the local/regional skills system, evidencing the relationships between them in the skills formation and skills use market at the ALR.

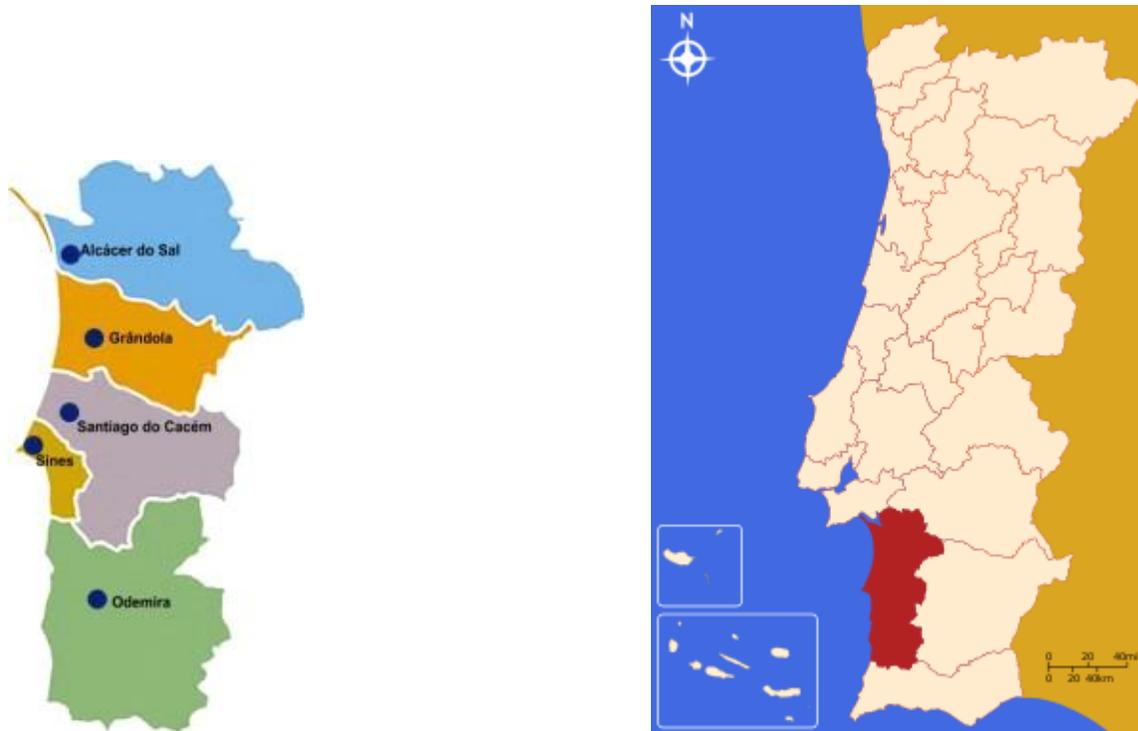


Figure 5: Alentejo Litoral Region and city councils

Source: author's elaboration

AL is composed by 5 city councils: Alcácer do Sal, Grândola, Santiago do Cacém, Sines e Odemira. If some institutions are national with the decentralized office in one of the council's territory, others are independent organisms or a part of a national network. In the latter, the same description is applied to the different organisms, as they share the same mission.

5.2.1. Identification and description of actors and institutions in AL

In Alentejo Litoral Region we can identify different types of institutions as being engaged in the local skills ecology governance. A brief presentation of each one of them will precede a more systematic description (Tables 9 to 18).

- 1) Local authorities: Local authorities' education services in Portugal are responsible for managing basic education school's infrastructures and non-teaching staff. Local authorities don't deal directly neither with adult education nor with VET. None the less, each municipality has a Municipal Education Council. Among other tasks, these councils are responsible for the coordination of the education system and the articulation of the education policy with other social policies, particularly in the areas of health, social protection, training and employment. The Employment and Vocational Training services can also have or fund formal information offices on the supply and demand of employment and vocational training – the GIP (Professional Insertion Offices).
- 2) Education and Training: Professional Schools: Professional Schools in Portugal are one of the main VET providers, offering mainly professional courses. Some offer also

education and training courses for young people as well as professional higher education in cooperation with polytechnic institutes. The three schools in AL region are among the oldest in Portugal, with more than twenty years of existence.

- 3) Education and Training: Secondary Schools: Secondary schools are also involved in adult education, delivering courses for adult population. Together with Professional Schools, they are the main VET providers to young people and both offer is set among the ANQEP qualification options for the region.
- 4) Education and Training: Professional Training Centres: Two professional training centers can be found in AL region. These kind of centers are part of the professional training public service network. The IEFP regional network in AL includes one local organic unit operating in all AL municipalities, and one shared management sectoral center linked to an employers' association.
- 5) Education and Training: ANQEP (National Agency for the Qualification and Professional Educational): ANQEP is the national structure, ruled by the Ministry of Education and the Ministry of Labour, Solidarity and Social Security, in coordination with the Ministry of the Economy and with the tasks of coordinating the implementation of youth and adult education and vocational training policies and ensuring the development and management of prior learning recognition, validation and certification system. ANQEP is also responsible for monitoring the skills provision in vocational education.
- 6) Education and Training: Qualifica Centres: The *Qualifica* Program is a national program aimed at the qualification of adults with the objective to improve the levels of education and training of adults, contributing to the increase of levels of qualification of the population and the improvement of the individuals' employability. There are four *Qualifica* Centers in ALR. They provide prior learning recognition and vocational and career guidance to adults.
- 7) Employment: Regional Delegation of the Employment and Professional Training Institute, Public Institute (IEFP, IP): The IEFP is a public national institute, ruled by Ministry of Labor, Solidarity and Social Security, dedicated to define the employment policy of the state. Each region has a delegation that manages each sub-region's local offices. IEFP has a double action as VET provider and as employment Center, in order to raise the labor force's employability. Employment centers of IEFP are responsible for the management and implementation of the employment active policies. Employment centers provide vocational and career guidance for unemployed and try to match the supply and the demand of skills at the local level. Registration in employment centers is mandatory for access to unemployment benefit and active employment policies. There are 2 employment centers in ALR.
- 8) Associations: Local associations are often offering basic needs services, performing, regarding the state, a supplementary function. Elderly or early child care, youth activities, migrant support and rural development are examples of the kind of services provided. Most are funded by the national state, municipalities, civil society and private budgets.
- 9) Development: Following the ongoing process of the power transfer to the regional structures, the CCDR (Regional Development Coordination Commission), the CIMAL (Intermunicipal Community of AL) and the ADL (Local Development Association) are key elements in managing the EU funding and monitoring its use, in order to assure the

intelligent, sustainable and inclusive growth as stated in strategic planning instruments. At a local level, the CLDS (Local Contracts for Social Development) is the instrument to promote the social development, in a contract between the Social Security Institute and the local organizations.

5.2.2. Description of the skills system in AL

After the description of the main institutions taking part in the skills system, it is now time to show the relationships between them. Taking into account the framework presented in the WP6 proposal, in a first moment these connections within the skills formation and skills use markets will be described and the skills system will be represented in Figure 5.

Which institutions are involved in the skills formation market in AL?

Most of the organizations earlier identified are present in the skills formation market. The more relevant institutions dealing with the skills formation supply in ALR are the three Professional Schools, the six Secondary Schools, the two Professional Training Centers and the four Qualifica Centers. It is important to note that there is no higher education institution in the region. Therefore, the institutions involved in skills formation market are all oriented to non university qualifications. In spite of the lack of higher education provision, none of the interviewees claimed for its presence in the region.

At national level, the state through ANQEP influences both the skills formation demand and supply. It influences the supply by setting the qualification referential through the national qualification framework, the courses accreditation and defining the list of qualifications/courses that can be offered at local level by the schools. It influences the demand through the promotion of certain types of skills over others, by including some and not all qualifications in the national catalog. At regional level, IEFPP delegation plays the same role. It influences the supply through the courses delivered by the training centers, and the demand by promoting certain types of skills over others. The ADL and the CCDR are important advisory elements often invited to give their view on the regional development, in times of defining the relevant qualifications. The CLDS, with its focus on the employability of people in vulnerable social conditions, not only offer specific training in job search and entrepreneurship but also promote information on job opportunities. CIMAL is supposed to play an important role by promoting the regional diagnosis on skills needs, but until now it has been an entity totally absent in this process. In addition to these institutions, professional and secondary schools and training centers are the institutions directly involved in the skills formation market.

Young adults are the main actors demanding skills formation, by enrolling in VET. To be noticed that no young people's structure was identified in the previous mapping section that can give voice to this group in the skills formation and use markets in ALR. Nonetheless, their voice can be considered in the schools' General Council and in the municipal education councils, where the students' associations have a seat. Three local authorities have vocational and career guidance offices, taking also part in the demand of the skills formation market.

In Alentejo Litoral, firms, employers' associations and trade unions have little formal influence in

the skills formation supply. In the functional region there is no commerce or industry chamber where local and regional employers are organized. It is possible to find sectoral employers' associations headed in the different municipalities. Individually, each demand the skills formation of its interest, when establishing informal contacts with the different training centers and professional schools. Local authorities, national employers' associations and trade unions have representatives at the IEFP advisory board but this board has no influence in regional policy making.

Which institutions are involved in the skills use market in AL?

IEFP is the one institution present in both markets, with its network of employment and professional training local centers. Indeed, IEFP identifies the local labor market needs, shape the VET local offer accordingly and matches skills offer and demand.

The supply of the skills use market is provided by the young people, by the 3 professional schools and in a less extent by the 6 secondary schools. The demand of skills use came mainly from private firms. There are several major companies in Tourism (Sol Tróia, Grupo Pestana, Serenada), Agriculture (Vitacress), Industry (Repsol, Galp) and Services to firms (PSA, Porto de Sines). However, the most important employers are small and medium private firms. It is worth mentioning that some of these small and medium firms are strongly connected with the main firms mentioned above as services providers (outsourcing regimes).

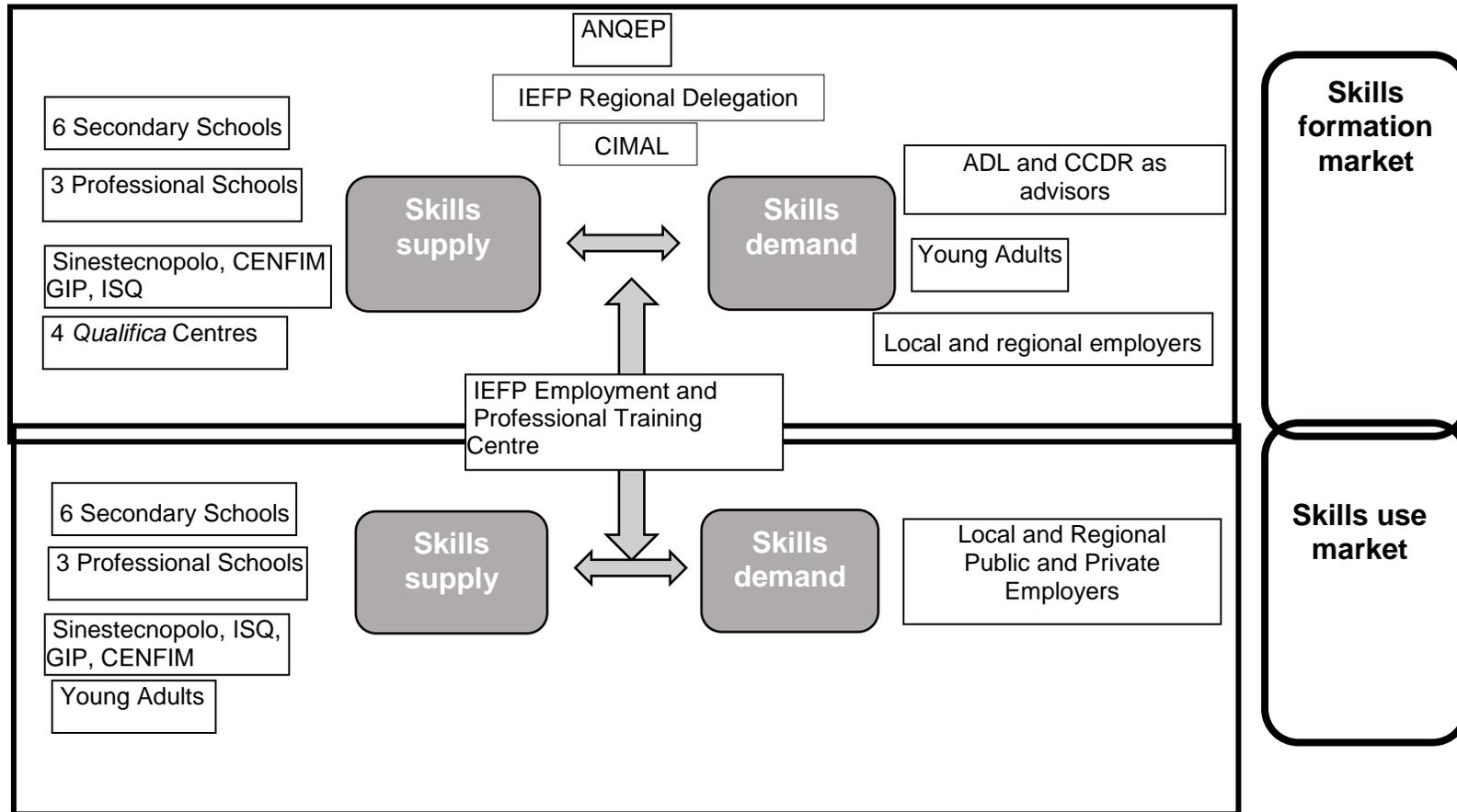


Figure 6: Skills system in the Alentejo Litoral Region: skills formation and skills use

Source: authors' elaboration.

5.3. Analysis of the local governance of skills at AL

Once the main actors and organisms in the AL skills system were identified and mapped in the previous section, the starting point is set to understand the orientation of policies and interests of each element in this system, as well as the level and forms of coordination of these skills policies.

The present section is specifically dedicated to the main actors' policy orientations and their forms of coordination, when existing. Semi-structured interviews to key informants in the skills system of AL were conducted to serve as information source for the analyses in the following sections. These informants come from the CCDR Alentejo – Coordination Commission of the Regional Development in Alentejo, the IEFP – Employment and Vocational Training Institute, at a regional and a local level. The interviews to the representatives of the CIMAL (Intermunicipal Community of Alentejo Litoral), the ANQEP (National Agency for the Qualification and Professional Education) and the ADL (Local Development Association) were previewed but did not take place yet⁶². We also use information from two professional schools' managers and from one training centre.

5.3.1. Actors' policy orientations at AL

This subsection presents the main policy orientations of the elements present in the skills system in AL, detailing the skills formation providers, how the content and type of skills formation is decided and influenced, how is the funding and how much public and private institutions are involved in the skills system.

Provision of skills formation

The most important skill formation providers in AL region are the three Professional Schools and six secondary schools offering professional courses, under the Ministry of Education, as the main VET option young people have during compulsory schooling until eighteen years old or the 12th school grade. There are also two training centres of the IEFP providing in one case

⁶² We are dealing with serious difficulties on getting these interviews. After several calls and emails, we finally received a message from CIMAL declining our interview request. The message was sent on the 2nd May and we quote: «Thank you in advance for your contact, which deserved our best attention. We must inform that without prejudice to considering the relevant subject, we cannot match the requested one. Best regards». After this answer, we asked for an interview with the President of CIMAL. The interview was scheduled, but two days before was unmarked, interestingly, after sending the guideline of the interview. After several requests for rescheduling of the interview, we were informed that the President is articulating with the other members of CIMAL. This is not a clear no, but it is not a yes! With the ANQEP, we sent several mails, and made countless calls. Until now it has been impossible to “find a place in the agenda”. It is worth mentioning that the informant to whom the interview was requested is a member of the National Advisory Board. Finally, after much insistence, an interview with the responsible for youth, training and employment in ADL was finally scheduled. After sending the guideline of the interview, it has been cancelled without any further suggestion. When we called to reschedule, we were informed that the President of ADL want to be present and once she is a very busy woman it has been impossible to find a new date, before holidays. We will try again at the beginning of September. This a very unusual situation which we are deeply committed to understanding.

apprenticeship courses and in the other case adult education and training courses targeted at unemployed young adults and adults. According to one intermediate decision-maker from the IEFP, the provision of skills follow different logics, according to the entity's custody: the training centres and the professional schools follow the needs felt directly or indirectly from the local and regional labour markets; the regular schools choose the courses considering mainly the human and material resources available in their organizations. In all the cases, the courses must be chosen within a list provided from the National Agency for the Qualification and Professional Education (ANQEP), according to their relevance to the region skills' needs.

However, an informant from the CCDDR notes that better joint planning and coordination is necessary with training centres, schools and higher education institutions sitting at the same table and considering the planning instruments of regional development already prepared, identifying main aims, priorities and an agenda to achieve it.

Skills formation content and type

The main skills formation provisions in the ALR are totally influenced by the labour market needs. However, the methodology and the information used to identify skills needs vary according to the type of institutions. For the regular and the professional schools, the courses that can be offered are identified by the System of Qualification's Needs Forecast (SANQ) at a regional level (NUT II). Focusing on local training centres, the information to identify skills needs follow a different path. In one case, IEFP central service conducts its own survey on the labour market's needs, which is complemented with data from regional economy and labour market, formulating a skills priority list. Once the training offer plan for the AL region is concluded, it is presented to the IEFP local advisory council, receiving relevant contributes, according to the IEFP local informant. The final plan is then presented to the regional structures and approved. The sectoral training centre from the IEFP conducts its own needs' survey to the local enterprises in order to define its training provision according to the local labour market's needs. Its plan is then presented to the national board, where a representative of the IEFP also sits, as information from the representative of the sectoral training centre.

Opposite to what happens in VdA region where a protocol between CIM AVE and ANQEP has been signed and a report on qualification needs has been produced, in AL this regional deepening of the skills needs' diagnosis has not been done yet. Local and regional informants gave us some reasons for the CIMAL's behaviour in this process. One reason can be found in the lack of leadership in CIMAL which can eventually explain its disinvestment in skills market formation. Another reason consists on what it is identified as the absence of a culture of cooperation among institutions. The presence of a culture of cooperation in VdA can be the result of previous public programmes launched to deal with the local industrial crisis in the 80's.

Without the Alentejo Litoral's regional deepening report, the education and training courses provided by regular and professional schools must respect the qualification's needs forecast generated by the basic diagnosis. Only the courses considered relevant for the region are approved by ANQEP. As we will see in WP5, the central role played by the ANQEP in the skills formation provision is contested by some interviewees. The main argument is that the ANQEP's forecast doesn't express all the regional training needs. This idea is also supported by the IEFP.

According to the IEFP informant, neither the ANQEP's forecast, nor the schools' offer express some of the local actual needs of skills formation.

The main regional economic sectors identified by the informants are industry, tourism, services to the firms and agriculture which are considered strategic for the regional economic development. This is clearly a hegemonic discourse, based in a shared understanding of the region's economic system and its further development.

Payment/funding of skills formation

Skills formation in AL is mostly funded by public funds. The IEFP funds all the training centres through ESF and a percentage share of the social contributions of the companies and workers dedicated to fund continuing vocational training. From the interview to the IEFP local unit representative, it was clear that when the ESF are frozen, no training can take place, for lack of resources.

Professional courses and adult education and training courses provided by regular schools and public professional schools are funded by the state and the ESF. The only private professional school in the region is funded by ESF and private budget.

Firms and third sector organisations fund the skills formation in the region by assuming the cost of on-job training and work based learning.

Degree of public/private commitment to skills formation and use

In AL public providers are the ones taking the responsibility for the skills formation. Therefore, state is highly involved in skills formation market. The degree of commitment of private employers and third sector organizations to the skills formation is very low. As stated by the IEFP sectoral informant, the employers have already understood the value of on-job training and work based learning. The key economic sectors are involved in the skills formation by offering apprenticeship and internships vacancies, as informed by all training providers interviewed, by taking part in the management of the professional schools, and by being members of the training centres' advisory boards. They are also involved in the skills use, since they can demand for and advise on the particular skills needed by their companies, like the regional IEFP representative has mentioned. One case specific in AL region is an ongoing partnership for six years now, between the IEFP and a big international enterprise with a local implementation, that offers the facilities and most of the trainers to a tailored training course to the IEFP trainees. All the interviewees stated the importance of workplace learning to facilitate the transition to labour market.

The degree of state commitment to the national and regional skill formation systems is very high. In Alentejo Litoral we may argue that the commitment of other stakeholders is low. In the region there isn't a formal institutional network where local authorities, private companies, associations (e.g. cultural, local development), training centers and public and professional schools meet together and work on a regional skills' diagnosis.

5.3.2. Level and mechanisms of coordination at AL

In this subsection, we are going to pay attention to the level and forms of coordination between public authorities at the different levels (local, regional and national) and the communication between the supply and demand of skills formation and use. Also, when existing, we are going to identify the formal and informal mechanisms of coordination and dialogue among the different actors of the AL skills system.

Relationship between local/regional/national authorities

The local unit of the IEFP has informed in the interview that articulates with the local social partners, such as municipalities, CCDR, employers' associations and trade unions, at its local and regional councils for the needs' assessment. To be mentioned that the elements present in these board are representatives of national organizations, such as the Confederation of Portuguese Employers, which in the case of the AL region council hasn't sent anyone still, the two main worker's unions and the Tourism Confederation. The more valuable contributions, according to both the IEFP representatives, are the ones coming from the municipality, which is represented by the President himself. It articulates also with the Ministry of Education (ME) in the local meetings to set the training education offer network, mainly as an observer in order to complement the ME's offer when creating its own. The regional IEFP informant mentioned the articulation with the bodies who manage the EU Funds, when applying for grants; and with the IEFP central service, responsible for the national needs assessment and for giving the final approval of the training offer plan. Although the IEFP articulates formally with its social partners in its regional and local councils, the main articulation with the sectoral IEFP training centre and with the local enterprises is essentially informal and personal. This dialogue supports the definition of the annual training offer and the organisation of the training courses on demand, such is the stated by both local and regional IEFP informants.

To be noted that the Intermunicipal Community (CIMAL) was several times mentioned as an absent element in the skills' local governance: one professional school informant referred having missed the CIMAL in the ME's network meetings; the IEFP local unit informant recognised hasn't yet had a meeting with the CIMAL. As mentioned before, and as referred by the IEFP and the Professional Schools informants, the Ministry of Education organizes the local training education network by holding local meetings with the regular secondary schools with professional courses, the professional schools, inviting also the local IEFP training services office. Going further, an expert of a Professional School explains that the actual system to forecast the qualification's needs (the SANQ, from the ANQEP), in the form of a web portal, is only prepared to accept proposals by registered employers and did not accept the proposal of a new qualification presented by the school.

In order to present its regional skills forecast, the SANQ organized local meetings in the AL region⁶³. From the interviews with the IEFP ambiguous information was gathered: while the regional informant mentioned the presence of the local IEFP, the local IEFP representative did not even knew about the meeting itself.

⁶³ The ANQEP's representative in the YA's National Advisory Board mentioned the occurrence of these meetings.

One informant from the regional IEFPP identifies overlapping situations between the IEFPP's and the schools' training offer and between the IEFPP's and the ANQEP's work to forecast the qualification's needs. Also mentions the heaviness of the ANQEP procedures, as it hasn't given the needed authorization to the IEFPP to provide a new training course, even though using existing training units and justified by the local market's needs, because it is not considered relevant by ANQEP's needs' forecast. Another informant from the sectoral training centre, refers the wish to take part at the Ministry of Education's meetings, contributing with its knowledge of the labour market, as part of the public training network, to which is not invited. Furthermore, this informant would like to see a formal articulation between schools and its centre, in terms of sharing resources in delivering courses. At the moment this training centre offers, as a service, its equipment and its technical personnel for the technical component of a professional course delivered by the local school, but by the centre's initiative, and not as a *modus operandi*.

In AL region, we can state that the presence of national authorities is very strong and regional organisations like CIMAL and ADL are not actively involved in skills formation. The role played by ANQEP and the System of Qualification's Needs Forecast is highly contested because they aren't flexible and broad enough to answer to local skills needs. Therefore, in the region, there is some tension between the Ministry of Education national authority (ANQEP), and the regional employment authority (IEFP) and the local education and training providers. Also, at the horizontal level, it was reported by one informant of a professional school, the drama in ME network meetings, and the tension among the Ministry of Education's providers.

Relationship and links between public and private actors

As pointed out before, the IEFPP has various forms of formal and informal contacts with the private actors, whether inviting them to the local and regional advisory councils or in personal contacts, by the companies' initiative or the IEFPP's, when knowing about local investments opening job places. As the regional IEFPP representative informs, it is a clear orientation to the local IEFPP office to keep the door opened to the enterprises. On his turn, the local IEFPP informant mentions that the communication regarding skills needs with the local enterprises happens when these are looking for the IEFPP support regarding employment active measures. Also with private training organizations, the IEFPP links by creating a training pool of external entities present in geographical points where the public service does not reach. At the training education network meetings held by the ME, both public and private actors decide together the configuration of the network but always respecting the qualification's needs forecast for the region.

Even so, one informant at the CCDD considers these relationships not enough, wishing more joint planning between the education and training entities and the economic sectors, for more inter sectoral cooperation to put to action the planning instruments already created, such as the Operational Program for the ESF application in Alentejo, Alentejo2020, designed by the local partners coordinated by the CCDD, for the application of the EU funding, but not put to action.

To sum up, in AL the main points of contact between public and private actors is through the participation in the advisory boards of the training centers, in the boards of the professional schools or in the work placement of the young adults. However, at the regional level there isn't

any forum where the collaboration among public and private actors takes place.

5.4. Assessment of the quality and use of skills

This section presents information to assess the type, quality and use of young adults' skills in the labour market in the ALR. Sources are previous working packages (WP3 and WP4), secondary data and grey literature (e.g. reports, statistical outlooks) at the local/regional level, as well as interviews to key informants, regional and local, in the IEFPP, the National Institute of Employment and Professional Training and the representative of the CCDR, the Alentejo Regional Development Coordination Commission, to fill information gaps of the grey literature, regarding the attraction/retention of skills. Initially a description of the level and type of the young people's skills available to be used in the labour market at the regional level will come forth. Then the difficulties employers face in using the young workers' skills and the skills (mis)matches detected at the regional level will be brought in. Following comes an assessment on to what extent the regional labour market attracts/retains young people and which characteristics helps the differentiation of the young adults more likely to be employed, unemployed and with difficulties in using their skills.

Type and quality of skills

As specified in earlier sections, occupational skills are offered whether by professional or secondary schools, ruled by the Ministry of Education (ME) or by training centres ruled by the Ministry of Labour, Solidarity and Social Security (MTSSS). Both offer education and training of level 2, 3 or 4 in the areas of Industry, Management and IT, Catering and Agriculture and Fishery. In addition, schools offer Tourism and Commerce, and the training centres offer Personal Services, Gardening, Health, Handicraft and Basic Skills Training. There is also post-secondary training offered by one professional school and one training centre, both in the industrial area.

It is very difficult to assess the quality of the skills provide by the education and training institutions operating in AL region, due to the lack of reliable information. However, if we use the rate of employability as an indirect measure for the quality of the skills, all the interviewees state that their employability rates are very high and the quality of their training is highly recognised by the employers. Some vocational schools actually even use them on their websites to advertise their courses.

Skills (mis)matches

According two studies of 2011 and 2012, were conducted on the skills offer and its labour market adjustment at regional level. One by the National Agency for Qualification⁶⁴ and the National Association of Professional Schools (ANQ & ANESPO, 2011) and the other by the

⁶⁴ ANQ, future ANQEP, the National Agency for Qualifications and Professional Education, mentioned in earlier sections as a key element of the skills system.

QREN⁶⁵ Observatory (2012). Both agree on the inadequacy in the matching between the skills offer by the training operators and the needs of the labour market in the AL region.

The QREN Observatory describes the training offer as mainly shaped by the people's requests. This is due to being easier to identify the trainee's needs than the labour market's needs. Also, agriculture, industry and tourism offer unattractive job conditions, such as high physical effort, low social value, low incomes or difficult work-family conciliation, and therefore do not attract trainees. Finally, the qualifications with more profitability for the training operators (less investment in specific equipment or certification licenses) correspond mainly to those requested by the trainees.

The same study points out ALentejo Litoral as the region among the five studied, showing the greater lack of articulation between the local institutions to agree on a local strategy to build an adequate training offer, considering the specifications of the labour market. In particular, the main difficulties to the adjustment between the demand and supply of vocational training are the lack of coordination mechanisms between entities in the region, such as dialogue and following liaison to previous decisions and planning, the atomization of training interventions by the training operators as a consequence of the lack of cooperation work habits between entities.

After this analysis and conclusions, some recommendations were made in order to favour the adaptability to the regional labour market of the training offered and the regulation of the training funding by how it is matching with the market's needs. To this concern, it is possible to observe three great changes introduced between 2012 and now. In 2015, the law defining the common norms of the European Social Fund defines as criteria for funding the vocational education and training the preview of at least 50% employability in the six months following the graduation⁶⁶. And also, the ANQEP, who defines the planning criteria of the professional education network, launched in 2015 the SANQ with the territorial base of the Intermunicipal Communities (CIMs). Indeed, in 2013 the legal regime of local authorities was established⁶⁷, and sets that it is up to the CIMs to ensure the articulation of the actions between the municipalities and the services of the central administration in regard of the educational and vocational training network. However, in AL region and until now, CIMAL is not playing any role in the skills formation system.

Attraction and retention of skills

There is very few data available to define the attraction and retention of skills at the regional level. There is great difficulty to retain the higher education graduates from the AL that live and study out of the region, as there is low offer of high skilled white-collar occupations. In fact, a specific study only on Alentejo (NUT II) conducted by the Ministry of the Environment in 2009, is

⁶⁵ The National Strategic Reference Framework (QREN) provided the structure for the implementation of the Community Policy on Economic and Social Cohesion in Portugal for the period 2007-2013. The QREN assumes as a great strategic purpose the qualification of the Portuguese people.

⁶⁶ *Portaria* n.º 60-A/2015, of 2nd of March. The employability is verified by the Social Security contributions. If not achieved the referred course may not be funded in future.

⁶⁷ Law n.º 75/2013, of 12 of september. It establishes the legal regime of local authorities, approves the statute of inter-municipal entities, establishes the legal regime of the transfer of powers of the State to local authorities and to inter-municipal entities and approves the legal regime of municipal associations.

the latest study known⁶⁸. It shows that Alentejo has a low level of economic specialization and for that reason the region needs more technical or non-qualified workers and less higher education qualifications comparing to other regions.

The training providers recruit locally their students. The QREN Observatory earlier mentioned explained this fact due to the reduced mobility of trainees considering cultural factors, remuneration, transport networks and housing / leasing market. Also notices that the market absorbs the totality of the labor available to work in the different industrial areas.

According to the IEFPP local informant, the young adult unemployment is not an issue, as at present there is enough employment and training offers, in the industry, tourism and agriculture sector. This informant points out to the issue of the young people in the NEET condition instead, which are out of the system and need to be re-conducted by its services. On its turn, the regional delegate mentions the mismatch between the young adults' work ambitions and the conditions offered, namely salary and working schedules, especially in the tourism and agriculture economic sectors. The CCDD informant mentions, regarding the youth unemployment, the labour market precariousness and the lack of living conditions in terms of services offered by the municipal and state policies to attract and retain young families in the region. This clearly an issue when AL region is considered. If in the one hand the supply of high skilled white-collar occupations is not big, on the other hand many high skilled workers don't leave in region, even if they have a permanent job, and many places in the public health system are vacant due to lack of candidates.

Young adults' characteristics

Official data from the Ministry of Education and Science (DGEEC, 2015) for 2013-2014 in AL shows that women enrol more in vocational training and men in regular education. This is rather surprising once it is opposite to the national trend. The dominant schooling level of the family of the trainees is the 9th grade or less and only 10,4% had parents with tertiary education. The majority of these students were from working class families and 15,6% were foreign students. In what concerns their educational trajectory, 66,6% had failed at least once and 6,6% had dropped out.

The young people at the training public service in AL are the unemployed or with low qualifications, as those are the target of the IEFPP services.

5.5. Conclusions and Implications for young adults in AL

It is difficult to support the idea that the problems young adults face in AL region are the result of any type of skills mismatch. The data show that regional and local actors complain about the lack of coordination and some mismatch between skills formation market and skills use market, but none of them considered these aspects as the main reasons for youth unemployment. The

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[http://www.dgeec.mec.pt/np4/47/%7B\\$clientServletPath%7D/?newsId=256&fileName=Relat_rio_de_escola_OTES10_Alentejo_Lito.pdf](http://www.dgeec.mec.pt/np4/47/%7B$clientServletPath%7D/?newsId=256&fileName=Relat_rio_de_escola_OTES10_Alentejo_Lito.pdf)

main reasons for youth unemployment have a different nature. They are inseparable from the model of economic specialization and the adoption of neoliberal policies related to the labour market.

One of the main characteristics of the regional model of economic specialization is its seasonality. Agriculture activities even the intensive ones are strongly affected by seasonality with a huge demand of labour during short periods of time, related to the vegetative cycle of the plantations. In these periods AL region suffers from a work labour shortage with effects on education and training activities. During these periods the most vulnerable trainees exchange school for work because an opportunity to make money. A similar situation can be found in tourism industry. Once the AL's tourism activities are based on 'sun and sea' the needs of labour are very high in summer time and decrease strongly in winter time. Therefore, the labour market is very attractive to young people, even those without specific professional qualifications, but it doesn't offer an opportunity for a permanent job. The most important industrial activity in the region is the oil industry. Oil industry is based in intensive technology with reduced labour needs. In spite of this, large oil companies use outsourcing as a way to satisfy their temporary needs of industrial maintenance. During the annual company shutdown, a large number of qualified and non-qualified workers is needed. Among others, industrial maintenance skills are required for short periods of time, attracting young adults but once again not offering an opportunity for a permanent job. The centrality of seasonality is so great that it influences the organization of the training activities, the schedule of the internships as well as the school dropouts, mainly among those young adults who are attending training because they were unemployed.

Another main reason for the youth unemployment is the adoption of neoliberal policies related to the labour market which increased with the financial crisis. The adoption of this kind of policies by both government and companies is responsible for the growth of unemployment, temporary jobs, job insecurity and the decrease of wages. Young people are the first one to feel the consequences of these political options once they are in transition to work. In this context national government liberalized the labour legislation, resigning from its function of regulating the labour market, and companies adopted a more individualistic perspective concerning the human resources management practices as a strategy to reduce labour costs.

A third reason can also be added to explain the youth unemployment and precariousness of young adults in the region. More than a mismatch between skills' supply and demand data points to several gaps. One of these gaps can be found between young adults' professional expectations and the social status of the jobs especially in the agriculture and the industry economic sectors. Another gap is related with the young adults needs to carry on with their life project and the material conditions offered by the employers mainly in what concerns wages, work conditions and job security.

The young adults' life opportunities in Alentejo Litoral are shaped by the dynamics of the regional economy and specificities of the labour market but also by the regional skill formation system. In the region the skill formation system is very labour market oriented and the vocational path is attracting almost half of the students attending upper secondary education. One of the most important conclusion is the lack of articulation of the state, market and civil

society institutions in the region with the state playing the central role in the provision, the funding and the monitoring of the regional skill formation system. Cimmal, by not taking an active role in the regional skill system, leaves room for the regional skills agenda to be defined by the state, relegating municipalities, business associations, trade unions and civil society associations to a marginal place.

6. Comparison of the two Functional Regions

In both functional regions the main institutions and actors involved in the governance of the skills ecology are mainly public schools, ruled by the Ministry of Education, and public training centres, ruled by the Ministry of Labour, Solidarity and Social Security. In spite of this similarity, a difference can be found when higher education is concerned. In VdA Region there are six higher education institutions (HEI) while in the AL Region the only private HEI closed in recent years due to a lack of students. However, some of the professional schools in AL region provide professional higher education in cooperation with polytechnic institutes.

Both regions have intermunicipal communities (the CIM-AVE and the CIMAL), as a result of the administrative organization of the country, and local development associations (the ADRAVE and ADL). Both institutions are key elements in managing the EU funding and monitoring its use. Besides these roles, CIMs have special responsibilities concerning the diagnosis of regional skill needs and the identification of the priority areas of education and vocational training. One major difference can be found concerning the dynamics of the CIM-AVE and the CIMAL. While the CIM-AVE is engaged in the regional deepening of the skills needs' diagnosis in the SANQ, the CIMAL is an absent actor in the regional skills ecology system.

Two other actors are central in the governance of the skills ecology system: the ANQEP and the IEFP. They both influence the skills formation demand and supply markets. The first one is responsible for the setting of the qualification referential, the definitions of the regional vocational and training's priorities which are mandatory for schools' provision. The second one is responsible for the training courses provision mainly targeted to unemployed, young adults included.

In both regions the public commitment to the skills development of the young adults is very high. Employers are involved in skills formation markets in several ways: by offering apprenticeship and internship vacancies, taking part in the boards of professional schools and being members of training centres advisory boards. In VdA the employers' involvement is higher than in AL region because of their active engagement in the focus group for the SANQ report under the CIM-AVE coordination.

In both regions policy orientations of the actors and institutions involved in governance of the skills ecology is labor market oriented. The informants referred that the education and training provision must answer to the regional labor market needs. However, some of them criticize this functional perspective emphasizing on the one hand the humanistic dimension of education and training system, and on the other hand the heterogeneity of the companies.

As stated before, the ANQEP plays a central role in the regulation of LLL policies in both regions, as well as the IEFP regional services. Yet, the central role of the ANQEP in VdA is

somehow mitigated by the role played by the CIM-AVE. The engagement of around 50 institutions in the regional deepening skills diagnosis is crucial for the definition of the education and training provision in the region but it will have little influence in what is taught in the courses. The almost total incapability to influence what is taught in the courses is a complaint in both regions. Several informants referred the ANQEP's resistance to accept changes in curricula in order to make them more adequate to the local skills needs. Despite the ANQEP's attempts to promote skills needs diagnosis at the regional level, its role in the definition of courses' curriculum remains highly centralized and untouchable. This is a rather important issue, once it affects not only the courses delivered under the Ministry of Education's supervision but also the ones provided by the Ministry of Labor, Solidarity and Social Security, through the the IEFP training centres.

In VdA region, regional institutions like the CIM-AVE and the ADRAVE play an important role in the relationship between local, regional and national authorities, actors and institutions. The elaboration of the SANQ report has been an opportunity to join actors and institutions involved in the supply and demand skills markets. In the AL region there isn't any institutional forum that promotes the discussion and the coordination of skills needs.

From a supply viewpoint there isn't any kind of mismatches. In general, the educational and training provision in both regions meet the labour market needs. As stated before, there are some complaints about the ANQEP's rigidity when some curriculum adjustments are suggested by schools and training centres in order to meet specific employers' needs, none of the informants referred a deep supply mismatch. The problems affecting young people in both regions have a quite different nature. They are related with the gap between young adults' professional expectations, the social status of the jobs offered, the work conditions and the wages. Low salaries, precariousness and work schedules make it difficult to socialize with peers and the enjoyment of leisure activities.

7. Emerging issues

In the previous 4.3. section "Analysis of the local governance of skills at AL" it was described, as a footnote, great difficulty in accessing key elements of the national and local skills system, such as the ANQEP and CIMAL. The ANQEP is the national agency defining, regulating and monitoring the national strategy and policy on qualifications and the CIMAL is the sub-regional structure serving as the interface between the ANQEP and the actors and institutions involved of the skills system in AL.

These public organisms with responsibilities on the national and regional skills system decided not to contribute to an international public research project such as YOUNG_ADULLLT intended to describe the local skills ecology, for further public understanding on a matter defined as a European and National priority.

It is worth mentioning that the collected info to understand how the national System of Qualification's Needs Forecast (SANQ) works in the AL region did not include an informant from the SANQ itself but either the websites, legal info and interviews to informants from the WP5. As a consequence, doubts are still present at the times of delivering the present report on how the

AL skills' system works, and how the SANQ itself sees the local skills ecology system. Such as: how are the qualifications decided among the different schools, during the network meetings? What is the expected role from the CIMAL by the ANQEP? Why the CIMAL does not take part as an active partner, when it has specific responsibilities on that regard.

On the other hand, the local coordination of the Vale do Ave region is an example of a good practice that deserves to be taken into consideration. The main institutions that bridge the several actors and structures of the region are the CIM AVE and the ADRAVE. The main role of both institutions is to understand which are the region needs and the instruments available, and to mediate the work between all the actors and structures, in order to attain the region's objectives in the several social areas.

The ADRAVE is a regional development agency, created as a public initiative and works as a cooperation platform between the public and the private sectors. The ADRAVE's associates are institutions such as local authorities, private companies, associations and universities, for example. Together, all these institutions promote economic development, working closely with the companies, understanding de difficulties and the needs, and trying to find solutions. They promote training, urban development, social participation, cultural development... for example. This bridging promoted by the ADRAVE between all the actors and structures in Vale do Ave works in promoting economic, social and cultural development.

The CIM AVE is constituted by the eight municipalities of the Vale do Ave. This institution is responsible for the articulation between the municipalities and is responsible for several sectors such as education and training. In this sector, there is a working network managed by the CIM AVE, the main activities of which include: the conciliation of training offer, special education, parental education, the network of psychologists who work in vocational guidance, the *Qualifica* Centres and communitarian projects. Besides this, the CIM AVE also coordinates the 3rd module of *Regional Deepening* of the SANQ, the system of the qualifications' needs forecast.

Both these institutions play a key role in the dynamic of coordination in the Vale do Ave region. The articulation between municipalities done by the CIM AVE, and the bridging between private and public institutions and companies made by the ADRAVE may be the main factors in explaining this coordination's good practice in this region.

As mentioned by the CCDD informant, the regional development coordination comission of Alentejo, cooperation is difficult among state institutions due to overlapping of similar tasks which promote competition between entities, lack of trust among leaders and lack of vision of the regional development as a whole by these leaders. Moreover, it is noted how the CIMAL is not a partner in the skills system and how the CCDD itself recognises not having the resources to lead the coordination of a joint planing among the key elements of this system. Or even to assure the execution of the planing instruments designed with the local relevant partners for the application of the ESF 2014-2020. No notice that the QREN Study from 2012 already pointed out the lack of coordination among entities and connection to the planning instruments.

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Annexes

A1 - Description of institutions involved in the skills system of VdA

Table 15: Local authorities in VdA

Name	Guimarães City Council	Vila Nova de Famalicão City Council	Vizela City Council	Fafe City Council	Póvoa de Lanhoso City Council	Vieira do Minho City Council	Cabeceiras de Basto City Council	Mondim de Basto City Council
Relevant /contact person	Domingos Bragança: President							
Nature	Public							
Level	Local							
Description (mission)	To define strategies and guidelines for the sustainable development of each municipality, contributing to the affirmation of its importance and competitiveness in the region and in the country. Through the implementation of measures and programs in different areas and promoting the quality of life, in constant negotiation with the institutions and the different agents of local intervention.							
Involvement in Skills formation	No							
Involvement in Skills use	Yes							

Network	These institutions have several relations and partnerships with other actors and institutions, to complement competences and resources.							
Other relevant information	http://www.cm-guimaraes.pt/	http://www.cm-vnfamaliao.pt/	http://www.cm-vizela.pt/	http://www.cm-fafe.pt/	http://www.mun-planhoso.pt/	https://www.cm-vminho.pt/	http://cabeceiras-debasto.pt/	http://municipio.mondimdebasto.pt/

Table 16: Education and Training: Mandatory Education in VdA

Name	Agrupamento de Escolas Francisco de Holanda	CISAVE	CIOR	FORAVE	Agrupamento de Escolas Padre Benjamim Salgado	CENATEX
Relevant /contact person	Rosalina Pinheiro	Fátima Cerqueira		Manuela Guimarães Cátia Costa		
Nature	Public	Private	Private	Private	Public	Private
Level	State governed	Self-governed, state oriented	Self-governed, state oriented	Self-governed, state oriented	State governed	Self-governed, state oriented
Description (mission)	To implement policies related to the pedagogical and didactic components of secondary education, VET and extra-curricular education and technical support to the formulation, especially in the areas of curriculum development, teaching and evaluation tools and of educational supports and supplements.					
Involvement in Skills formation	Yes, their main mission is skills formation					
Involvement	Yes					

in Skills use						
Network	Yes					
Other relevant information	http://www.aefh.pt/	http://web.epcisav.e.edu.pt/	http://www.cior.pt/	http://www.forave.pt/epta/index.php	http://w.aepbs.net/	http://epcenatex.weebly.com/

Table 17: Education and Training: Higher Education in VdA

Name	Universidade do Minho (Campus de Azurém)	Escola Superior Artística de Guimarães	Universidade Lusíada – Norte (VNFamalicão)	Escola Superior de Saúde do Vale do Ave (VNFamalicão)	Escola Superior de Educação de Fafe	Escola Superior de Tecnologias de Fafe
Relevant /contact person						
Nature	Public University	Private Polytechnic	Private University	Private Polytechnic	Private Polytechnic	Private Polytechnic
Level	Regional, self-governed	Regional, self-governed	Regional, self-governed	Regional, self-governed	Regional, self-governed	Regional, self-governed
Description (mission)	Higher education's mission is to generate, disseminate and apply knowledge based on freedom of thought and plurality of critical exercises, contributing to the construction of a model of society based on humanist principles that has knowledge, creativity and innovation as factors of growth, sustainable development, well-being and solidarity					
Involvement in Skills formation	Yes, their main mission is skills formation (higher education level)					

Involvement in Skills use	Yes					
Network	Yes					
Other relevant information	https://www.uminho.pt/PT	http://www.esap-gmr.com/	http://www.fam.ulusiada.pt/	https://www.cespu.pt/ensino/ensino-politecnico/	https://www.iesfafe.pt/	https://www.iesfafe.pt/

Table 18: Employment: IEFP Regional Delegation in VdA

Name	IEFP – Instituto do Emprego e Formação Profissional (<i>Institute of Employment and Professional Training</i>)
Relevant /contact person	António Leite: Regional Delegate José Manuel Castro: Director (member of the Portuguese YA NAB)
Nature	Public agency
Level	National with regional and local centres
Description (mission)	To promote the creation and quality of employment and combat unemployment through the implementation of active employment policies, including vocational training.
Involvement in Skills formation	Yes
Involvement in Skills use	Yes
Network	Yes
Other relevant information	https://www.iefp.pt/

Table 19: Associations in VdA

Name	Associação de Desenvolvimento Local Sol do Ave <i>(Association of Local Development Sol do Ave)</i>	Fraterna – Centro Comunitário de Solidariedade e Integração Social <i>(Community Centre of Solidarity and Social Integration)</i>	Associação para o Desenvolvimento das Comunidades Locais <i>(Association for the Local Communities Development)</i>
Relevant /contact person	Mafalda Cabral: Administrator Marta Coutada: Director of the Department of Training, Qualification and Development	Marta Coutada: President	Manuel Sarmento: President Elisabete Ribeiro: General Director
Nature	Private		
Level	Local, self-governed		
Description (mission)	To contribute to the promotion of the integrated development of Vale do Ave, adopting practices of networking and proximity, promoting more innovative and inclusive initiatives, and strengthening territorial cohesion, materializing a position of social responsibility.	To contribute to the equity and social development of the local community, guaranteeing, in an integrated way, an adequate and inclusive service.	To cooperate with local communities in their integrated and sustained development, seeking to improve the living conditions of the population, both individually and collectively, promoting active citizenship and social inclusion.
Involvement in Skills formation	Yes	Yes	Yes
Involvement in Skills use	Yes		
Network	Yes		

Other relevant information	http://www.soldoave.pt/jupgrade/	http://www.fraterna.org/	http://www.adcl.org.pt/adcl2/
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Table 20: Development agencies in VdA

Name	ADRAVE <i>(Agency of Regional Development)</i>	CIM-AVE <i>(Vale do Ave Intermunicipal Community)</i>	CLDS 3G Famalicão <i>(Local Contracts of Social Development)</i> Partnership between CIOR and Vila Nova de Famalicão City Council	CCDR-N <i>(Commission of Coordination and Development in the North Region)</i>
Relevant person /contact	Paula Peixoto Dourado: service officer	Maria João Fonseca: project manager	Nilza Jardim: coordinator	Fernando Freire de Sousa: President
Nature	Private (platform for cooperation between the public and private sectors)	Private of public use	Private non lucrative	Public
Level	Regional (Vale do Ave)	Regional (Vale do Ave)	Local (municipality of Famalicão)	Regional (North of Portugal)
Description (mission)	To promote the regional development of the territory. Is involved in economic development, organizational innovation and modernization, heritage development and restructure, cultural promotion, tourism organization and the qualification of human resources.	To promote the management of intermunicipal projects in the NUT III AVE.	To promote social inclusion of citizens, in a multisectoral and integrated way, through actions that are carried out in partnership, in order to combat persistent poverty and social exclusion in fragile territories.	To execute environment, territory and urban planning and regional development policies in the North region (NUT II). They promote the coordination of the decentralised services in a regional level and technically support city councils and associations.

Involvement in Skills formation	Yes	Yes	Yes	No
Involvement in Skills use	Yes	Yes	Yes	Yes
Network	Yes	Yes	Yes	Yes
Other relevant information	http://www.adrave.pt/	http://www.cim-ave.pt	http://www.cior.pt/	http://www.ccdr-n.pt/

A2 - Description of institutions involved in the skills system of AL

Table 9: Local authorities in ALR

Name	Alcácer do Sal	Grândola	Santiago do Cacém	Sines	Odemira
Relevant person /contact	Vítor Proença – Mayor of Alcácer do Sal Manuel Vitor de Jesus - Municipal Councilor for Education	António Figueira Mendes – Mayor with competences in the Economic Development area Fernando Sardinha - Municipal Councilor for Education	Norberto Barradas – Municipal Councilor for the Education and Human Resources and Training	Nuno Mascarenhas – Mayor with competences in the Economic Development area Fernando Ramos - Municipal Councilor for Education	Helder Guerreiro - Municipal Councilor for Education Cardoso – Municipal Councilor for the Economic Development
Nature	Public				
Level	Local				
Description (mission)	The Municipal Council of Education, which body is present in all municipalities, is ruled by national law DL n.º 7/2003, de 15 de Janeiro, which aim is to promote the coordination of the educational policy at the municipal level by articulating the intervention within the educational system with the training and employment bodies, among other attributions.				
Involvement in Skills formation	Yes, some municipalities have a GIP (Grândola, Odemira and Santiago do Cacém), offering career guidance, job and training information. Grândola, Sines and Santiago do Cacém are relevant partners of the local Professional Schools.				

	Sines has created a non-profit association, <i>Sinestecnopolo</i> . Odemira holds an Economic Development Council, in which participates local VET providers and the higher education institutions of Algarve and Alentejo. Each municipality has a representative in each schools General Council.				
Involvement in Skills use	Not directly.				
Network	All municipalities hold relations with the government structures as well as local employers, schools, employment and professional training structures, local sectoral associations.				
Other relevant information	http://www.cm-alcacerdosal.pt/	http://www.cm-grandola.pt/	http://www.cm-santiagocacem.pt	http://www.sines.pt/	http://www.cm-odemira.pt/

Table 10: Education and Training: Professional Schools in AL region

Name	<i>Escola Tecnológica do Litoral Alentejano (ETLA)</i> (Technological School of Litoral Alentejano)	<i>Escola Profissional de Desenvolvimento Rural de Grândola</i> (Professional School for Rural Development of Grândola)	<i>Centro Escolar e Empresarial do Sudoeste Alentejano, S.A.</i> (Educational and Entrepreneurial Center of Sudoeste Alentejano)
Relevant person /contact	Manuel Coelho Carvalho - CEO	Maria Amélia da Cunha Feio – Executive Director	Paulo Barros Trindade - President
Nature	Private, funded by public funds, from the Social European Fund and own provision	Public, funded by public funds, from the Social European Fund and own provision	Private, funded by public funds, from the Social European Fund and own provision
Level	Local		
Description (mission)	By law are of private nature, unless public in case of territories without a private option. They aim at training intermediate, highly skilled technicians consistent with local and regional development priorities and strategies, set by the national agency for the qualification and professional education, the ANQEP. ETLA has a partnership with the Polytechnic Institute of Setúbal, a higher education organization, to deliver two Higher Professional Courses (CTeSP) of post-secondary nature.		
Involvement in Skills formation	Yes, as their mission is providing skills formation.		

Involvement in Skills use	Yes, since professional courses include in-job training (curricular internship) of 420 hours in local enterprises.		
Network	Each professional school has its own local partnership network to assure the curricular internships. Most Professional Schools are members of ANESPO, the National Association of Professional Schools. Also relate with ANQEP, who determine each qualification referential, the Ministry of Education and European Social Fund through Human Capital Operational Program.		
Other relevant information	http://portal.etla.pt/	http://epdrgrandola.pt	http://epo-sa.pt/

Table 11: Education and Training: Secondary Schools in AL region

Name	<i>Agrupamento de Escolas de Alcácer do Sal</i> Schools Group of Alcácer do Sal	<i>Agrupamento de Escolas de Grândola</i> Grândola Schools Group	<i>Agrupamento de Escolas de Santiago do Cacém</i> Schools Group of Santiago do Cacém	<i>Escola Secundária Poeta Al Berto - Sines</i> Secondary School Al Berto Poet	<i>Agrupamento de Escolas de Odemira</i> Schools Group of Odemira	<i>Colégio de Nossa Senhora da Graça – VN Mil Fontes (Odemira)</i> Our Lady of Grace Private School
Relevant /contact person	Teresa Castro – Director	Ana Lúcia Lopes de Almeida – Director	Manuel Mourão – Director	Emérico Gonçalves – Director	José Alexandre Seno Luís – Director	Natália Brito Pacheco Cabecinha – Director
Nature	Public					Private
Level	Local					
Description (mission)	Each group of schools include a secondary school, which offer professional courses, as well as education and training courses for young people and young adults over 18.					
Involvement in Skills	Yes, as their mission is providing skills formation.					

formation						
Involvement in Skills use	Yes, since professional courses include in-job training (curricular internship) of 420 hours in local enterprises.					
Network	Each school has its own local network of partnerships to assure the curricular internships. Their main relationship is with Ministry of Education.					
Other relevant information	http://portal.aeas.pt/	http://www.ae-grandola.pt/	http://www.aesc.edu.pt/	http://www.es-al-berto.com/	http://portal.ae1odemira.edu.pt/	http://www.colegiionsgraca.com.pt

Table 12: Education and Training: Professional Training Centres

Name	Santiago do Cacém Employment and Professional Training Centre from Employment and Professional Training National Institute	<i>CENFIM – Centro de Formação da Indústria Metalomecânica – núcleo de Sines</i> Metal-Mechanics Industry Professional Training Center – Sines office
Relevant person /contact	Rui Miguel Ruas – Director of the local training services	José Frias Gomes – Director
Nature	Public Institute, depending from the Ministry of Labour and Social Security	Shared management is set by a protocol between the IEFP and the two national associations of the metalomechanics sector.
Level	Local	National - Local
Description (mission)	The training services of IEFP are responsible for providing training to employees and to the so called ‘vulnerable groups’: low qualified young people, women and ethnic minorities to the conclusion of the 6th, 9th and 12 th schooling level. In ALR there is one training center.	CENFIM is a national network of 13 centres, one of them in Sines city. CENFIM is part of the IEFP professional training public centres, integrating the specific network of sectoral shared management centres. CENFIM is a sectoral training center delivering training for metalworking industry.
Involvement in Skills formation	Yes, its main purpose is to provide skills formation.	Yes, its main purpose is to provide skills formation.
Involvement in Skills	Yes, mainly in organizing the curricular internships or	Yes, mainly in organizing the curricular internships

use	apprenticeships time of the trainees. In offering specific training to the registered unemployed, for companies who are about to open job vacancies. By having an unemployment center associated to the training center.	or apprenticeships time of the trainees.
Network	With the local employment offices, local enterprises, municipalities, educational training network, CCDR, (regional development coordination commission) and other relevant social partners	With the local enterprises, municipality educational training network, petrochemical industries association, Sines Harbor Management and other key economic partners. With the IEFP.
Other relevant information	https://www.iefp.pt/ofertas-formacao	http://www.cenfim.pt

Table 13: Education and Training: National Agency for the Qualification and Professional Training

Name	<i>ANQEP - Agência Nacional para a Qualificação e o Ensino Profissional</i> National Agency for the Qualification and the Professional Teaching
Relevant person /contact	Gonçalo Xufre - President
Nature	Public, under the superintendence and joint tutelage of the Ministries of Education, and of Labor, Solidarity and Social Security, in coordination with the Ministry of Economy
Level	National
Description (mission)	It is a public institute integrated in the indirect administration of the State, with administrative, financial and pedagogical autonomy in its functions. Prepares the national qualification referential system (<i>Sistema Nacional de Qualificações - SNQ</i>), taking in account the European Qualification Frame, the national qualification catalog (<i>Catálogo Nacional das Qualificações - CNQ</i>), and the national System of Qualifications' Needs Forecast (<i>Sistema Nacional de Antecipação das Qualificações- SANQ</i>).
Involvement in Skills formation	Yes, in designing the qualifications' referential and managing the national program for vocational guidance and the recognition of prior learning (QUALIFICA Program). It also manages the National Qualification Catalog, which indexes all the qualifications that any VET operator can deliver, also meaning the inclusion or exclusion of any qualification from the Catalog, influencing the possibility of any operator to create a new training offer.
Involvement in Skills use	Not directly, but ANQEP listens to the labour market to assure the matching between the qualification's offer and the labour market's needs.

Network	With the social partners member of the sectoral councils to advise on the relevant qualifications, with the Ministry of Education, mainly with the DGEST (managing the schools and its offer), Ministry of the Economy, mainly with the DGERT (licensing the training providers) and Ministry of Labour and Social Security, mainly with the IEFPP, with the National Association of Professional Schools, the Intermunicipal Communities for the qualification's needs forecast and the local centres of the <i>Qualifica</i> Program.
Other relevant information	The Portuguese YA NAB includes the president of the ANQEP.

Table 14: Education and Training: *Qualifica* Centers in AL region

Name	<i>Centro Qualifica da TAIPA</i> Qualifica Centre in TAIPA, Odemira local development NGO	<i>Centro Qualifica IEFPP Santiago do Cacém</i> Qualifica Centre of the Professional Training and Employment Centre in Santiago do Cacém	<i>Centro Qualifica AE Grândola</i> Qualifica Centre at the Schools Group of Grândola	<i>Centro Qualifica do CENFIM</i> Qualifica Centre at the CENFIM, Sines
Relevant person /contact	Telma Guerreiro – Coordinator	Rui Miguel Ruas – IEFPP Director	Ana Lúcia Lopes de Almeida – Director	José Frias Gomes – Director
Nature	NGO	Public		
Level	Local			
Description (mission)	<i>Qualifica</i> Centers should take as central focus of their activity the adults' qualification based on the complementarity between the skill's recognition from prior learning and the compulsory attending of certified training, according to the individual profiles and needs of the trainees. In this view, it is wanted to also support the young people NEET. <i>Qualifica</i> Program is a newly launched (2017) network using the network structures of similar previous programs.			
Involvement in Skills formation	Yes			
Involvement in Skills use	No			
Network	With the local institutions offering VET, National Agency for Qualification and Professional Training and Employment and Professional Training National Institute			

Other relevant information	www.qualifica.gov.pt
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Table 15: Employment: IEFP Regional Delegation in AL region

Name	Alentejo Regional Delegation of the Employment and Professional Training Institute
Relevant person /contact	Arnaldo Frade – AL Regional Delegate The Portuguese YA NAB includes the vice-president of the IEFP.
Nature	Public
Level	Regional
Description (mission)	Its main aims are: to collaborate in the design, evaluation and implementation of the national employment policy, paying particular attention to the situation of the most vulnerable groups; to promote the organization of the labor market considering the adjustment between the employment's supply and demand; to promote vocational guidance; to promote the school and professional qualification of young people and adults; to organize the vocational training actions; to promote the development of handicrafts and craft micro-enterprises, in particular as a source of job creation at local level; to promote the professional rehabilitation of people with disabilities.
Involvement in Skills formation	Indirectly, yes, in terms of giving the regional contributes to the IEFP activities plan and managing the regional professional training provision.
Involvement in Skills use	Not directly, although the Regional Delegation advises in which training (some with internships or in alternance) and employment measures are to be put in practice in the region, assuring, after the central approval, its materialization.
Network	With the IEFP central services, the training and employment local units and its local advisory councils.
Other relevant information	www.iefp.pt

Table 16: Employment: IEFP Local Employment Centers in ALR

Name	<i>Centro Emprego de Alcácer do Sal do IEFP – Instituto do Emprego e Formação Profissional</i> (Alcácer do Sal Employment Centre of Employment and Professional Training National Institute)	<i>Centro Emprego de Santiago do Cacém do IEFP – Instituto do Emprego e Formação Profissional</i> (Sines Employment Centre of Employment and Professional Training National Institute)
Relevant /contact person	Rui Miguel Ruas - Director	
Nature	Public.	
Level	Local .	
Description (mission)	Employment centers try to match the supply and the demand of skills at the local level. They provide vocational and career guidance to unemployed people. They are responsible for the management and funding of some active employment policies.	
Involvement in Skills formation	Yes, indirectly through vocational and career guidance.	
Involvement in Skills use	Yes	
Network	The main relationships are with IEFP central structure, employers, training centers and schools.	
Other relevant information	https://www.iefp.pt/	

Table 17: Associations

Name	<i>Associação para o Desenvolvimento do Torrão – Alcácer do Sal – Association for the Development of Torrão village</i>	<i>Centro Cultural Desportivo Recreativo de Santo André – Cultural, Entertainment and Sports Centre</i>	<i>Sinestecnopolo - Sines</i>	<i>TAIPA - Odemira</i>	<i>Associação Caboverdiana de Sines e Santiago do Cacém – Capeverde Association</i>
Relevant /contact person			Nuno Mascarenhas - Presidente	Telma Guerreiro - Coordenadora	Gracinda Margarida da Luz - Presidente
Nature	NGO				
Level	Local				
Description (mission)	Local development organization with a GIP – Office of Professional Integration, with career guidance.	Created by the Sines Municipality and some Higher Education institutions, together with a big oil corporation, aims at business innovation training and incubation		Local development organization with a QUALIFICA centre (prior learning recognition), also offering specialized VET for workers or unemployed.	Local association supporting the migrant communities and its integration
Involvement in Skills formation	It informs on relevant training offers.	It is its mission to offer training		It offers training, career guidance and prior learning recognition	It has a partnership with the IEFP, to hold IEFP VET courses in Sines.
Involvement in Skills use	It informs on relevant training offers.	Yes, as a start-ups' incubation		No	No
Network	Municipality, IEFP,	Municipality, Main Industrial and Harbor Companies and Higher Education Institutions		Municipality, ANQEP, IEFP, other local NGOs	Municipality, IEFP, other capeverde associations.
Other relevant information	---	https://www.facebook.com/Centro.Recreativo.Cultural.Santo.Andre/	https://www.sinestecnopolo.org/	https://www.facebook.com/taipa.crl	http://acssc.blogs.sapo.cv/

Table 18: Development

Name	CIMAL - The Intermunicipality Commission of Alentejo Litoral	ADL – Santiago do Cacém – Litoral Alentejano Development Association	CLDS3G Viver+Sines – Sines – Local Social Development Contract	CCDR – Coordination Commission for the Regional Development
Relevant /contact person	Pedro Tojinha - Executive Director	Raquel Hilário – GIP Coordinator	Joana Santinhos – Responsible for the Employment Axe	Jorge Pulido Valente – Vice Presidente
Nature	Public	NGO	Public	Public
Level	Local	Regional	Local	Regional
Description (mission)	The CIMs are a structure created within the decentralization process, as a body where all the municipalities of each region meet to articulate essential actions to all the territory, as well as managing the EU funds related to municipal action.	ADL is the organization in AL supporting the local entities in applying to rural development EU funding, as well as monitoring its use. It is long time dealing with skills use and formation in AL, as a key actor in local development, as well as doing in a past program, the recognition of prior learning and vocational guidance. It also has a GIP and a CLDS in Santiago do Cacém.	Aims to promote the socio-professional inclusion of the resident citizens in the municipality of Sines, with a focus on integration, equity and social cohesion, on training actions and on increasing skills of individuals and the community, to fight unemployment and children's poverty.	Its mission is to ensure coordination and articulation of the various sectoral policies of regional scope, as well as to execute environmental policies, land use planning and cities, and technically support the local authorities and local associations in these matters. It is the EU fund manager for the regional development, coordinating its execution and monitoring.
Involvement in Skills formation	Not directly, but by law it has the competence of articulation between the municipalities and the state, in terms of VET.	Not directly, but offers information sessions on entrepreneurship and job search and acts as a relevant advisory partner to schools and training centre of IEF, on regional development.	Not directly, but offers information sessions on entrepreneurship and job search.	Not directly, as an advisory partner with a view on regional development, taking part in the IEF's advisory boards of the sub-regions, where the training offer is

				presented.
Involvement in Skills use	No	Not directly, organizing a job information bank	Not directly, but informs on jobs opportunities	No
Network	With all municipalities and its networks, with the CCDR..		All the organizations part of the contract, municipality.	All relevant state, private and NGO organizations in the region
Other relevant information	http://www.cimal.pt/pt/	www.adl.litoralalentejano.pt/	https://www.facebook.com/CLDS3GSines/	www.ccdr-a.gov.pt



Work Package 6

Comparative Analysis Skills Supply and Demand

Scotland National Report

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1. Introduction

The main objective of WP6 is **describing and understanding the governance of the supply and demand of skills within and across the functional regions** under study in the Young-Adulllt (YA) project. The project refers to the local/regional supply and demand of skills as the local/regional *skills ecology*. Each partner country describes and analyses the governance of the skills ecology in the two functional regions under study, which will allow further comparison of cases. In the present case, the **national report for Scotland provides analyses the functional regions of Glasgow City Region (GCR) and Aberdeen City & Aberdeenshire Region (ACAR)**. These are the two functional regions selected for in depth analyses across the whole YA research project.

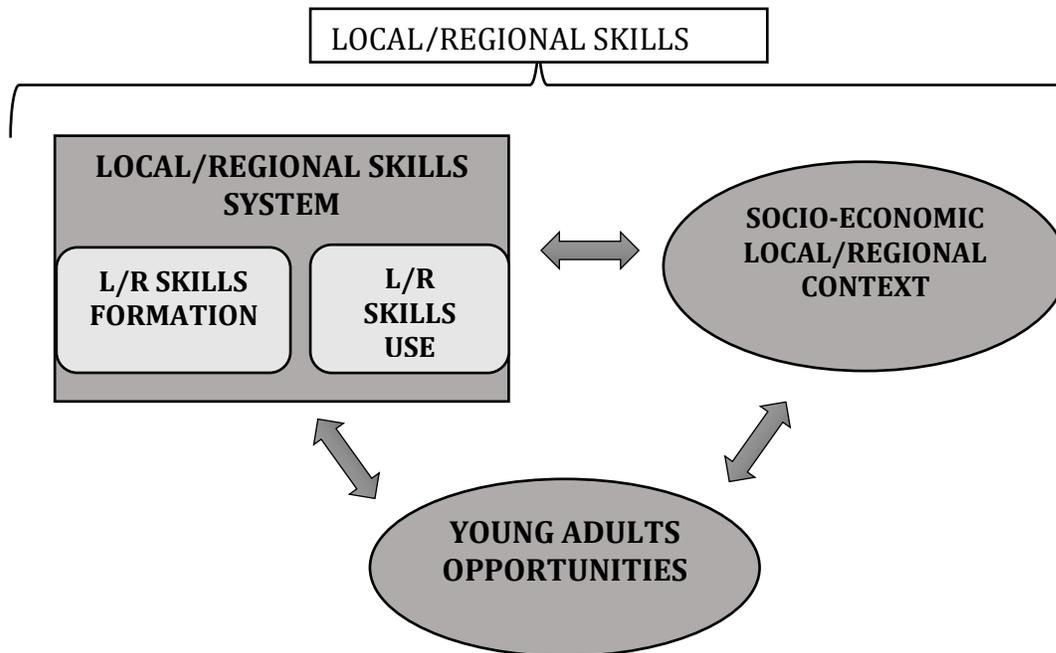
In order to describe and understand the governance of local/regional skills in GCR and ACAR, four main tasks are performed:

1. **Identifying and mapping** the actors, institution, structures and their main activities relevant to the local governance of the skills ecology;
2. Analysing main actors' **policy orientations** (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults;
3. Understanding the **level and forms of coordination** of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults;
4. Report and assess evidence on the **quality and the relevance of the skills** developed and used by young adults in the workplace and society.

In this initial framework it is important to describe and differentiate two relevant terms: the **skills system** (constituted by the *skills formation market* and the *skills use market*) and the **skills ecology**. As shown in Figure 1 below, the skills system is constituted by two markets: the skills formation and the skills use market. In each one of these markets there is a supply and demand for skills. Local, national and supranational actors and institutions might be involved either in one or in both markets and develop their activities, which jointly constitute the skills system. It is worth mentioning that the concept of "market" here is used as a metaphor to help us organise actors, institutions and their activities and relationships.

Skills systems are framed in a **local/regional socioeconomic context**, which is likely to differ from one region to another and across countries. The skills system is not impermeable to its context, which is also likely to vary across time. Therefore, the local/regional context is likely to affect the actors and institutions and their activities. Conversely, these actors/institutions and their activities might also have an influence in shaping the local/regional context.

The combination of the local/regional skills system into the local/regional context constitutes the **local/regional skills ecology**. Thus, **the interest of this national report of WP6 is understanding the local/regional governance of the skills system in GCR and ACAR, assessing to what extent it is influenced by their local/regional socio-economic context and what are the implications for young adults.**

Figure 71: Skills system, context and skills

The work of WP6 complements and has been developed in coordination with the rest of empirical working packages of the YA project. However, one of the main differences is that the unit of analysis in WP6 is the region. WP3 (*Policy Mapping, Review and Analysis*) focused on policies targeted to young adults, WP4 (*Quantitative Analysis of Young Adults' Living and Social Conditions*) on young adults and WP5 (*Qualitative Research with Young Adults*) in young adults participating in the policies under study. Although WP6 does not focus on specific policies but on the overall pool of available skills in the functional regions, the work undergone in WP3 has facilitated the identification of main actors involved in the local skills ecology and the reports and sources of information used by policy makers and practitioners to govern the local skills ecology.

The work developed in WP4 has been crucial to frame and contextualise the socio-economic context of the regions under study. Previous work on skills supply and demand tends to focus on national averages, ignoring the regional and local differences. Gathering data that considers the regional and local characteristics facilitates the understanding of different forms of governance of the local skills ecology.

Las but not least, the empirical material gathered in WP5 and the analyses developed in parallel to the current work for WP6 have served as a way to contextualise the opportunities of young adults in each region. The interviews conducted with policy makers, practitioners and young adults involved in the policies mapped in WP3 have further facilitated the understanding of the regional resources, objectives and priorities in terms of skills.

The work currently developed in WP6 national report also aims at feeding and facilitating the tasks of WP7 (*Regional/Local Case Studies*) and WP8 (*Comparative Analysis and Reporting*).

The present report is organised in six main sections. Following this introduction, the methodology used to develop the analyses is described and discussed. Afterwards, an introduction to the Scottish national system of skills is outlined. Then the analyses for Glasgow City Region are presented. These analyses include 1) the contextualisation of the region in terms of socio-economic characteristics; 2) the mapping of the main regional and local actors, institutions and structures involved in the skills system; 3) the identification and discussion of the policy orientations and levels and forms of coordination among actors; and 4) the assessment of the quality and use of skills at the regional level. The implications for young adults in the region are derived from these analyses. The same exercise follows concentrating in Aberdeen City & Aberdeenshire Region. Last but not least, the results of the two functional regions are compared. Other emerging issues not included in the previous sections are discussed in the final section.

2. Methodology

The main intention of this WP6 is identifying the actors involved in the supply and demand of skills and understand how they govern, manage and coordinate their activities and which the implications for young adults are. To attain WP6 main objective of **describing and understanding the governance of the supply and demand of skills within and across the Functional Regions (FRs)** under study, the work to be done involves the four specific objectives, previously mentioned in the introductory section.

As the rest of the WPs constituting the YOUNG-ADULLLT (YA) project, the main theoretical frameworks driving the analyses are the Life Course Research (LFR), the Cultural Political Economy (CPE) and the Governance framework (GOV). Although WP6 includes the three theoretical perspective, the GOV and the CPE are central to the analytical approach employed.

The Governance framework plays a key role in the task of identification of relevant actors and institutions involved in the local/regional activities influencing young adults' skills formation and skills use. It also contributes to the understanding of the interplay among actors and institutions involved in different scales of governance (national/supranational/across regions). Therefore, the GOV framework is especially relevant in identifying and mapping the actors, institution, structures and their main activities relevant to the local governance of the skills ecology.

However, the interactions among actors and institutions are not random. The CPE framework can help us understand actors and institutions activities. Actors usually detect and consider problems for given targeted groups when some changes are experienced at the local/regional/national/supranational level (Variation). The activities/policies they decide to take part in (Selection) and promote (Retention) at the regional/local level are influenced by the problematisation of the situation of the targeted group. In this sense, the national report of WP6 takes into account the CPE approach when considering the nature of the activities related to LLL for young adults and the policy orientation (interest, frames, incentives) of the actors/institutions involved, as well as the (in)existence of coordination and their forms.

Finally, the way in which actors and institutions interact and decide to place some

activities/policies for young adults and coordinate them is likely to influence young peoples' lives. Therefore, from a LCR perspective the governance of the local/regional skills ecology is likely to influence the expectations, opportunities and lives of young adults. The (mis)match between young adults' skills, expectations and ambitions and the ones provided in their local/regional skills ecology are also likely to influence their lives.

The empirical evidence to attain these objectives and develop the tasks considered come from different sources. The main ones are the semi-structured interviews with key local actors and the grey literature used in the region in relation to skills policies. Table 1 below presents the profile of the people interviewed in each region and the documents revised in GCR and ACAR.

6. **Interviews:** In the case of GCR, key informants are from the following institutions: the Department of Employment and Skills at Glasgow City Council, the national skills agency Skills Development Scotland (SDS), the Glasgow Chamber of Commerce, currently involved in one of the main national skills policies (Developing the Young Workforce, DYW), the Glasgow Colleges' Regional Board and one of the Colleges in Glasgow City.

The key informants from ACAR come from similar institutions as the previous case: the Department of Employability and Skills at Aberdeen City Council, SDS and the Aberdeen & Grampian Chamber of Commerce, currently involved in DYW in the region.

A key informant for both regions is the Scottish Learning Union (SUL), as this organisation works across Scotland.

7. **Grey literature:** the main reports considered for the systematic review of the regional grey literature at GCR are the Regional Skills Assessment of SDS, the results from the Employers Survey from UKCES, one of the latest skills review from SKOPE and a case study report on Modern Apprenticeships from SUL-STUC. For ACAR the regional grey literature included includes the Regional Skills Assessment of SDS, the results from the Employers Survey from UKCES and the skills audit performed by the Aberdeen City Council.

Table 21: Key informants and grey literature

	Glasgow City Region	Aberdeen City & Aberdeenshire Region
People interviewed	<ul style="list-style-type: none"> - Employment and Skills Officer, Glasgow City Council - Regional Skills Planning, Skills Development Scotland - Developing the Young Workforce, Glasgow Chamber of Commerce - Glasgow Colleges' Regional Board - Glasgow Kelvin College 	<ul style="list-style-type: none"> - Employability, Skills and Community Enterprise Officer, Aberdeen City Council - North East Region, Skills Development Scotland - Regional Skills Planning, Skills Development Scotland - Aberdeen & Grampian Chamber of Commerce, Developing the Young Workforce North East Region
	<ul style="list-style-type: none"> - Scottish Learning Union 	

<p>Grey literature revised</p>	<ul style="list-style-type: none"> - Regional Skills Assessment, Glasgow Region, November 2014, SDS (Skills Development Scotland, 2014b) - Employers Skills Survey 2015, Scotland Slide Pack, May 2016, UKCES - Improving Skills Utilisation in the UK – Some Reflections on What, Who and How?, August 2016, SKOPE (Keep, 2016) - Modern Apprenticeships Case Studies, Practical Workplace examples, April 2014, SUL-STUC (Scottish Union Learning -STUC, 2014) 	<ul style="list-style-type: none"> - Regional Skills Assessment, Aberdeen City & Shire Region, November 2014, SDS (Skills Development Scotland, 2014a) - Aberdeen City Council Sector Skill Needs Audit, January 2015, Aberdeen City Council (Farquhar, 2015) - Employers Skills Survey 2015, Scotland Slide Pack, May 2016, UKCES (UK Commission for Employment and Skills, 2016)
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The semi-structured interviews have been transcribed and their content has been analysed based on the CPE approach of Variation, Selection and Retention. Information gathered in the interviews has been used to improve the mapping of actors and institutions, to better know and understand their institutions policy orientations, interaction and forms of coordination with the rest of actors.

The grey literature deemed relevant and influential at the local/regional level in terms of skills policies has been systematically reviewed. Two main approaches have been used in this tasks: CPE and LCR. Information on the quality and use of available skills at the regional level and the way it is assessed by the document institutions (e.g. positive, desired, negative....) has provided relevant information for assessing the quality and use of young adults skills in the regional skills ecology.

In addition to the interviews transcriptions and the grey literature, other sources of empirical evidence to attain the objectives of this WP6 national report have been the WP3 national report of Scotland on *Policy Mapping, Review and Analysis*, the policy documents reviewed in WP3, the websites of the main institutions involved in the regional skills system in each FR and the informal contact with key informants from the studied institutions. Interviews from WP5 with policy makers and young adults have also served as background information to support and contrast information available in the rest of empirical material. Quantitative indicators from WP4 have been used to contextualise the FRs.

Table 2 below summarises and links the objectives of the national report with the main research questions, the theoretical approach and the empirical evidence and methodology used to answer the questions.

Table 22: Links between objectives, questions, theory, evidence and methods

Objectives	Questions	Theoretical framework	Empirical Evidence	Main methodology
1. Mapping of actors and institutions	- Which are the actors and institutions involved in the governance of the skills ecology?	GOV	Policy documents Websites Interviews	Content Analysis
2. Policy orientations	- What is the perception of actors of the main economic and social challenges of the FR? - Which is the degree of public and employers' commitment to skills development of young adults in the FR? - Which are the policy orientations of the actors and institutions involved in the governance of the skills ecology?	CPE	Interviews Policy documents	Content Analysis
3. Level and forms of coordination	- Which is the relationship between the local and national authorities regarding LLL and skills activities? - How do actors and institutions coordinate their activities? Which mechanisms do they use? - Which actors have an influence in what is taught in LLL courses in the FR? - Which actors influence the decision of which skills are considered as relevant/needed at the local level?	GOV CPE	Interviews Policy documents Interviews WP5	Content Analysis
4. Types of (mis)match	- To what extent are young adults affected by the types of (mis)matches taking place in the skills formation and use markets? - How do they affect their lives' opportunities and outcomes?	LCR CPE	Grey literature Indicators WP4	Systematic Review

3. National skills system of Scotland

The Scottish education system is characterised by a pursuit of consensus and a decentralisation of many aspects of the education system to local authorities, which are the main features which have historically differentiated it from the rest of the United Kingdom. The

Scotland Act 1998 gave the Scottish parliament legislative control over all areas of education within Scotland.

Local authorities in Scotland are responsible and make their own income spend decisions for the provision of education in early learning and childcare, primary and secondary education. These are directly funded by the Scottish Government.

The Scottish Government funds teaching and research at Further Education Colleges (FECs) and Higher Education Institutions (HEIs) via the Scottish Funding Council (SFC), which is an arms-length organisation of the Scottish Government (formally a Non-Departmental Public Body). Each FECs and HEIs in Scotland sets a yearly Outcome Agreement with the SFC in which they agree how the funding is going to be used to serve specific objectives in terms of learning, employability, living conditions and contributions to the regional economy.

The Scottish Government also funds Skills Development Scotland (SDS), which is the national skills agency, whose mission is to support individuals in their skills formation and use in the labour market and society, as well as supporting businesses in finding people with the skills they need. SDS uses labour market intelligence to detect the skills gaps and needs at the regional level and tries to meet them via the skills formation offer, encouraging people to take courses that might fit their interests and facilitate their employability in the regional labour market. One of the main activities of this skills agency directed to young adults is the funding and managing of the Modern Apprenticeship scheme, as well as the new Foundation and Graduate Apprenticeships. It is also directly funded by the Scottish Government.

With regards to the skills use in the labour market, local authorities across Scotland have Economic Development Departments which work in collaboration with the corresponding education departments in the local authorities and with the Scottish Government and derived agencies. However, since Scotland has not devolved powers in labour market, part of the collaboration and cooperation in employability and skills subjects is with the UK Department of Work and Pensions (DWP).

Given this overview, it could be claimed that the public commitment to skills formation is quite high (Busemeyer, M R & Trampusch, 2012), as the Scottish Government is funding directly, via local authorities or via agencies the national skills formation in Scotland. The degree of decentralisation of skills formation is in an intermediate position (Hodgson & Spours, 2012). Whilst local authorities have autonomy in income and spending in education at primary and secondary level, the curriculum is decided at the national level. FECs and HEIs are funded at the national level, although they have regional autonomy and agree with SFC their objectives with a relative independence. SDS is a national agency and, even if it tailors strategies at the regional and local level, the main policy direction come from the Scottish Government. Some areas, such as the labour market policies and benefits are out of the Scottish control, as they are a UK competency which the DWP manages.

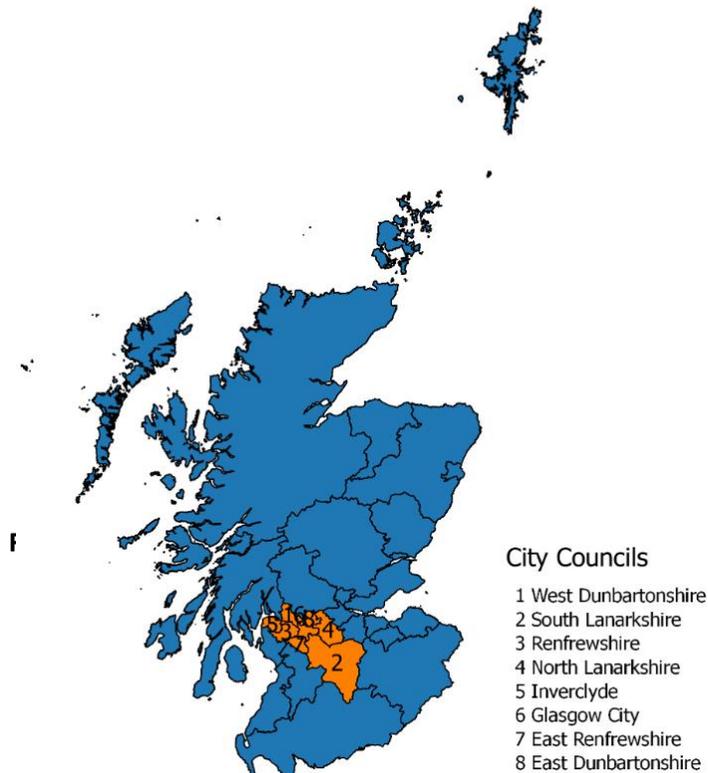
The policies of DWP and the ones directed by SDS via the Scottish Government focus on serving the labour market needs and gaps and adapting skills formation to reinforce the employability of individuals. Therefore, in terms of the classification of varieties of capitalism it is clear that Scotland is based on a market-coordination economy (Hall, P. A. & Soskice, 2001).

4. Analysis of skills supply and demand at Glasgow City Region

Based on the frameworks, theoretical approaches and the methodologies detailed in the

previous sections, this section presents analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Glasgow City Region.

4.1. Socioeconomic context in GCR



Source: authors' elaboration.

Glasgow City Region (GCR) is one of the largest city regions in the United Kingdom and it is Scotland's largest populated region, with about 1,700,000 people living in the region, representing 32% of Scotland's population. GCR is formed by eight council areas which are organised in [Glasgow City Region City Deal](#). This city deal is an arrangement between the UK Government, the Scottish Government and the eight local authorities across Glasgow and the Clyde Valley (see Figure 2 below).

Glasgow City is the most populated city in Scotland, with close to 600,000 people. The other seven council areas that form the GCR are way less populated than Glasgow and the socioeconomic structure is quite diverse across them.

In terms of youth population,

Glasgow City presents a quite youth population, with 24.4% of the population aged 16-24 years old, way above the Scottish average of 18.5%. As presented in Table 3 below, the percentage of youth population is way lower among the rest of council areas, ranging from 14% to 19%.

Although Scotland is not a very diverse country in terms of ethnical background (84% white Scottish), Glasgow City – jointly with Aberdeen and Edinburgh City – is one of the regions with the largest variation in terms of ethnicity (78.6% white Scottish). However, most of the population is born in Scotland (82%) and this share is even higher (around 90%) in the rest of council areas of GCR. However, in the Scottish context Glasgow City is one of the pole of attraction of foreign born population who have lived in the country for less than two years (26%), even above the Scottish average (22.1%).

One of the differential characteristics of Glasgow City is the larger share of socially disadvantaged people. The share of economically inactive people (aged 16-74) who are considered as long-term sick or disabled is 23.7%, way above the 16.6% Scottish average. This figure widely varies across GCR council areas, ranging from 11.2% in East Dumbartonshire to 24.8% in Inverclyde. According to [Understanding Glasgow: The Glasgow Indicators Project](#), in 2015 34.1% of children in Glasgow City were considered to live in poverty (after housing costs), the highest among the Glasgow and Clyde Valley, which ranged from a minimum of 14.2% in

East Dumbartonshire to 27.9% in Inverclyde. Glasgow City also has one of the lowest life expectancies, being 73.4 for male and 78.8 for female, while the Scottish averages are 77.1 and 81.1. Once again, East Dumbartonshire is the region with an above average life expectancy for both males (80.5) and females (83.5), while the rest of council areas fall in between.

In the educational sphere, Glasgow City presents a more polarised picture. The percentage of 16-17 year olds in education is the lowest in the region (74.4%, below the 79.8% Scottish average), which is considered one of the key transitions in the Scottish educational model (i.e. positive destinations). The share of the population with no qualification is also quite high (32%, compared to the 26.8% Scottish average), but the share of people with higher educational qualifications is 25.9%, similar to the Scottish average of 26.1%. Thus, it can be claimed that Glasgow City works as an attraction centre for people who want to upgrade their skills, both at the national and international level, as the three well-known universities and the three prestigious colleges attract many students that might later on stay to work in the region. However, it is worth mentioning that this polarisation is larger in other council areas, such as East Dumbartonshire and East Renfrewshire, and it works the opposite way (larger share with no qualifications and smaller share with high level qualifications) in Inverclyde and North Lanarkshire.

Last but not least, in terms of employment and economic activity the most relevant economic sectors are quite similar across council areas, being the service and retail sector the most important, followed by human health and social work activities and education. The share of economically active people across GCR is also quite similar, ranging from around 64% in Glasgow City to 70% in South Lanarkshire. The unemployment rate is also quite low across the region, being the lowest in East Dumbartonshire (3.5%) and East Renfrewshire (3.5%) and the highest in Glasgow City (6.5%). If we have a closer look to the unemployment rate among youth (aged 16-24) the lowest is in Glasgow City (27.8%), below the Scottish average (30.2%). These figures are quite similar across the region, being the largest in North Lanarkshire (31.9%).

Table 23: Relevant socioeconomic statistics for GCR, Scotland's Census, 2011

	Scotland	Glasgow City	East Dumbarton-shire	East Renfrew-shire	Inver-clyde	North Lanark-shire	Renfrew-shire	South Lanark-shire
Population count	5,295,403	593,245	105,026	90,574	81,485	337,727	174,908	313,830
% of population aged 16-29	18.5	24.4	15.0	14.9	16.9	17.7	17.4	16.4
% population white Scottish (ethnicity)	84.0	78.6	88.6	87.0	93.8	92.8	91.3	91.6
Country of birth: Scotland	83.3	82.0	89.2	89.3	92.9	93.5	91.1	91.4
% Resident in the UK for less than two years (only foreign born)	22.1	26.0	6.4	6.7	8.5	10.7	17.3	10.6
% uses a language other than English at home	3.9	3.9	1.8	1.6	1.3	1.9	2.0	1.6
% of economically inactive people aged 16-74 who are long-term sick or disabled	16.6	23.7	11.2	12.5	24.8	21.5	20.5	18.7
% self-reporting very good general health	52.5	49.3	56.6	58.8	50.4	50.7	51.5	51.3
% of 1 person household	34.7	43.1	28.4	30.2	38.5	32.1	38.6	33.5
% 16-17 year olds in education	79.8	74.4	89.3	90.1	83.3	77.0	81.1	77.5
% with no qualifications	26.8	32	19.9	19.2	32.6	33.0	28.1	29.0
% with highest qualification attained Level 4	26.1	25.9	34.8	35.2	19.7	17.2	23.1	22.0
%	69.0	64.5	69.2	69.9	64.2	69.6	68.7	70.1

economically active								
% unemployed	4.8	6.5	3.5	3.5	5.2	6.0	5.1	5.1
% unemployed aged 16-24	30.2	27.8	29.6	30.0	29.9	31.9	29.6	31.2

Source: [Scotland's Census](#).

In sum, in the Scottish context the most distinctive socioeconomic characteristics of GCR are its larger percentage of diversity, a higher degree of poverty and deprivation, but still available educational and employment opportunities for youth, especially in the service, health, care and education sector. However, there is a clear polarisation of qualifications among youth between those that have high qualifications and those that leave school without one. Therefore, one of the main regional challenges seems to be ensuring educational and job opportunities for such a diverse population, at the same time that paying special attention and providing social services support for the most disadvantaged population in Glasgow City and other disadvantaged council areas.

4.2. Mapping of the main skills actors and institutions in GCR

In this section the main actors, institutions and the structures concerning the skills system in Glasgow City Region (GCR) are described. The main purpose of this exercise is to identify actors and institutions at any level of governance (local/regional/national/supranational) somehow involved in the local/regional skills system. The section first starts by identifying the actors and institutions and providing a brief description of them.

Afterwards, they are located in one or more parts of the skills system. As discussed in the introduction of this report, the skills system is composed by the skills formation market and the skills use market. The position of the actors and institutions identified and their relations is visually presented in Figure 3 below. The main purpose of this exercise is to identify the main actors and institutions directly involved in the skills formation and use markets in GCR and their relationships.

As mentioned in the previous section, GCR is formed by eight local authorities (see Figure 2 above). Each one of them has its own city council and education and employment services. Therefore, the description of the same institution applies to different centres spread across the region with a similar mission.

4.2.1. Identification and description of actors and institutions in GCR

In GCR there are ten relevant institutions that have been identified as being involved in the governance of the local skills ecology. A brief introduction to each one of them follows and a systematic description of each of these institutions is available in Table 5 in the annex.

- 1) Local authorities: each one of the eight councils constituting the GCR has a local authority with responsibilities in terms of education and training. Although it varies across councils, most of them have an education services department, which mainly deals with school related issues and, to a lesser extent, with lifelong learning policies. Most education services include adult education. Lifelong learning policies targeting vocational skills formation are usually included in the employment and skills and/or youth services. The education and employment services of local authorities also tend to cooperate with

other departments with overlapping interests, such as the economic development or regeneration services.

- 2) Colleges: there are six colleges in GCR. Colleges in Scotland are self-governed and are independent. Their main mission is providing vocational education and training recognised by the Scottish Qualification Authority (SQA) with knowledge and skills relevant to the regional labour market. They are funded by the Scottish Funding Council (SFC) via Outcome Agreements. For the past years there has been a regionalisation of colleges in Scotland that has led to the merge of some of them. The six regional colleges are the result of a fusion of the previous ten existing colleges in the region. The main aims of this regionalisation of colleges were: a) rationalise costs, and b) better align the courses taught with the skills needs and demands of the regional labour market. The three colleges in Glasgow City are governed by the [Glasgow Colleges' Regional Board](#), which is a regional strategic body responsible for ensuring a coherent provision of higher and further education in Glasgow.
- 3) Universities: there are five university institutions in GCR: [University of Glasgow](#), [Glasgow Caledonian University](#), [Glasgow School of Arts](#), [University of Strathclyde](#) and [University of the West of Scotland](#). Their main mission is providing higher education level qualifications. The main campuses of four of them are located in Glasgow City. For the past years universities in Scotland have been working on the promotion and development of knowledge and skills relevant to the labour market, incorporating new qualifications (e.g. Graduate Apprenticeships).
- 4) Skills Development Scotland (SDS): it is the national skills agency supporting people and businesses in Scotland to develop and use their skills. There are 21 career centres in GCR providing individual support to people to develop and use their skills and to businesses to look for people with their skills needs. SDS mission is responding to the regional labour market demand needs through skills formation, career guidance and apprenticeships placements. They also have a central role in funding and managing the [Modern Apprenticeships](#) program.
- 5) Education Scotland: it is the national body in Scotland for supporting quality and improvement in learning and teaching. Although the main focus is on compulsory education, for the past years the support and focus on post-compulsory education and training – especially for youth – has increased. One of its challenges is implementing national policies at the local and regional level.
- 6) Scottish Funding Council (SFC): it is the national funding body for colleges and universities. Each college and university in GCR – and the rest of the country – establishes an agreement with SFC setting the quality and learning goals to be reached. Colleges and universities have to report to SFC, which monitors and evaluates their performance.
- 7) Scottish Qualification Authority (SQA): it is the national body for accrediting and awarding qualifications. It works closely with educational institutions (including colleges and universities) to ensure quality learning and knowledge leading to valuable qualifications to continue to further studies or to the labour market.
- 8) Glasgow Chamber of Commerce: it is an institution representing the voice of businesses in GCR. The members of the institution are private employers and business owners. The

institution promotes and develops activities beneficial to their businesses, such as networking opportunities, skills and training courses for employers and staff, business solutions and cost savings support.

- 9) Scottish Union Learning (SUL): it is part of the Scottish Trade Union Centre (STUC). It supports trade unions in accessing skills and lifelong learning opportunities for their members that contribute to collective prosperity, fairness and equality, for workers across Scotland. Their main role is not providing skills formation, but to be aware of the existing landscape of skills formation supply and support trade union members in getting the skills formation they want or need.
- 10) Charities and private training providers: although most of them are concentrated in Glasgow City, throughout the region there are a number of new charities and private training providers involved in the offer of courses for skills training. There are different types of arrangements in the way the learners get in touch with the training provider or funder, but in most cases one of the government agencies or local authorities are involved in the funding and connection with learners.

4.2.2. Description of the skills system in GCR

Once the main actors and institutions involved in the skills system have been identified and briefly described, this section focuses on the relationships among them. Figure 3 below presents the skills system in GCR divided in the skills formation and the skills use markets. First, the institutions involved in the skills formation market and their relationship are explained. Second, the same exercise is presented for the skills use market.

Which institutions are involved in the skills formation market in GCR?

Most of the institutions identified in the previous section are involved in the skills formation market. The most important institutions concerning the supply of the skills formation in GCR are the six regional colleges, the five universities and the apprenticeships system (mainly, Modern Apprenticeships programme) provided by Skills Development Scotland (SDS) and the Glasgow Chamber of Commerce (DYW). As noted above, there are also a number of charities and private training providers across the region offering training.

The national bodies Education Scotland, Scottish Funding Council and the Scottish Qualification Authority are situated in a mid-position between the supply and demand of skills formation. They influence both the supply of skills formation (i.e. the courses and training on offer) but also the demand for the education and training through the policy agreements and promotion of certain types of skills formation. The Scottish Union Learning (SUL) is in a mid-position, as it matches the existing supply of skills formation to the demands of trade union members. However, it is worth pointing out that SUL concentrates on facilitating skills formation for workers. Although some youth are in employment a lot of them find themselves in the transition from education to the labour market and without a job. The SUL has some specific programs targeted to youth, but mainly targeting youth already employed.

The demand for the provision of these skills formation courses basically comes from young adults in the region, who actually enrol in courses and attain knowledge and skills, which are usually accredited by a qualification. It is worth pointing out that young adults are one of the main absences detected in the identification and description process in the previous section, as there is not any formal institution representing young adults in GCR. Even if the rest of

institutions are intended to provide good quality knowledge and skills relevant to young adults and that serve their interests, there is no formal institution where youth can organise and represent youth voices in relation to their skills formation and use expectations, ambitions and concerns.

Other actors that can be considered as somehow influencing the demand of skills formation are local authorities, who usually have to implement national policies involving skills formation. Local and regional employers, as well as the Glasgow Chamber of Commerce are also in demand of skills formation courses of interest to their economic activities, in order to ensure a regional ready-to-work workforce.

Which institutions are involved in the skills use market in GCR?

The supply of skills to be used in the labour market is basically provided by young adults who are willing to use them. Colleges are smoothing the path, putting in touch young adults and firms via the work placements and on-the-work training programs. The same applies to higher education institutions, although to a lesser extent, given the lower share of students who engage in work placements or other forms of on-the-work training previous to graduation. Another institution that somehow facilitates the links between the skills formation and the skills use market is the Glasgow Chambers of Commerce, as it connects schools and other educational institutions with local employers.

The demand of skills use in the regional labour market comes from the public employers (local and regional public institutions) and private employers in GCR. Charities and third party organisations are also in demand of young adults' skills use, as they can volunteer or have work placement apprenticeships in some of them.

As noted in Figure 3 below, Skills Development Scotland (SDS) is the only institution involved in the whole process. It has a relevant role in skills formation, through the apprenticeships system (mainly the Modern Apprenticeships programme), but its role is even more crucial in connecting the skills formation and the skills use market. SDS's main mission is responding to labour market demands. The skills agency detects the skills use needs at the regional level and promotes skills formation targeted to fill the existing gaps. Although there is no coercive mechanisms to do so, the fact of offering a given amount of courses on specific topics with work placement in specific sectors is one of the most efficient and attractive ways to match the supply with the demand of skills at the regional level.

Some considerations

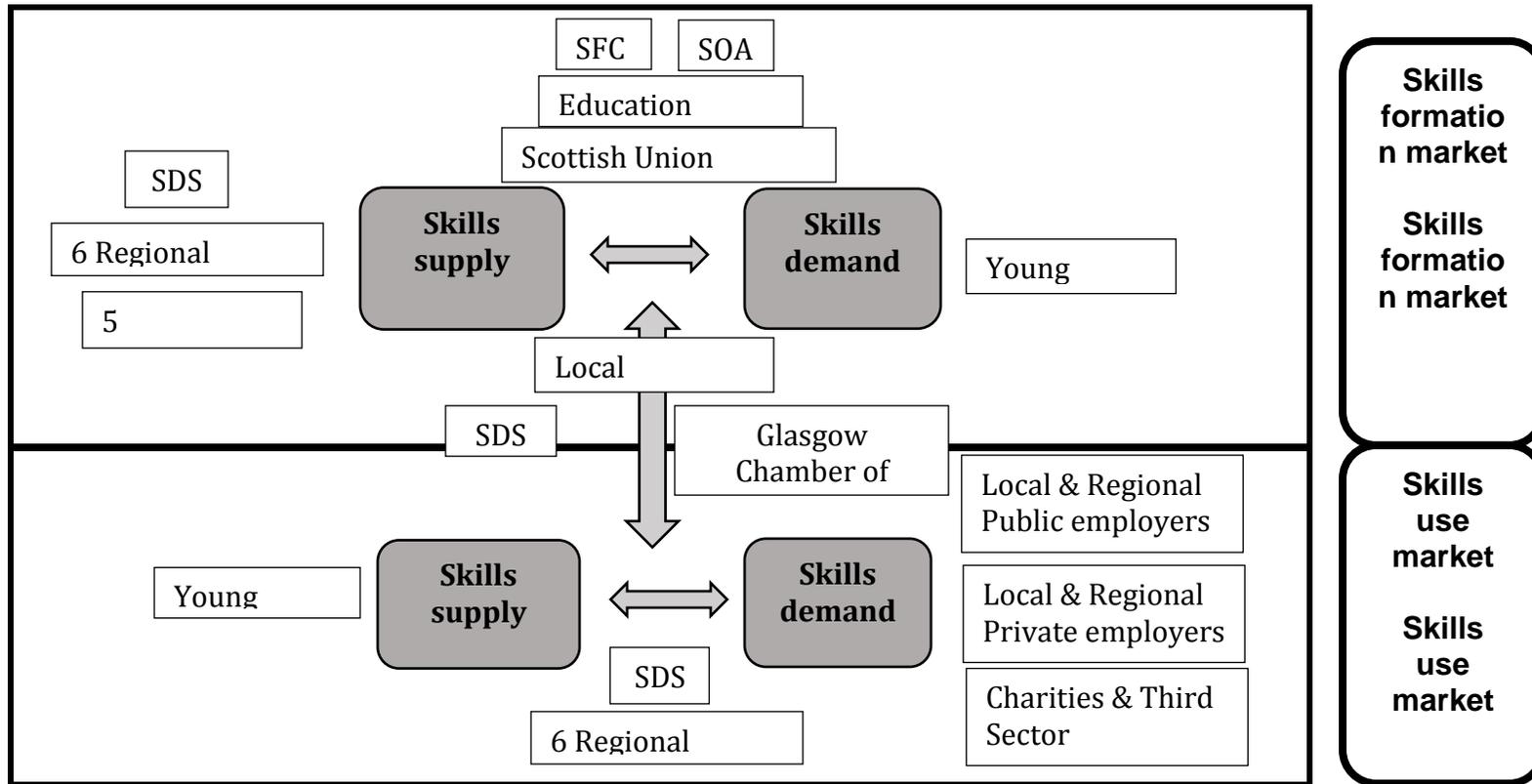
Although in the mapping presented there are several institutions at the national level (Education Scotland, SDS, SFC, SQA, and Scottish Learning Union) the implementation and links are made by regional actors and/or regional branches of these institutions. For the past decades the Scottish policymaking tradition has been characterised by setting national strategies from the Scottish Government but allowing enough flexibility to adapt it to the regional needs and specificities based on the partnership model. By the mapping of institutions it seems obvious that SDS is the institution with the greatest capacity to engage and create links among actors from the skills formation and skills use market.

However, some potential gaps of coordination can be detected based on the regional reach of the different institutions. While the skills agency (and the Scottish Government) are working on a regional approach basis some other institutions – such as local authorities – are responsible for

a smaller geographical part of the region. Others might have been working on regional strategies lately – like the colleges and universities – but they are not naturally forced to do so. Similarly, employers might be happy to unite efforts and networking possibilities at the regional level, but they might well go beyond it if required. The same applies to the Scottish Learning Union, who is not organised in this regional structure and that might make more difficult coordination and work with the rest of institutions.

Last but not least, even if the Scottish Government and SDS plan and work at the regional level, in the case of the GCR the fact of dealing with the most populated city in the country with all its specificities makes it difficult to provide and keep proportionate attention to the rest of the region, which might be less populated but still face different challenges than Glasgow City.

Figure 3: Skills system in the Glasgow City Region: skills formation and skills use



Source: authors' elaboration.

4.3. Analysis of the local governance of skills in GCR

In the previous section we have identified and mapped the main actors, institutions and structures involved in the skills system of GCR, which has served as a starting point to draw on their policy orientations and interests and the level and forms of coordination of skills policies. In this section we analyse in depth actors' policy orientations and forms of coordination. The main source of information comes from the semi-structured interviews conducted with key informants in the skills system at GCR. These informants come from the Glasgow City Council, Skills Development Scotland (SDS), Glasgow Chamber of Commerce, Glasgow Colleges' Regional Board, one of the main Colleges in Glasgow and the Scottish Union Learning (SUL).

4.3.1. Actors' policy orientations in GCR

In this subsection we are going to identify the main policy orientations of the actors and institutions involved in the skills system in GCR. We will do so by discussing the following topics: 1) how actors perceive the developmental challenges faced by GCR; 2) what are the economic and social plans for GCR and which is the role of skills; 3) what evidence is used to plan GCR skills agenda; and 4) what are the actors' perceptions of the quality and availability of skills in GCR.

Developmental challenges in GCR

Several developmental challenges for GCR were mentioned by the interviewees, some coming from the supply, others from the demand side and others from the coordination of both. On the supply side, some of the interviewees highlighted as a challenge to ensure that young people do not leave school or training after school (SDS), making sure that they get involved in non-compulsory education or training. This, in turn, should support the challenge of improving the employability and productivity (Glasgow City Council) of a share of youth with low qualifications and skills.

On the demand side, the main challenge for disadvantaged young adults is accessing to jobs and, especially, to good quality jobs (SUL) in the region or locality (Glasgow College, Glasgow Chamber of Commerce).

Others have combined the supply and demand perspective arguing that there is a mismatch between the wide range of skills formation and use opportunities in GCR and the reality for the young adults there (Glasgow Colleges' Regional Board). Given the polarisation of skills among young adults in GCR between those that have high and low skills profiles, it seems that those who live in GCR but not in Glasgow City tend to commute and work in Glasgow City in high skilled jobs, while the most disadvantaged young adults that live in Glasgow City's most deprived areas struggle to find a job in the city (Glasgow City Council, Glasgow College).

Economic and social plans in GCR

The main plans to cope with the developmental challenges of the region are, generally, quite aligned with the national policies of Developing the Young Workforce (DYW) and with the Glasgow Regional City Deal. To some extent, all the institutions taken into consideration are following the directives proposed by this national policy such as: widening access with special focus on disadvantaged young adults (colleges) and improving the links between schools and colleges and employers (Glasgow City Council, Glasgow Chamber of Commerce, SDS, colleges and schools). Each one of these organisations is setting bilateral links between educational providers and employers. The only institution that seems somehow less aligned

with these plans is the SUL, as it mainly works with people who is already employed.

The Modern Apprenticeship (MA) program, mainly managed by SDS, is also one of the main plans addressing the aforementioned regional challenges for disadvantaged young adults. As most of the skills formation courses, the MA program is publicly funded, being one of the flagship policies implemented by SDS as part of the DYW policy. SDS is responsible for allocating the young adults looking for skills formation and work to apprenticeships in the region. Even if the employers assume part of the cost of on-the-job training and work-based learning of the young adults they also get economic incentives for that, which are publically funded.

Colleges are also publically funded by the Scottish Funding Council (SFC). Each college establishes an Outcome Agreement with the SFC setting their goals and priorities on a yearly basis. Funding is based on the monitoring and attainment of these goals. Scottish students do not usually have to pay any fees for college's courses. Therefore, it can be stated that skills formation at GCR is basically publically funded.

Evidence to support GCR skills agenda

Interviewees from all institutions interviewed use as their main source of evidence for diagnosing, analysing and planning solutions for the region the data hub publicly published by SDS. The national skills agency produces Regional Skills Assessments (RSA) based on regional data gathered by SDS and from other existing sources (e.g. Scottish Government, SFC, city councils).

The information to identify skills needs and to be considered as a key economic sector in the region is mainly based on these RSA reports. According to these, the main economic sectors in GCR are: financial business services, health and life sciences, food and drink, tourism & business visitors. The consideration of these sectors as strategic and relevant is based on its Gross Value Added (GVA) growth at the regional level and the number of employees in each sector. Although some might be small in the number of employees (i.e. health and science) they can be considered as strategic for economic growth. Based on these figures, SDS tries to make match the offer of MA in the region with the regional demands needs by sector. SDS also performs regional skills forecasts in order to adapt the skills formation to future regional skills needs/demands.

Colleges are also in touch with local and regional employers and try to provide ready-to-use skills for the labour market. However, they are well aware that they cannot meet all the specific demands from employers and that their role is to provide occupation specific skills that can be used in a broad range of businesses in a sector.

Previously to the RSA reports institutions declared that they were using their own data records and/or produced their own labour market intelligence. However, the efforts made by SDS makes it easier for the rest to use their data and complement it in some cases with in-house data (e.g. Glasgow Chamber of Commerce commissions some short employers surveys on specific topics) or with other regional data produced by other institutions (e.g. colleges follow-up data, Federation of Small Businesses, Joseph Rowntree Foundation).

Actors' perceptions in GCR

Two main points were raised during the interviews in relation to the actors' perceptions on the skills of young adults: first, the skills polarisation between high and low skills profiles in GCR, which are not randomly distributed across the region; second, the increasing relevance of the digital, IT and STEAM skills, which are highly demanded by employers and report to have some

difficulties in finding people with these skills.

Some of the interviewees (SUL and Glasgow Chamber of Commerce) also mentioned that employers think that youth lack soft skills relevant for the world of work, but the interviewees agreed that there are skills that can only be learnt with work experience and maturity. One of the interviewees (Glasgow College) also mentioned the lack of self-esteem and knowledge of cultural norms among young adults coming from deprived areas, which make it even more challenging for them to get and keep a job.

Some considerations

Even if each actor presents it from a different perspective, it could be argued that most of the actors interviewed agree with the fact that GCR is a polarised region in terms of skills attained by young adults and that the main challenge is to improve the skills and employability of those most disadvantaged and facilitate their access to local jobs. However, the main difference is in terms of orientation and the power of these actors on improving young adults' employability, on the development of new jobs or in the coordination of both.

In terms of planning and policy agenda, it seems that all the institutions are somehow aligned with the national strategy of DYW, which is currently the most important Scottish policy for youth employability and skills. It is obvious that efforts are directed at implementing and tailoring it at the regional level. However, evidence to do so comes mainly from the government's skills agency (SDS), which is the main institution providing information at the regional level. This might also influence the way actors perceive young adults' skills, as there is quite an agreement in the problem diagnose and solutions proposed at the regional level.

Based on SDS's approach and the data provided, it could be argued that the main skills formation policies in GCR are directly influenced by the labour market needs and, more specifically, based on the regional labour market needs. Skills formation courses leading to a qualification and apprenticeships aim at providing ready-to-use skills and work-based learning to improve the employability of young adults, at the same time that ensuring that the skills learned are going to be used in the labour market by these young adults. Therefore, the skills that are considered as relevant in the region are based on the regional labour market needs.

Since public actors (City Councils, SDS and Colleges) are the ones steering the skills formation for disadvantaged young adults, it can be stated that the degree of public commitment to skills formation is high. The public commitment to skills use is also high, at least in reference to labour market use, as skills formation courses are aligned with concrete labour market sectors and occupations. However, it can be noticed that the assumption among these institutions is that disadvantaged young adults need to get a job to improve their situation and, the only considered way to do so is by providing ready-to-use skills targeted to the regional labour market needs. It seems that the way to smooth the transition from education to the labour market is by providing work placement learning opportunities. The MA scheme uses the work placement as a way to facilitate this transition, at the same time that reducing employers costs of recruitment and training. In the case of colleges, even if they do not have to secure a work place for each student it is strongly recommended to students to look for one as a way to facilitate the transition.

The degree of involvement of private employers and third party organisations varies across sectors and the region. In general terms, it could be argued that the key economic sectors in GCR (business and financial services, ICT, care, tourism and food and retail) are to some

extent involved in the skills formation of young adults when providing apprenticeships vacancies. The young adult in an apprenticeship is not considered as a “cheap” worker, but as a person that is in training. However, from an employer perspective the fact of having someone being trained in house and, at the same time, screened as a potential suitable worker for the job is a way to reduce recruitment costs. Across GCR there is variation in terms of the availability of apprenticeships and jobs opportunities. While in Glasgow City there is a higher concentration of available apprenticeship vacancies and future job opportunities, in the rest of the region the concentration of businesses is lower and young adults of areas surrounding Glasgow City usually have to commute to get an apprenticeship position.

4.3.2. Level and mechanisms of coordination

Following up on the previous subsection, the focus of the current one is on the level and forms of coordination between public authorities at different levels (local, regional and national) and the communication between the supply and demand of skills formation and use. The identification of the formal and informal ways and spaces of coordination and dialogue between actors and institutions in the skills system are also outlined.

Levels of coordination

As argued in the previous section, skills formation is basically publically funded in the GCR. However, most of the funding comes from the national level. Therefore, there is a need of coordination and collaboration among different institutional levels. SDS can be considered the key institution in the GCR in reference to the vertical coordination with the Scottish Government. SDS is linking the national authorities with the regional ones. They work with the local authorities and the Community Planning Partnerships (CCP) to ensure that national skills policies (basically MA and DYW) are translated into the local context. This coordination is registered through the CPP Single Outcome Agreements and the Youth Employment Activity Plans at the local level. These local linkages and plans facilitate local and regional data gathering, which are later translated into regional reports that facilitate regional policy monitoring and evaluation. However, this involves several departments and/or units of the same institution (e.g. Glasgow City Council), making the horizontal coordination among education, employment, development, social care and health departments a bit more challenging.

Similarly to the previous example, the SFC also translates and makes the link between the national policies with the regional ones when in relation with the Glasgow Colleges' Regional Board and the three regional colleges. As mentioned before, the College Outcome Agreement are a way to monitor and keep track of the way regional colleges are deploying the national policies and adapting it to the regional context.

Therefore, it could be argued that even if the policy direction is quite directive from the Scottish Government (centralisation) it is flexible and broad enough to allow for contextual implementation and enactment of the skills formation and use activities and programs by regional and local actors. However, it is interesting the fact that the interviewees feel quite empowered at the regional level and none of them explicitly mentioned the central level as a direct influencer. However, it was mentioned in one of the interviews that cooperation with the Department of Work and Pensions (DWP) and job centres in the region would be advisable to help to support young adults who are unemployed.

Forms/mechanisms of coordination

As mentioned above, one of the main points of connection between public and private actors is the MA and the DYW policy. Institutions involved in these policies (SDS, Glasgow Chamber of Commerce and City Councils) meet frequently in coordination boards. It is interesting to point out that geographically speaking the headquarters of all of them are in the same square (George Square, Glasgow), what facilitates the meetings among representatives of each institution. These allows them to keep in touch and connect with employers who, even if are not formally represented in these boards, are usually consulted because of their collaboration in the work placement of the young adults. Actors consulted understand it as a regular dialogue that allows all of them to be up-to-date with each other's' activities. This frequent exchange of information facilitates collaborations and sum of efforts when common interests and activities are identified. Although it has been suggested by some parts (i.e. Glasgow Chamber of Commerce) to have a memorandum of understanding to record, formalise and plan these collaborations, it is still not a reality.

Employers are organised via the Glasgow Chamber of Commerce and the Glasgow Economic Leadership (GEL) board, which was originally set up to support Glasgow city's economic strategy. The key industries in the board are financial and business services, health and life sciences, creative industries and tourism and visitor economy. It is a tripartite board, as there are these private sector representatives, public sector institutions and academia (it is chaired by Strathclyde University).

Another point of collaboration among actors is the one created by the Glasgow City Region City Deal. It gathers representatives of the different local authorities at GCR, which have agreed, funded and collaborated in different strategical projects in reference to infrastructures, skills & employment, and innovation & business growth. With regards to the skills & employment area, the main project relevant to young adults is the "Youth Gateway", an integrated employment project to support youth aged 16-24 into sustained work. It has been argued that this regional city deal has not only strengthen the links between city councils, but also with local employers, initiating another space of frequent dialogue between local authorities and employers.

There are also a number of bilateral forms of collaboration among some of the actors involved in the skills system in GCR which are less formalised than the previous ones. For instance, SDS has agreements in specific subjects with the Scottish Trade Union Congress (STUC) on specific areas of work, but the unions are not usually reflected in the governance structures because they are built on the city region deals. The Glasgow Chamber of Commerce collaborates with schools and employers to put them in touch and get to have employers' ambassadors in school who can connect youth with the world of work. Colleges also have bilateral connections with local employers, based on personal or longstanding connections.

Generally speaking, most of the interviewees think there is a good coordination and work among partners. Some mentioned it is the result of a long time partnership construction, especially in Glasgow City. The Glasgow Equal Access, the Glasgow Works and the economic strategies following it have been the basis to construct this partnership and make coordination effective. The fact that all of them are mainly using the same evidence collected from SDS can be identified as the main mechanisms of coordination. Since this data is based on identifying labour market needs and trying to fit the supply to the demand, it can be stated that it is a clear form of market coordination.

SDS can also be identified as one of the most powerful organisations in the skills system for several reasons: it has comparatively high resources, it focuses on the regional level and its main objective is to address skills strategies at the regional level. Therefore, its main task is to cooperate and partnership with local institutions – not really regional – and it has a powerful and funded tool like MA to connect youth, educational institutions and employers.

However, there are also some challenges detected in terms of coordination. First, from the Glasgow City Council it has been expressed the difficulty to coordinate with seven other local authorities at the regional level. Each local authority has its own internal organisation. It is already difficult to coordinate with another department in the same institution, but it is even more challenging to do so with several departments from different local authorities. Some interviewees have also mentioned the fact that there are so many different boards that the challenge remains in avoiding overlaps. There is usually clarity and agreement in the strategic lines, but not on the execution.

4.4. Assessment of the quality and use of skills in GCR

In this section we are going to assess the type, quality and use of young adults' skills in the labour market in the GCR. Building on the information provided by previous working packages (WP3 and WP4) and using secondary data and grey literature (e.g. reports, statistical outlooks) at the local/regional level we are going to first describe the level and type of youth people's skills available to be used in the labour market at the regional level. We are then going to assess which are the difficulties employers are facing in using workers' skills and which are the detected regional skills (mis)matches. From a regional perspective we will also assess to what extent the regional labour market is attracting and/or retaining young adults and which are the characteristics that can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills.

Type and quality of skills

As mentioned in the previous section, for the past few years SDS has been working on gathering education, employment and skills data at the national and regional level. One of the main outcomes are the Regional Skills Assessment (RSA), aiming to provide regionally tailored information to facilitate regional and local enactment of the skills strategy and other related education and employment policies, which we have considered as the main mechanism of coordination in GCR. One of the [RSA is for Glasgow Region](#), which includes Glasgow City, East Dunbartonshire and East Renfrewshire. Although it does not exactly match with the FR under study in the present report the information reported can be considered as very close to the one of GCR, mainly because most of the jobs and educational institutions in the region are concentrated in Glasgow City.

According to the information gathered by SDS, after the economic crisis there has been an increase in the number of youth staying in education and enrolling in further education courses. Compared to previous years, there has been an increase in the number of people enrolling in Modern Apprenticeships (MA) and in Colleges courses, included the ones leading to higher education certification. It is worth mentioning that, in comparison with other Scottish regions, Colleges in Glasgow Region cater for an above average proportion of students from deprived areas. The increase in the enrolment numbers in university courses has been way more modest both in relation to the other education levels and to the rest of Scotland.

Across educational levels, the most demanded courses are in relation to business &

management, art & design, care and ICT subjects. Medicine and engineering are also popular subjects at the university level. These are to some extent in line with the regional labour market demands.

Skills (mis)matches

According to SDS reports, most employers, in GCR have recruited school, college and university leavers from Scottish educational institutions. Most of them consider that the people they recruited are well prepared for work. However, among those that consider that the people recruited are lacking some skills and competencies, they are mainly related to lack of experience, motivation and positive attitude, rather than to technical skills. In relative terms to the rest of Scotland, it seems that the proportion of employers considering that their employees are not proficient enough is higher than the national average.

In relation to the sector, GCR most demanding economic sectors are business and financial services, ICT, care, tourism and food and retail. There have been detected some skills gaps and shortages in financial and ICT services. These current and future skills gaps and shortages are trying to be addressed via the Skills Investments Plans.

The UKCES Employer Skills Survey reports concrete information for the wider area of the [Glasgow & Clyde Valley](#), which matches with the functional region of GCR. According to the [Scottish report](#) of the UKCES Employers Survey, Glasgow City is the region in Scotland with the highest proportion of vacancies and density of work. It is also among the regions with highest percentage of skills shortages. Generally, the skills that employers consider people are lacking are job or organisation-specific. In comparison to the rest of Scotland, it seems that Glasgow is among those with the lowest percentage of skills gaps. However, it is among the top ones experiencing skills underutilisation.

Although Glasgow is also among the top regions whose employers declare that they are providing training, most of this training is firm or sector specific and does not apply to all employees. The main reasons employers report for not providing further training are because employees are fully proficient, or because of lack of time and resources to do so. This opinion contrasts with workers' opinions gathered by the [Scottish Learning Union](#): workers mainly state that their training was needed and useful.

Attraction and retention of skills

It seems that most of the people enrolled in Glasgow City educational institutions are from the region. This is not surprising, since people usually study nearby the place where they live or move somewhere to study. However, we can see that there are a number of people studying English for Speakers of Other Languages (ESOL) courses, which might be a proxy of the degree of attraction of GCR for foreign young adults. Among university students, there is a big share of them who come from the rest of the UK, the EU and abroad. Therefore, it seems that universities in Glasgow are a pole of skills attraction.

In comparison to the rest of Scotland, employers in Glasgow do not seem to have large difficulties in retaining employees.

Young adults' characteristics

There are two characteristics worth pointing out that might be affecting [young adults' opportunities](#) in GCR. As in most countries, the fact of having a higher level of skills facilitates employment, compared to those that do have a lower level of qualification. Therefore, young adults with a higher educational level are more likely to be employed than those that do not.

This is especially relevant in GCR, where an above average of students come from a disadvantaged background, being more likely to attain lower educational levels, compared to their peers coming from a more advantageous social background.

The second characteristic also applies in many countries, although its relevance might vary. In the case of GCR, it has been noted above that one of the sectors experiencing a skills shortage is ICT, which is usually dominated by men. Students enrolling in ICT related courses are mainly men. Regardless the efforts put in place to encourage women to enrol in ICT courses. It seems that there is still a lot of work to do in this direction.

4.5. Conclusions and implications for young adults in GCR

Glasgow City Region is one of the regions in Scotland providing more educational and employment opportunities for youth. However, these opportunities are not equally available to all young adults living in the region, given the polarisation experienced in the region in both the educational and employment outcomes. Young adults coming from most deprived areas have more challenges beyond the educational and work spheres that reduce their potential outcomes.

The skills system of GCR is well organised and there are existing partnerships among the most important institutions at the national, regional and local level. It seems that the most powerful actor in the region is SDS and the main mechanisms of coordination among institutions is the information provided by this institution via the Regional Skills Assessment (RSA). However, they have to deal with a polarised young adult population and they tend to focus on the most disadvantaged ones.

If we take into account the framework presented in Figure 1 in the introduction, it can be argued that the opportunities for young adults are strongly related to the socioeconomic context of the region. This is especially important for disadvantaged young adults, which in the case of GCR basically refers to youth coming from socially disadvantaged families living in the most deprived areas of Glasgow City. Even if educational and employment opportunities are available in the region and there is as skills system organising and coordinating it, they still have some personal and social challenges that keep them from progressing. The initial challenge is in finishing school with a qualification. There is a share of them who do not succeed in doing so. There are policies in place to support these youth and make sure that they continue studying in a college after leaving school (even if without a qualification) which can then facilitate the transition to employment.

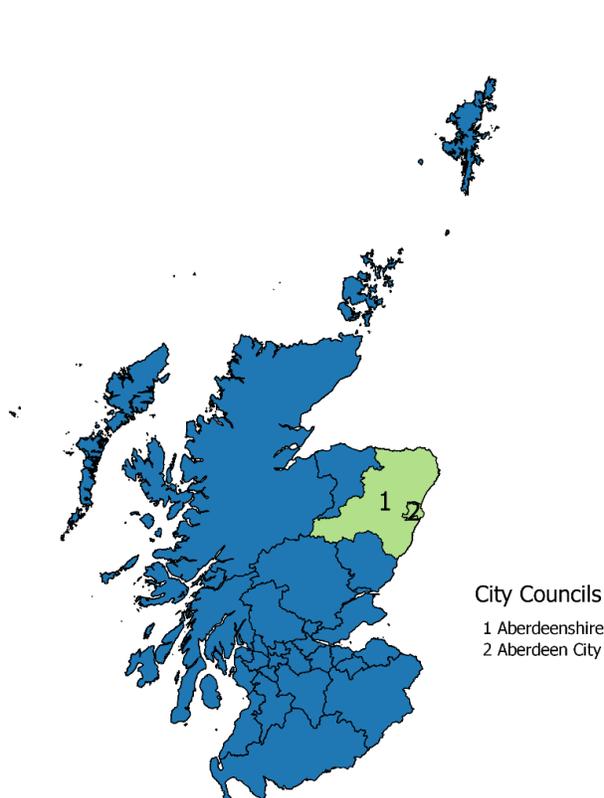
Obviously, this situation is not going to change overnight. However, it is worth pointing out that there are mechanisms in place to support the transition of these disadvantaged from compulsory education to further education and to the labour market. Similar and related policies and local and regional work have been in place for a long time in Glasgow City, and to a lesser extent in the rest of the region. Therefore, it can be claimed that there is still a long way to go, but selected mechanisms and policies are in place, partnerships have a long-standing tradition and there are improvements on the way for disadvantaged young adults, mainly directed by the Scottish Government and regionally tailored and implemented by the regional and local actors.

5. Analysis of skills supply and demand at Aberdeen City & Aberdeenshire Region

Based on the frameworks, theoretical approaches and the methodologies detailed in the introduction and methodological sections, this section presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Aberdeen City and Aberdeenshire Region.

5.1. Socioeconomic context in ACAR

Figure 4: Aberdeen City & Aberdeenshire council areas



Source: authors' elaboration.

Aberdeen City and Aberdeenshire Region (ACAR) is located in the northeast of Scotland. Although it is well connected by train, road and it also has an airport, it is an area more isolated compared to GCR. It is far from the so called “central belt” of Scotland that unites Edinburgh City with Glasgow City. Aberdeen City and Aberdeenshire are two quite different council areas that conform a single region. Although the population in both council areas is quite similar, the population in Aberdeen City (222,793 people in 2011 Census) is concentrated in an urban and small area, compared to Aberdeenshire (252,973 people in 2011 Census) which presents a more rural and larger area. Overall, it represents around 9% of the Scottish population. In 2008 the [Strategic Development Planning Authority](#) (SDPA) partnership was created between the city councils of Aberdeen City and Shire with the objective to jointly plan and guide

development over the next 25 years.

Aberdeen City is the third largest city in Scotland and it is well known for its oil and gas industry. Traditionally, the region was dependent on agriculture, fishing, and forestry and related processing industries, but over the last 40 years, the development of the oil and gas industry and associated service sector has broadened Aberdeenshire’s economic base, and contributed to a rapid population growth of 50% since 1975.

The relevance of the oil and gas industry has impacted ACAR in several ways. It has rapidly increased its population, mainly attracting young people with high educational qualifications from Scotland, the UK and abroad. In 2011 the share of people aged 16-29 in Aberdeen City was 25.6%, well above the Aberdeenshire 15.2%, being the Scottish average 18.5%. In line with the previous, in Aberdeen City 75.3% of the population consider themselves white Scottish, well below the 82.2% in Aberdeenshire and the Scottish average of 84%. Similar figures apply when

considering people who were born outside of Scotland. Differences between Aberdeen City and Aberdeenshire become even larger when considering the share of foreign born who have been in the UK for less than two years (30.6% in Aberdeen City; 16.8% Aberdeenshire). It is also surprising to see that in comparison with the rest of Scotland the proportion of people using a language different than English at home is quite higher (3.9% Scotland; 7.8% Aberdeen City; 8.1% Aberdeenshire).

When referring to dependency and health issues, the region is in a better situation than the national Scottish average. The share of economically inactive people (aged 16-74) who are long-term sick or disabled in Aberdeen City (12.9%) and Aberdeenshire (10.9%) is quite below the Scottish average (16.6%), and certainly below other more disadvantaged areas of the country such as Glasgow City (23.7%). The share of people reporting who are in very good health is also above the Scottish average (52.5%), being 54.3% in Aberdeen City and 55.4% in Aberdeenshire.

Regarding education, it could be said that the region is in a better position than the Scottish average. Although the proportion of 16-17 year olds in education is lower in Aberdeen City (76.6%) than in Aberdeenshire (80.6%) and the national average (79.8%), the proportion of the population with no qualifications is lower in Aberdeen City (20.2%) compared to Aberdeenshire (23.6%) and the Scottish average (26.8%). The opposite applies for the share of people with high level qualifications: the share of people with high qualifications is larger in Aberdeen City (33.2%) than in Aberdeenshire (27%) and Scotland (26.1%), highlighting the relevance of qualifications in the city.

With regards to the labour market and the economic activity, it can be considered that the ACAR is quite active. The share of economically active population in Aberdeen City (73.3%) and Aberdeenshire (74.9%) is above the Scottish average (69%) and the unemployment rate is slightly lower in Aberdeen City (3.1%) and Aberdeenshire (2.5%) than the national average (4.8%). However, the unemployment rate among 16-24 year olds is quite similar to the Scottish average (30.2%) in Aberdeen City (29%) and in Aberdeenshire (31.7%). Probably, the fact of having an overrepresentation of young population in ACAR might be part of the explanation for these figures. As mentioned above, the gas and oil industry and mining and related activities are the most important economic activities in the region, in terms of employment in professional scientific and technical activities, but also in terms of revenues. Other relevant economic sectors are the service sector and the human health and social care activities.

Table 24: Relevant socioeconomic statistics for ACAR, Scotland's Census, 2011

	Scotland	Aberdeen City	Aberdeenshire
Population count	5,295,403	222,793	252,973
% of population aged 16-29	18.5	25.6	15.2
% population white Scottish (ethnicity)	84.0	75.3	82.2
Country of birth: Scotland	83.3	75.0	80.5
% Resident in the UK for less than two years (only foreign born)	22.1	30.6	16.8
% uses a language other than English at home	3.9	7.8	8.1
% of economically inactive people aged 16-74 who are long-term sick or disabled	16.6	12.9	10.9
% self-reporting very good general health	52.5	54.3	55.4
% of 1 person household	34.7	37.9	26.5
% 16-17 year olds in education	79.8	76.6	80.6
% with no qualifications	26.8	20.2	23.6
% with highest qualification attained Level 4	26.1	33.2	27.0
% economically active	69.0	73.3	74.9
% unemployed	4.8	3.1	2.5
% unemployed aged 16-24	30.2	29.0	31.7

Source: [Scotland's Census](#).

However, it is worth pointing out that data provided in this section corresponds to 2011 and ACAR region has been strongly impacted by the decrease in the price of the oil has experienced in the past couple of years. This event has is impacting the economic and social activity of the region. Nevertheless, it can still be argued that the most distinctive characteristic of the Scottish northern eastern region is this economic activity and the direct and indirect socioeconomic consequences for the population in the region. Aberdeen City presents an above average youth population, with high qualifications, while the rest of the region remains quite dependent on agriculture, food and drink industry and related services to the oil and gas industry.

One of the indirect consequences of the oil and gas economic activity is that the above averages salaries of this sector have increased the price of the housing, making it difficult to afford accommodation for people not employed in this economic sector. Therefore, it seems that this imbalance in terms of purchasing power across sectors might make things more difficult first, for young adults willing to work in a sector other than the oil and gas, and second, for the region services sustainability, as people might be willing to move to more affordable places to pursue their careers and lives and making some vacancies in the basic service sector (e.g. health, education) difficult to fill. However, the crisis in the ongoing crisis experienced by the oil and gas sector in the region might reduce these difference in salaries and affordability to some

extent.

5.2. Mapping of the main skills actors and institutions in ACAR

As previously done for GCR, in this section the main actors, institutions and the structures concerning the skills system in Aberdeen City & Aberdeenshire Region (ACAR) are described. The main purpose of this exercise is to identify actors and institutions at any level of governance (local/regional/national/supranational) somehow involved in the local/regional skills system and their relationships. The section first starts by identifying the actors and institutions and providing a brief description of them.

Once the main actors are identified and described they are located in one or more parts of the skills system. As discussed in the introduction of this report, the skills system is composed by the skills formation market and the skills use market. The position of the actors and institutions identified and their relations is visually presented in Figure 5 below.

5.2.1. Identification and description of actors and institutions in ACAR

In ACAR the ten relevant actors and institutions for the governance of the local skills system are the same as for GCR. A brief introduction to each one of them follows and a systematic description of each of these institutions is available in Table 6 in the annex.

- 1) Local authorities: there are two local authorities involved in the region: Aberdeen City Council and Aberdeenshire Council. In each of the councils the school, education and learning services provide information and guidance on further and adult education, while the skills and employment services support individuals, local businesses, and community based enterprises to create the conditions for sustainable economic growth. The services are somehow more developed and extended in Aberdeen City than in Aberdeenshire Region.
- 2) College: the only college in ACAR is the North East Scotland College. As the rest of the colleges in Scotland, its main mission is providing vocational education and training recognised by the Scottish Qualification Authority (SQA) with knowledge and skills relevant to the regional labour market and it is funded by the Scottish Funding Council (SFC).
- 3) Universities: there are three higher education institutions in the region: the [University of Aberdeen](#), the [Robert Gordon University Aberdeen](#) and the [Scotland's Rural College \(SRUC\)](#). All of them are members of [Universities Scotland](#) and provide tertiary education qualifications. Compared to other universities in the country, the ones in ACAR region are more strongly influenced by the regional economic sector and in providing skills and qualifications more aligned with the regional labour market needs.
- 4) Skills Development Scotland (SDS): it is the national skills body supporting people and businesses in Scotland to develop and apply their skills. There are 3 career centres in ACAR providing individual support to people to develop and use their skills and to businesses to look for people with their skills needs. SDS basic mission is responding to the regional labour market demand needs through skills formation, career guidance and apprenticeships placements. In this region they have the challenge of dealing with urban and rural contexts.

- 5) Education Scotland: it is the national body in Scotland for supporting quality and improvement in learning and teaching. Although the main focus is on compulsory education, for the past years the support and focus on post-compulsory education and training – especially for youth – has increased. One of its challenges is implementing national policies at the local and regional level.
- 6) Scottish Funding Council (SFC): it is the national funding body for colleges and universities. Each college and university in ACAR – as in the rest of the country – establishes an agreement with SFC setting the quality and learning goals to be reached. Colleges and universities have to report to SFC, which monitors and evaluates their performance.
- 7) Scottish Qualification Authority (SQA): it is the national body for accrediting and awarding qualifications. It works closely with education institutions (including colleges and universities) to ensure quality learning and knowledge leading to valuable qualifications to continue to further studies or to the labour market.
- 8) Aberdeen and Grampian Chamber of Commerce: it is an institution representing the voice of local businesses in ACAR. The members of the institution are private employers and businesses' owners. The institution promotes and develops activities beneficial to their businesses, such as networking opportunities, skills and training courses for employers and staff, business solutions and cost savings support. The relevance of the oil and gas industry in the region is also present in the chamber of commerce.
- 9) Scottish Union Learning (SUL): it is part of the Scottish Trade Union Centre (STUC). It supports trade unions in accessing skills and lifelong learning opportunities for their members across Scotland. Their main role is not providing skills formation, but to be aware of the existing landscape of skills formation supply and the needs and demands of trade union members in terms of skills formation. Their activity is more limited in the north east of Scotland, compared to the central belt area.
- 10) Charities and private training providers: although to a lesser extent than in GCR, throughout the ACAR there are a number of charities and private training providers involved in the offer of courses for skills training. There are different types of arrangements in the way learners get in touch with the training provider or the way they are funded. In most cases one of the government agencies or local authorities are involved in the funding and connection with learners.

5.2.2. Description of the skills system in ACAR

After identifying and briefly describing the main actors and institutions involved in the skills system of ACAR, Figure 5 below presents the skills system in ACAR divided in the skills formation and the skills use markets, which is fairly similar to the one presented for GCR in Figure 3.

Which institutions are involved in the skills formation market in ACAR?

As also noted for GCR, most of the institutions identified in the previous section are involved in the skills formation market. The most important institutions concerning the supply of the skills formation in ACAR are the regional college, the three universities and the apprenticeships system (mainly, Modern Apprenticeships programme) provided by SDS.

The national bodies Education Scotland, SFC and the SQA are situated in a mid-position

between the supply and demand of skills formation, as they also were for GCR. As noted in the mapping exercise for the GCR, these institutions influence both the supply and demand for skills formation throughout the country. The role of SUL is the same as in GCR, although their activity in ACAR region is way more limited, as they mainly concentrate in the central belt area, where most of the workers in the country are located.

As in GCR and the rest of the country, the provision of these skills formation courses is basically demanded by young adults in the region, who actually enrol in courses and attain knowledge and skills, which usually lead to a qualification. As also mentioned for GCR, young adults are the main absence detected in the mapping exercise, as there is not any formal institution explicitly representing them and their interests.

Other actors that can be considered as somehow influencing the demand for skills formation are the local authorities of Aberdeen City and Aberdeenshire, who usually have to implement national policies involving skills formation. Local and regional employers, as well as the Aberdeen & Grampian Chamber of Commerce are also in demand of skills formation courses of interest to their economic activities, in order to ensure a regional ready-to-work workforce.

Which institutions are involved in the skills use market in ACAR?

In ACAR the supply of skills to be used in the labour market is basically provided by young adults who are willing to use them. These youth can be already living and studying in the region or might come from somewhere else attracted by the region's economic activity. The regional college smooths the path from education to labour market for students of this college via work placements and on-the-job training organised by the college in collaboration with the regional employers. The same applies to the three higher education institutions in the region, which are more concerned with the employability of their students than other Scottish universities. Another institution that somehow facilitates the links between the skills formation and the skills use market is the Aberdeen & Grampian Chamber of Commerce, as it connects schools and other educational institutions with local employers via different programs they have in place.

The demand of skills use in the regional labour market comes from a limited extent from the public employers (local and regional public institutions) and to a wider extent from private employers in ACAR. Although to a lesser extent than in GCR, there are also some charities and third party organisations are also in demand of young adults' skills use, as they can volunteer or have work placement apprenticeships in some of them.

Similarly as it happened in GCR, Figure 5 also shows that SDS is the only institution present across all the skills system, both in the skills formation and in the skills use market, and also making the connection between the two of them. As in the case of GCR and throughout the country, the skills agency detects the skills use needs at the regional level and promotes skills formation targeted to fill the existing gaps. The resources and partnership building around them facilitates the improvement of the foreseen matching between the supply and demand of skills at the regional level.

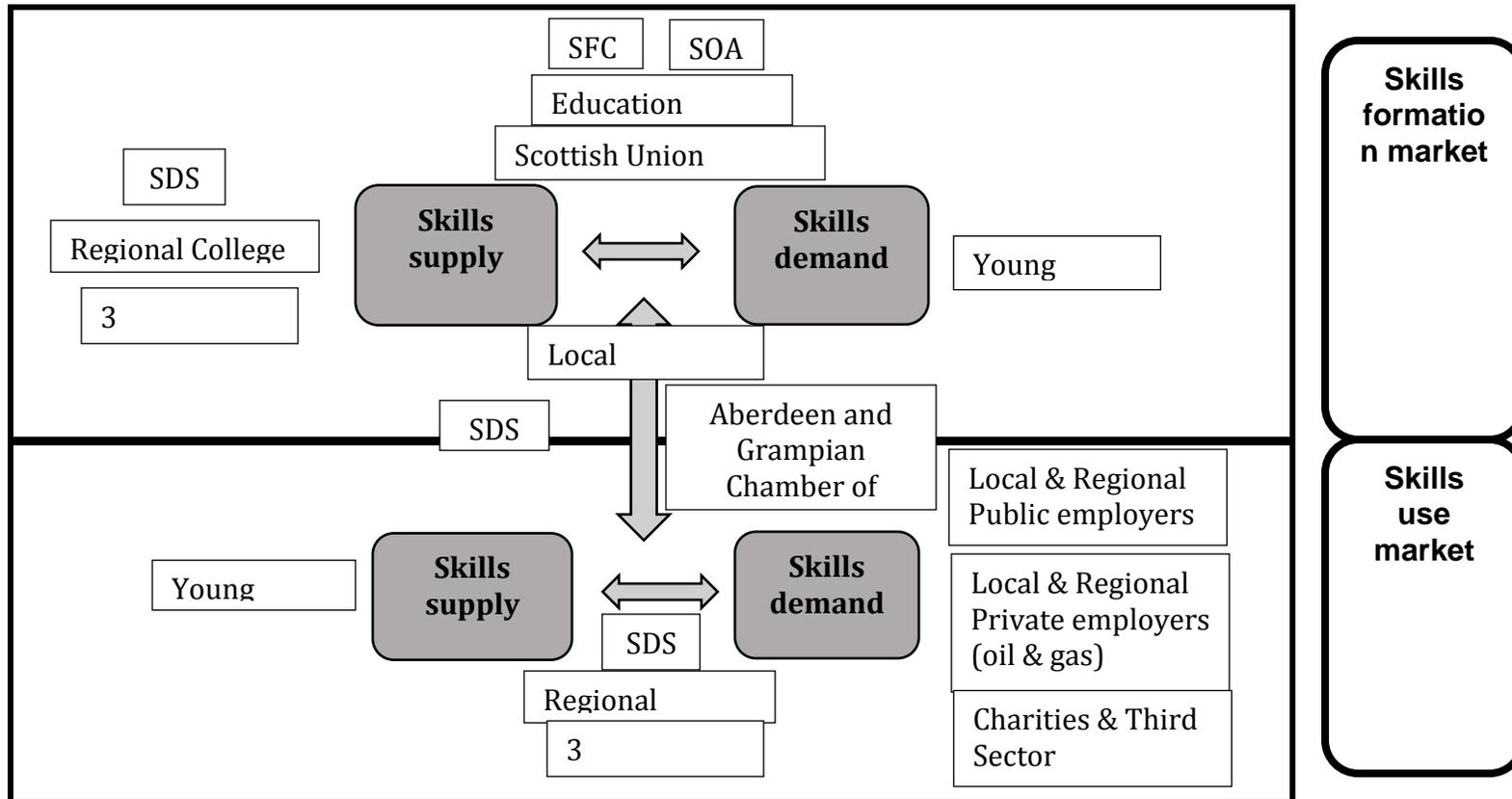
Some considerations

The results of the mapping for ACAR are very similar to the ones in GCR. The national institutions have a similar structure all over the country and their goal is to implement the national policies and strategies tailoring them to the regional needs and specificities. This is done via the partnership building, which it could be argued that SDS is leading in the area of

skills (mis)match.

ACAR is a quite diverse region, as it includes urban and rural areas and the urban area is quite influenced by the presence of the oil and gas industry and the economic downturn experienced for the past years. The functionality of the region might work to the extent that it is a quite isolated area from the most populated area of Scotland (the Glasgow-Edinburgh central belt area), but the disparity of people among the extensive area of ACAR and the economic power of the oil and gas industry might make things more challenging.

Figure 5: Skills system in Aberdeen City & Aberdeenshire Region: skills formation and skills use



Source: authors' elaboration.

5.3. Analysis of the local governance of skills in ACAR

In the previous section we have identified and mapped the main actors, institutions and structures involved in the skills system of ACAR, which has served as a starting point to draw on their policy orientations and interests and the level and forms of coordination of skills policies. In this section we analyse in depth actors' policy orientations and forms of coordination. The main source of information comes from the semi-structured interviews conducted with key informants in the skills system of ACAR. These informants come from the Aberdeen City Council, Skills Development Scotland (SDS), Aberdeen & Grampian Chamber of Commerce and the Scottish Union Learning (SUL).

5.3.1. Actors' policy orientations

In this subsection we are going to identify the main policy orientations of the actors and institutions involved in the skills system in ACAR. We will do so by discussing the following topics: 1) how actors perceive the developmental challenges faced by ACAR; 2) what are the economic and social plans for ACAR and which is the role of skills; 3) what evidence is used to plan ACAR skills agenda; and 4) what are the actors' perceptions of the quality and availability of skills in ACAR.

Developmental challenges in ACAR

As one of the interviewees stated “*Any conversation in Aberdeen City and Shire always starts and ends, and somewhere in the middle, with oil and gas*”. With no exception, all interviewees from ACAR stated that, at the moment, the main challenge of the region are the consequences produced by the decrease in the price of the oil and gas barrel experimented for the past 18-24 months. All of them agree with the fact that the crisis experienced by the predominant economic sector in the region has made a lot of workplaces redundant. Two main consequences have derived from this fact: first, there is a higher number of unemployed people in the region – or about to be unemployed – and, second, there are less work placements and apprenticeships opportunities for young adults living and studying in the region. Most of them have also mentioned that the crisis of the oil and gas has affected other related sectors in the region, especially the restaurants, hotels and services businesses, as well as other services and production related to the chain of oil and gas.

All interviewees agree that the region had enjoyed high employment rates for the past decades and the sudden shock produced by the decrease of the barrel of oil (from about \$140 to less than \$50 in less than two years) had not been foreseen. Regional and local services were not ready for this shock and did not have enough resources and expertise to support people who fell into unemployment or who had difficulties in getting a first-entry level job. ACAR has been traditionally a high employment area and people who were unemployed were regarded as people likely to have serious problems in other life domains.

Another associated challenge mentioned by a couple of interviewees (SDS and Aberdeen & Grampian Chamber of Commerce) is to change the expectations and preferences of youth people in the region, who were traditionally oriented to study related courses to the oil and gas sector, but now they should consider other sectors who were traditionally considered less attractive, such as construction.

Economic and social plans in ACAR

The different interviewees are placing the emphasis in the recovery of the region after this

decrease in the price of the barrel. While it is obvious that a relevant number of job posts have become redundant, the way to cope with it varies to some extent depending on the interviewee. Some argue that the oil and gas sector will still be the most important sector in the region (SDS) but that the type of jobs and skills required will change, but that the activities performed will vary. Some others think that the regional strategy should focus on diversifying the economy (Aberdeen Council) and providing more attention to other regional economic sectors, such as the food and drink industry and construction (Aberdeen and Grampian Chamber of Commerce). This especially impacts youth who are about to select their further education or university studies. Some of the plans suggested have been to encourage youth to enrol in courses leading to other sectors than oil and gas, which has been the tradition in the region, as there are currently more opportunities for young adults in the aforementioned sectors. The main responsible for leading this change are schools, universities and colleges.

However, SDS in cooperation with the rest of institutions identified in the region and via DYW are in charge of career guidance services, which should also help to persuade young adults to consider other careers beyond the oil and gas industry. In fact part of the DYW strategy to be implemented at the regional level is supposed to go in this line. However, as the oil and gas crisis was not foreseen there were not enough resources and professionals in place ready to provide this support for the tackled population.

Evidence to support ACAR skills agenda

Although all actors mentioned the Regional Skills Assessments (RSA) produced by SDS as one of the main sources of information and analyses to plan the regional skills agenda, the rest of interviewees also mentioned the use of internal data produced as labour market intelligence to take decisions based on evidence. Nevertheless, it is worth pointing out that the only easily publically available sources come from SDS. The other regional and local institutions might be sharing information with the rest in meetings, but it is quite difficult to get it online as an outsider.

Actors' perceptions in ACAR

There is an agreement among actors in the region that the main problem at the moment resides in the demand side. The reduction in the number of job and apprenticeships opportunities in the region is the main cause of a mismatch between the supply and the demand of skills. The region enjoys a qualified young workforce, compared to other Scottish regions. Even if there are some youth with lower skills levels and qualifications, their employment opportunities have drastically been reduced due to the current contextual economic situation of the region.

Some interviewees have mentioned the difficulty to encourage youth to get into engineering careers despite the regional skills shortage of engineers in sectors other than the oil and gas. Others have also mentioned the even more difficult situation experienced by disadvantaged people from the city and rural areas of ACAR in accessing a job.

Some considerations

It is pretty clear that the actors' policy orientations in ACAR are totally influenced by the contextual economic situation influencing the region. They all agree that the decrease in the number of available jobs and apprenticeships opportunities at any level is posing even more difficulties than before to the transition from education to employment for youth. However, most of the solutions proposed refer to changing the preferences and decisions of young adults in their study and careers choices, persuading them to engage in growing sectors such as construction and services, even if they have not been traditionally considered as attractive ones

in the region. One of the reasons why these sectors were less attractive to youngsters is because the high salaries of the oil and gas industry made that the rest of professions, especially those in services, not profitable enough to live and afford an expensive region like Aberdeen, where the prices of accommodation are influenced by the high salaries of the oil and gas industry.

5.3.2. Level and mechanisms of coordination

Following up on the previous subsection, the focus of the current one is on the level and forms of coordination between public authorities at different levels (local, regional and national) and the communication between the supply and demand of skills formation and use. The identification of the formal and informal ways and spaces of coordination and dialogue between actors and institutions in the skills system are also outlined.

Levels of coordination

As in the case of GCR, skills formation in ACAR is basically funded. Universities and colleges are funded by the SFC via the outcome agreements that each institution agrees with SFC. As argued above, the ACAR is strongly influenced by the crisis in the oil and gas sector. Most universities and the regional college might have to reconsider the annual outcome agreement in light of the new economic context.

The UK government has set an oil and gas strategy that affects mainly to the north east of Scotland. The Scottish Government has provided some specific funding for ACAR in the light of the economic situation. The Department of Work and Pensions (DWP) has also been working in cooperation with regional institutions in ACAR to deal with the current situation. So, even if the funding and strategies come from the Scottish and British governments, the implementation of the policies and activities has to be done at the regional level by regional and local actors. There is a need for resources in order to cope with this unforeseen situation, but there is also a lack of expertise in the region in supporting unemployed people or whose jobs are about to be redundant in a traditionally high skills and employment region

Forms/mechanisms of coordination

All actors declare to cooperate and collaborate with each other in different ways. One of the forms it takes is the [Aberdeen City Region Deal](#), although it has also been claimed by some of the interviewees that it does not have much on education and skills. Another platform of coordination among regional institutions is the Regional Economic Strategy or the Opportunities North East board. All of these gather together local authorities, Scottish Enterprise, SDS, DWP, among others. From the city council they also remarked the importance of the Scottish Local Authorities Economic Development (SLAED) group, which involves other colleagues from economic departments across Scotland. One of the interviewees argued that it is difficult to create new partnerships in ACAR, as there are some going on already and people know each other and are not willing to put in place new structures, and even less if they are monitored or proposed by a non-regional institution.

Even if all the actors interviewed use SDS data and internal data to take decisions, it does not seem it is the main method of coordination. Probably, the only thing that they all agree on and that drives their decisions and actions is the oil and gas sector. It seems that all the coordination and actions taken depend on the activity and health of this sector. Meanwhile the sector was successful the education, skills and employment policies of the region also were, but there was

no plan in case one day this sector was not successful anymore. Therefore, it seems that the most powerful actor is just the market, and more concretely the oil and gas one.

5.4. Assessment of the quality and use of skills in ACAR

In this section we are going to assess the type, quality and use of young adults' skills in the labour market in the ACAR. Building on the information provided by previous working packages (WP3 and WP4) and using secondary data and grey literature (e.g. reports, statistical outlooks) at the local/regional level we are going to first describe the level and type of youth people's skills available to be used in the labour market at the regional level. We are then going to assess which are the difficulties employers are facing in using workers' skills and which are the detected regional skills (mis)matches. From a regional perspective we will also assess to what extent the regional labour market is attracting and/or retaining young adults and which are the characteristics that can help us differentiate which young adults are more likely to be employed, unemployed and facing difficulties in using their skills.

Type and quality of skills

According to the 2014 [Regional Skills Assessment](#) of SDS for Aberdeen City and Aberdeenshire the region's economy was dominated by the oil and gas sector. It has almost the double of professional, scientific and technical services than the rest of Scotland and the productivity levels are also considerably above the Scottish average. Business expenditure on R&D is also above the national average and there is a potential for business growth in the oil & gas and in the food and drink industry.

During the years previous to the report, relative to the Scottish economy as a whole, Aberdeen City & Shire presented an above average concentrations of employment in mining & quarrying, professional, scientific & technical, administration & support services and manufacturing. The region also had a relatively high representation within the Scottish Government Growth Sectors of energy, financial & business services, and food and drink. Also in reference to national averages, Aberdeen City & Shire residents were more likely to be employed in skilled trade, operative and elementary occupations and less likely to be employed in business support occupations than across Scotland.

The region experienced a population growth and the proportion of 20-40 year olds in the region is comparatively high. Unemployment rates are also low and employment rates in comparison to the national averages, even after the 2008 economic recession, which barely hit the region. However, the ones that were most hit by it in the regional are youth, as youth unemployment rates increased and there was a higher share of youth choosing to stay in further education rather than going into employment. The number of Modern Apprenticeships started in the region steadily increased, particularly in the engineering and hospitality sectors.

The most popular subjects for students in universities in the region are business & administrative studies, subjects allied to medicine, engineering, social studies, biological science and education. The insertion rate is quite high, as three-fifths of known graduates from universities in the region were in full-time employment six months after graduation in 2011/12, above the average for the Scottish university sector as a whole.

Skills (mis)matches

The 2015 [skills needs audit](#) performed by Aberdeen City Council, which already takes into account part of the substantial decrease in Brent Crude Oil Price, focuses on skills shortages in

the city. It argues that the decrease in recruitment in the Energy sector improve the situation of skills shortages experienced in other regional sectors such as Engineering and Construction. However, skills issues are still present in the Energy sector and in the Manufacturing and Healthcare ones. The report also provides evidence from a survey supporting the fact that the most difficult to fill vacancies in these sectors refer to professional and technician level staff, closely followed by semi-skilled staff. Some companies in the region have also declared to be actively recruiting and training unemployed and unskilled people as a means to increase the labour market pool and address skills shortages. Less than half of them have done so engaging with secondary, further and higher education establishments. One of the suggestions from this audit is that companies consider the use of retired, part-time and Modern Apprenticeships as a way to address skills shortages.

According to the [Scottish report](#) of the UKCES Employers Survey, Aberdeen City & Aberdeenshire are close to the national average of vacancies, density of work and the percentage of skills shortages. However, is one of the region with larger skills gaps, even if the proportion of employers providing training and skills is on the national average.

Attraction and retention of skills

The [Scottish report](#) of the UKCES Employers Survey suggests that Aberdeen City & Aberdeenshire is the region with more difficulties to retain people, jointly with Fife.

According to the survey conducted by the Aberdeen City Council for the 2015 [skills needs audit](#), 53% of companies increased salaries as a way to attract new staff. Even if this increases the operating costs and reduces the company competitiveness, it is understood as a way to address skills shortages in the region. However, this is less common among big companies (over 200 employees) and small ones (less than 5 employees).

Construction and manufacturing sectors have increased the use of agency workers to attract new staff, whilst the engineering sectors most successful recruitment initiative has been to recruit from out with the UK. However, the audit also points out to the main difficulties to attract people from outside Aberdeen, which basically refer to the high cost of living, especially accommodation, and the high competition with other sectors.

Young adults' characteristics

The 2015 [skills needs audit](#) only points out the quality of school/further education leavers as a barrier to recruitment for the Engineering sector and within companies with 51 -100 staff. In general terms Aberdeen enjoys a young qualified population. However, the main problem is that up to the decrease on the Brent Crude Oil Price they were not enough to cover the existing demand for skills use and people from other regions and countries were filling this gap.

According to [RSA for ACAR](#), most of the companies of the region are recruiting school leavers from Scottish education institutions and they report to be generally happy with their preparation. However, as it happens in most places in Europe, employers generally think that youth have a lack of world/life experience, poor attitude or lack of motivation or lack of required skills or competencies.

5.5. Conclusions and implications for young adults in ACAR

Aberdeen City and Aberdeenshire used to be one of the most successful regions in Scotland in terms of employment and in attracting youth with high skills levels. The main problem used to be skills shortages of highly skilled people in the oil and gas sector and engineering. However, for

the past two years the decrease in the Brent Crude Oil Price has questioned the regional skills ecology. Although ACAR continues to be one of the best performing regions in Scotland in terms of high employment rates, low unemployment and high skills among the population, including youth, its strong dependence and tradition with the oil and gas sector has raised all the alarms and made institutions and the population wonder which is going to be the regional economic situation and how best to move forward.

Since this was not a foreseen shock there were no services and resources in place to support workers who were made redundant. The perception of instability might have been larger than reality shows. However, ACAR actors tend to compare the region with itself across time rather than with the rest of Scotland or the UK, given its specificities and outperforming outcomes.

The high dependence on the oil and gas sector might lead us to consider that the most powerful actor in the region is actually the oil and gas sector, meaning the companies forming it. The rest of actors - including the public ones - do not have a central role. It seems that all the coordination and cooperation in the region is based on the health status of this sector. Even if the different regional actors share up-to-date information on the regional skills available and demanded, a big share of the cake corresponds to the energy sector. Therefore, the main steering comes from the market rather than from the public institutions.

If we take into account the framework proposed in the introduction of this report (see Figure 1), we could consider that the socioeconomic context of ACAR plays a key role. The skills system and the institutions forming it are quite similar to the ones we observed in GCR. However, the main difference is the economic context, which is dominated by the energy sector and its health status. This has clear implications for young adults in the region. First of all, the likelihood to be considered as a disadvantaged young adult in national terms was quite low in ACAR, as the education and employment opportunities have been generally above the national average. However, the high dependence on one sector has made that most of the educational and employment careers of young adults were traditionally directed to serve the needs of this sector. Once there has been a negative change in the main economic sector the consequences of it have also impacted young adults. The ones that were about to enter the labour market via a work placement or employment have found themselves with less opportunities than expected. Most of them have to reconsider their careers, which might also consider moving to another region or country. The implications for those that are about to choose an educational path is in considering which sector might be more rewarding in the future.

There is ongoing discussion on the future of the regions' economic activity plans and its relation with the skills agenda. Whilst the oil and gas sector will probably remain being a quite important share of the regional economic activity, the type of jobs and activities might change, as well as its weight in the regional economy. Given the current situation, some actors are suggesting a diversification of the regional economy, in order to avoid depending on a single sector. However, the fact of relying on labour market needs, following the expanding sectors of construction and food and drink, might lead to similar situations for smaller shares of youth – and the rest of the working population – if these sectors are also affected by economic shocks in the near future.

6. Comparison of the two Functional Regions

After separately analysing the regional governance of the skills ecology in Glasgow City Region

and Aberdeen City & Aberdeenshire similarities and differences arise from the analyses provided in all the dimensions considered in the analysis.

Starting with the regional socioeconomic context, GCR and ACAR present really different realities for young adults. As it has been described and argued in detail, GCR is characterized by a polarized young population in terms educational attainment and labour market outcomes, being young adults from the most deprived areas from Glasgow City the ones most disadvantaged and struggling to attain

Following with the mapping of actors, it is pretty obvious that the formal mapping is quite the same in both regions. For the past years, the Scottish approach to policy making has been planning national strategies and policies at the national level that would be enacted at the regional one. This way, national policies could be adapted and tailored to the regional context and needs. This regional implementation is carried on by local and regional actors such as local authorities, regional educational institutions (schools, colleges and universities) and the regional services of Skills Development Scotland, the skills agency of the Scottish Government. Chambers of commerce and local and regional employers, third organisations and skills formation providers are also part of the picture in both regions.

However, the power of these actors and their forms of coordination really differ in GCR and ACAR. On the one hand, in GCR SDS seems to be the most powerful actor, which is present all over the skills system, has resources and partnerships in place, moves forward national policies enactment in GCR. The main mechanisms of coordination seems to be the Regional Skills Assessments (RSA) produced by SDS, based on the regional labour market needs and skills gaps to address. The regional actors try to direct their actions and activities to meet the goals proposed by SDS.

On the other hand, in ACAR neither SDS nor the local authorities seem to be the most powerful actors. Although the formal skills system is the same as in GCR none of the aforementioned institutions seems to have the power in the regional skills agenda. We have argued that the oil and gas sector is the main influencer and the one steering the regional skills agenda, setting the needs and demands of the sector. The rest of actors try to feed the sector with skills formation and linkages to it. The strong economic power of the sector somehow explains its power. So, the main form of coordination among actors is via the oil and gas sector. So, it seems that the regional socioeconomic context really plays a role in the governance of the skills system in both Scottish regions.

Regardless of these differences, both Scottish regions have in common that the skills agenda is mainly planned in two ways: first, in trying to fulfill labour market needs in terms of skills by sector and level; second, in treating as key transitions for youth the one from school to further education and to the labour market later on. The actors and institutions in the two regions are very much influenced by the national policies, especially DYW and MA, which can be considered a specific initiative/strategy of the policy. From a CPE perspective it is quite clear that the Scottish Government has selected the youth transitions from school to further educational steps, training or employment as the main problem that needs to be addressed (Selection). The economic crisis has made this even more evident (Variation), but it was an already existing problem in GCR, and not really in ACAR, but has just become due to the downturn in the price of the oil and gas. The main response is the DYW policy, making sure that youngsters from 16 to 24 stay in positive destinations, which are considered to be education,

training and employment (Retention). One of the main tools to do that is to increase the collaboration among schools, colleges and employers to make sure that there is route for youth to follow. The Modern Apprenticeships is a clear tool managed by SDS in cooperation with the rest of actors. While this policy is working as expected in GCR, it has been more challenging in ACAR, as the long tradition of high employment and opportunities for young adults in education, training and employment made that the actors in place were not ready to provide this support as they did not expect to run short of work placements.

Even if the two regions have been affected by economic crisis (2008 and Brent Crude Oil Price) the institutional reaction has not been the same. While GCR has a long tradition of supporting disadvantaged youth in different life domains, ACAR institutions were not ready to support people who were in a vulnerable situation, even if to a lesser extent than in GCR. There was a lack of resources and expertise to confront an unforeseen situation.

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Annexes

Description of intuitions involved in the skills system of GCR

Table 25: Main institutions involved in the skills system of GCR

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/institutions	Other relevant information
City Councils: - East Dumbarton City Council - East Renfrewshire City Council - Glasgow City Council - Inverclyde Council - North Lanarkshire Council - Renfrewshire Council - South Lanarkshire Council - West Dunbartonshire Council	Public	Local	Local authorities Education Services main job consists in implementing at the local level the policies formulated by the Scottish Government in relation to Education and Training, from early childhood to adult learning. The main objectives are raising attainment and achievement for all, developing national education policies (e.g. Curriculum for Excellence), meeting the needs of all learners, in particular those with additional support needs, working with partner services to improve further outcomes for children, young people and	Yes, in supporting the educational system from early childhood education to adult education	Not directly, but some local services aim at smoothing the transition from education to work and/or providing relevant skills for the labour market	The main relationship is with the Scottish Government, but at the local and regional level they are also likely to be involved in partnerships with Skills Development Scotland (SDS) and regional colleges and universities	https://www.eastdumbarton.gov.uk/residents/schools-and-learning/adult-learning-and-employability http://www.eastrenfrewshire.gov.uk/adultlearning http://www.glasgowlife.org.uk/communities/adults/learning/Pages/default.aspx https://www.inverclyde.gov.uk/education-and-learning http://www.northlanarkshire.gov.uk/index.aspx?articleid

			<p>their families. However, depending on the local authority the education services might be more or less tightly linked with the employment and skills, youth and/or adult learning services.</p>				<p>=32664</p> <p>http://www.renfrewshire.gov.uk/article/3576/Adult-learning</p> <p>http://www.southlanarkshire.gov.uk/education-learning</p> <p>http://www.wdcp.org.uk/key-information/employability-and-working-4-u/</p>
<p>Colleges:</p> <ul style="list-style-type: none"> - Glasgow Kelvin College - Glasgow Clyde College - City of Glasgow College - South Lanarkshire College - New College Lanarkshire - West College Scotland 	<p>Public, financed by the Scottish Funding Council (SFC)</p>	<p>Regional, self-governed</p>	<p>Colleges are the main providers of both vocational and general further education in Scotland. Scotland's colleges offer a diverse curriculum - including vocational, further, and higher education - to a diverse range of people and communities.</p>	<p>Yes, their main mission is skills formation (vocational level, further education and higher education)</p>	<p>Yes, they support apprenticeships as part of most of their courses in order to smooth the transition from education to work. They usually have contacts with local and regional employers.</p>	<p>Local and regional employers, Universities Scotland and Scottish Funding Council. All colleges in Scotland are members of <i>Colleges Scotland</i>, an institution that acts as a collective voice for Scottish colleges, aiming to</p>	<p>www.glasgowkelvin.ac.uk</p> <p>www.glasgowclyde.ac.uk</p> <p>www.cityofglasgowcollege.ac.uk</p> <p>www.southlanarkshirecollege.ac.uk</p> <p>www.nclanarkshire.ac.uk</p> <p>www.westcollegescotland.ac.uk</p>

						make the sector valued, recognised and available to all.	
<p>Universities:</p> <ul style="list-style-type: none"> - University of Glasgow - Glasgow Caledonian University - Glasgow School of Art - University of Strathclyde - University of West Scotland 	Public, funded by the Scottish Funding Council (SFC)	Regional, self-governed	Universities are the main providers of higher education qualifications. Scottish universities vary in their size and shape. While some attract students from all over the world some others are more targeted to providing higher education courses for local and regional young adults.	Yes, their main mission is skills formation (higher education level)	Limited. Although there are some career services and graduate apprenticeships the involvement in the skills use is still very residual. However, universities are interested in providing relevant skills for the labour market.	Local and regional employers, Scottish Funding Council and Colleges Scotland. To a lesser extent with Education Scotland and Scottish Qualification Authority. Most universities in Scotland are members of <i>Universities Scotland</i> , an institution that acts as a collective voice for Scottish	http://www.gla.ac.uk/ http://www.gcu.ac.uk/ http://www.gsa.ac.uk/ http://www.strath.ac.uk/ http://www.uws.ac.uk

						universities, aiming to promote and defend universities interests.	
Skills Development Scotland (SDS)	Public skills agency from the Scottish Government	National, with regional and local centres	Skills Development Scotland is the national skills body supporting the people and businesses of Scotland to develop and apply their skills. They tackle the demands of the economy and businesses at the regional level and adapt skills formation courses and career guidance to meet these demands.	Yes, especially in providing apprenticeships for young adults and career guidance. SDS is also involved in providing information and direction to adapt skills formation to skills needs from the economy and businesses.	Yes, especially in responding to economy and employers demands. Their main purpose is to fulfil employers' and economy's skills demands.	Colleges, employers, Scottish Government and other government agencies such as Education Scotland, Scottish Funding Council and Scottish Qualification Authority	Career centres in the Glasgow City Region: 7 career centres in Glasgow City 5 career centres in North Lanarkshire 5 career centres in South Lanarkshire 1 career centre in East Dunbartonshire 1 career centre in West Dunbartonshire 1 career centre in East Renfrewshire 1 career centre in Inverclyde 1 career centre in Renfrewshire
Education Scotland	Public	National	Education Scotland is the national body in Scotland for supporting quality and improvement in learning and teaching. It brings together a number of	Yes, in shaping national curriculum, quality	Not directly, but Education Scotland is interested in	Mainly with local authorities, but also works in	The relevant contact people are members of the National Advisory Board for the

			organisations and teams whose work contributes to key areas of the agency's remit. Some of the main activities are supporting curriculum guidance, providing learning and teaching resources, inspection and review for quality improvement, supporting local authorities and learning communities to introduce and embed approaches to promote positive relationships and behaviour, supporting, encouraging and providing resources for career-long professional learning, providing and supporting the best available educational evidence based on research and analysis	improvement and supporting local authorities to implement these processes.	funding colleges and university courses providing relevant skills for the labour market.	partnership in some projects with Skills Development Scotland (SDS), the Scottish Funding Council (SFC) and the Scottish Qualification Authority.	Young-Adulllt project in Scotland
Scottish Funding Council (SFC)	Public	National	SFC is the Scottish funding body for colleges and universities in Scotland. It was established by the Further and Higher Education (Scotland) Act 2005. The 8 Colleges and 5 Higher Education institutions in the GCR are funded by SFC through funding agreements that ensure high quality learning and teaching, world-leading research, innovation in the economy	Yes, through then funding agreements with each individual college or university the SFC monitors the quality, content and access to skills formation	Not directly, but the SFC is interested in funding colleges and university courses providing relevant skills for the labour market.	Mainly with Colleges and Universities, but also works in partnership in some projects with Skills Development Scotland (SDS),	The relevant contact people are members of the National Advisory Board for the Young-Adulllt project in Scotland

			and widening access.	courses.		Education Scotland, the Scottish Qualification Authority and local and regional employers.	
Scottish Qualification Authority (SQA)	Public	National	SQA is sponsored by the Scottish Government's Learning Directorate. It works with schools, colleges, universities and training organisations to develop and deliver the Scottish qualifications and assessments. The organisation has two main roles are accreditation of qualifications and awarding qualifications	Yes, in ensuring that qualifications accurately reflect learners' knowledge and skills and provide clear routes to jobs or further study for all actors	Not directly, but the SQA is interested in providing qualifications relevant to the labour market and meaningful to employers	Mainly with Colleges and Universities, but also works in partnership in some projects with Skills Development Scotland (SDS), Education Scotland, the Scottish Funding Council and local and regional employers	The relevant contact people are members of the National Advisory Board for the Young-Adullt project in Scotland
Glasgow Chamber of Commerce	Third party organisation	Local - regional	Glasgow Chamber of Commerce is the voice of business in Glasgow. Their main activities are hosting business and networking	Yes, one of their main activities is provide	Not directly, but employers members of	Mainly with local and regional employers,	http://www.glasgowchamberofcommerce.com/ http://www.glasgow

			events that both help business people develop and grow their contact base, training and workforce development to upskill and develop employers and staff, exporting and international trade support, affinity schemes and business solutions to help businesses become more successful, marketing and profiling to members, campaigning on a local and national level on important policy issues on behalf of members	and/or organise training for employers and their staff	the Glasgow Chambers of Commerce are demanding the use of skills at the GCR	but also with local authorities and Skills Development Scotland (SDS) in partnerships for policies such as Developing the Young Workforce (DYW) in Glasgow.	wchamberofcommerce.com/projects/projects-employabilityskills/
Scottish Union Learning (SUL)	Trade Union, third party organisation, publically funded	National	SUL supports members in accessing skills and lifelong learning opportunities that contribute to collective prosperity, fairness and equality, for workers across Scotland. Their main role is being aware of the existing supply of skills formation and support trade union members in getting the skills formation they want and/or need	Yes, but not directly providing skills. They support workers in finding suitable skills formation based on their demands	Not directly, but communicate with employers to support workers skills needs that might improve employers results	Scottish Union Learning is part of the Scottish Trade Unions Congress	http://www.scottishunionlearning.com/ http://www.stuc.org.uk/

Source: authors' elaboration.

Description of intuitions involved in the skills system of ACAR

Table 26: Main institutions involved in the skills system of ACAR

Name of the actor/institution and affiliation	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/institutions	Other relevant information
City Councils: - Aberdeen City Council - Aberdeenshire Council	Public	Local	Local authorities Education Services main job consists in implementing at the local level the policies formulated by the Scottish Government in relation to Education and Training, from early childhood to adult learning. The main objectives are raising attainment and achievement for all, developing national education policies (e.g. Curriculum for Excellence), meeting the needs of all learners, in particular those with additional support needs, working with partner services to improve further outcomes for children, young people and their families. However, depending on the local	Yes, in supporting the educational system from early childhood education to adult education	Not directly, but some local services aim at smoothing the transition from education to work and/or providing relevant skills for the labour market	The main relationship is with the Scottish Government, but at the local and regional level they are also likely to be involved in partnerships with Skills Development Scotland (SDS) and regional colleges and universities	http://www.aberdeencity.gov.uk/business_trade/economic_development/EmployabilityandSkills/SkillsandEmployment.asp https://www.aberdeenshire.gov.uk/schools/work-placement-unit/ https://www.aberdeenshire.gov.uk/schools/cld/community-learning-and-development-1/

			authority the education services might be more or less tightly linked with the employment and skills, youth and/or adult learning services.				
North East Scotland College	Public, financed by the Scottish Funding Council (SFC)	Regional, self-governed	Colleges are the main providers of both vocational and general further education in Scotland. Scotland's colleges offer a diverse curriculum - including vocational, further, and higher education - to a diverse range of people and communities.	Yes, their main mission is skills formation (vocational level, further education and higher education)	Yes, they support apprenticeships as part of most of their courses in order to smooth the transition from education to work. They usually have contacts with local and regional employers.	Local and regional employers, Universities Scotland and Scottish Funding Council. All colleges in Scotland are members of <i>Colleges Scotland</i> , an institution that acts as a collective voice for Scottish colleges, aiming to make the sector valued, recognised and available to all.	http://www.nescol.ac.uk/

<p>Univerities: - University of Aberdeen - Robert Gordon University Aberdeen Scotland's Rural College</p>	<p>Public, funded by the Scottish Funding Council (SFC)</p>	<p>Regional, self-governed</p>	<p>Universities are the main providers of higher education qualifications. Scottish universities vary in their size and shape. While some attract students from all over the world some others are more targeted to providing higher education courses for local and regional young adults.</p>	<p>Yes, their main mission is skills formation (higher education level)</p>	<p>Limited. Although there are some career services and graduate apprenticeships the involvement in the skills use is still very residual. However, universities are interested in providing relevant skills for the labour market.</p>	<p>Local and regional employers, Scottish Funding Council and Colleges Scotland. To a lesser extent with Education Scotland and Scottish Qualification Authority. Most universities in Scotland are members of <i>Universities Scotland</i>, an institution that acts as a collective voice for Scottish universities, aiming to promote and defend universities interests.</p>	<p>https://www.abdn.ac.uk/ http://www.rgu.ac.uk/ https://www.sruc.ac.uk/</p>
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<p>Skills Development Scotland (SDS)</p>	<p>Public skills agency from the Scottish Government</p>	<p>National, with regional and local centres</p>	<p>Skills Development Scotland is the national skills body supporting the people and businesses of Scotland to develop and apply their skills. They tackle the demands of the economy and businesses at the regional level and adapt skills formation courses and career guidance to meet these demands.</p>	<p>Yes, especially in providing apprenticeships for young adults and career guidance. SDS is also involved in providing information and direction to adapt skills formation to skills needs from the economy and businesses.</p>	<p>Yes, especially in responding to economy and employers demands. Their main purpose is to fulfil employers' and economy's skills demands.</p>	<p>Colleges, employers, Scottish Government and other government agencies such as Education Scotland, Scottish Funding Council and Scottish Qualification Authority</p>	<p>Career centres in the Aberdeen City & Aberdeenshire 1 career centre in Aberdeen City 1 career centre in Inverurie 1 career centre in Peterhead</p>
<p>Education Scotland</p>	<p>Public</p>	<p>National</p>	<p>Education Scotland is the national body in Scotland for supporting quality and improvement in learning and teaching. It brings together a number of organisations and teams whose work contributes to key areas of the agency's remit. Some of the main activities are supporting curriculum guidance, providing learning and teaching resources, inspection and review for quality improvement, supporting local authorities</p>	<p>Yes, in shaping national curriculum, quality improvement and supporting local authorities to implement these processes.</p>	<p>Not directly, but Education Scotland is interested in funding colleges and university courses providing relevant skills for the labour market.</p>	<p>Mainly with local authorities, but also works in partnership in some projects with Skills Development Scotland (SDS), the Scottish Funding</p>	<p>The relevant contact people are members of the National Advisory Board for the Young-Adulllt project in Scotland</p>

			and learning communities to introduce and embed approaches to promote positive relationships and behaviour, supporting, encouraging and providing resources for career-long professional learning, providing and supporting the best available educational evidence based on research and analysis			Council (SFC) and the Scottish Qualification Authority.	
Scottish Funding Council (SFC)	Public	National	SFC is the Scottish funding body for colleges and universities in Scotland. It was established by the Further and Higher Education (Scotland) Act 2005. The 8 Colleges and 5 Higher Education institutions in the GCR are funded by SFC through funding agreements that ensure high quality learning and teaching, world-leading research, innovation in the economy and widening access.	Yes, through then funding agreements with each individual college or university the SFC monitors the quality, content and access to skills formation courses.	Not directly, but the SFC is interested in funding colleges and university courses providing relevant skills for the labour market.	Mainly with Colleges and Universities, but also works in partnership in some projects with Skills Development Scotland (SDS), Education Scotland, the Scottish Qualification Authority and local and regional employers.	The relevant contact people are members of the National Advisory Board for the Young-Adulllt project in Scotland
Scottish	Public	National	SQA is sponsored by the	Yes, in	Not directly,	Mainly with	The relevant

<p>Qualification Authority (SQA)</p>			<p>Scottish Government’s Learning Directorate. It works with schools, colleges, universities and training organisations to develop and deliver the Scottish qualifications and assessments. The organisation has two main roles are accreditation of qualifications and awarding qualifications</p>	<p>ensuring that qualifications accurately reflect learners’ knowledge and skills and provide clear routes to jobs or further study for all actors</p>	<p>but the SQA is interested in providing qualifications relevant to the labour market and meaningful to employers</p>	<p>Colleges and Universities, but also works in partnership in some projects with Skills Development Scotland (SDS), Education Scotland, the Scottish Funding Council and local and regional employers</p>	<p>contact people are members of the National Advisory Board for the Young-Adulllt project in Scotland</p>
<p>Aberdeen & Grampian Chamber of Commerce</p>	<p>Third party organisation</p>	<p>Local - regional</p>	<p>Aberdeen & Grampian Chamber of Commerce is the North-east’s leading business membership organisation and the largest Chamber in Scotland. The institution represents more than 1,250 organisations collectively employing 125,000 people across sectors. Their work is at the local, national and international level. Some of the activities they develop consist in lobbying for</p>	<p>Yes, one of their main activities is provide consultation and/or organise training for employers and their staff</p>	<p>Not directly, but employers members of the Aberdeen & Grampian Chambers of Commerce are demanding the use of skills at the</p>	<p>Mainly with local and regional employers, but also with local authorities and SDS partnerships for policies such as DYW</p>	<p>https://www.agcc.co.uk/ https://www.agcc.co.uk/training-skills</p>

			business interest, equipping the region with the appropriate workforce and skills and providing research intelligence to develop new businesses and networking.		ACAR		
Scottish Union Learning (SUL)	Trade Union, third party organisation, publically funded	National	SUL supports members in accessing skills and lifelong learning opportunities that contribute to collective prosperity, fairness and equality, for workers across Scotland. Their main role is being aware of the existing supply of skills formation and support trade union members in getting the skills formation they want and/or need	Yes, but not directly providing skills. They support workers in finding suitable skills formation based on their demands	Not directly, but communicate with employers to support workers skills needs that might improve employers results	Scottish Union Learning is part of the Scottish Trade Unions Congress	http://www.scottishunionlearning.com/ http://www.stuc.org.uk/

Source: authors' elaboration.



Work Package 6

Comparative Analysis Skills Supply and Demand

Spain National Report

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Executive Summary

This report provides regional and comparative analysis of the Skills Supply and Demand System of the two Functional Regions (Girona and Málaga) selected by Spain in the WP3 of the YOUNG_ADULLLT Project. This report complies with the Work Package 6 (WP6) of the project and follows the WP6 proposal.

Outline of the National Report for Spain

The *Introduction* chapter of the report presents the main objective of the WP6 which is to **describe and understand the governance of the supply and demand of skills within and across the functional regions**. It also describes its analytical framework as well as its particularities in relation with the other Work Packages of the project.

The *Methodology* chapter specifies how the main objective of the WP6 has to be attained. On the one hand, it relates the theoretical framework of the YOUNG_ADULLLT Project with the research questions formulated to **identify the actors involved in the supply and demand of skills and to understand how they govern, manage and coordinate their activities and which the implications for young adults are**. On the other, it presents the methodological approach used to address these questions.

The *Institutional context* chapter introduces some important specificities of the Spanish skills system that have to be taken into account to frame and understand the analysis presented for the Functional Regions (FRs) in the following chapters.

The chapters of *Analysis of skills supply and demand at Girona/Málaga Functional Region* constitute the core of the report. In them, the data and analysis are structured as follows (this structure is the same for both FRs): first, it presents context information on economic and labour market conditions; second, it maps the main skills actors and institutions and describes the regional skills systems; third, it analyses the local governance of skills by assessing the actors' policy orientation and the levels and mechanisms of coordination; fourth, it assesses the quality and use of skills; and fifth, it presents the conclusions and the implications for young adults.

The *Comparison of the two FRs* chapter underlines the similarities and differences between the two regions. It pays special attention to the extent to which these differences are due to regional political, economic or social factors or to state level elements which frame and influence them (policy orientation of the actors, existence/absence and quality of horizontal and vertical mechanisms of coordination).

The last chapter, *Emerging Issues*, points to different relevant issues to be addressed with more detail by Work Packages 5, 7 and 8 of the YOUNG_ADULLLT Project. It also presents some of the good and bad practices of local coordination detected by the report and suggests some factors that might explain its emergence.

Main results of the National Report for Spain

The results of the report point out some interesting issues regarding the governance of the supply and demand of skills within and across the functional regions. Particularly, they highlight some of the main challenges in terms coordination among different actors at different governmental/public levels (vertical coordination) and among them and private actors (horizontal coordination).

- The regulation and provision of training is affected at all levels by a cleavage between Educational and Employment authorities. It hinders the development of comprehensive strategies to improve the dynamics of the skills system at the State, Autonomic Communities (Andalusia and Catalonia), Regional (Málaga and Girona) and local levels.
- Coordination mechanisms to overcome this cleavage such as the Councils of Vocational Training have not been able for the moment to actually develop common strategies allowing either to face youth unemployment rates or to consistently improve young vulnerable adults' skills.
- Rigidity in the definition of the National Catalogue of Qualifications makes it difficult for the regional and local agents to adapt the officially recognised certificates to the needs of local labour markets and of the youngsters.
- At the regional level, there are significant differences between both FRs mainly related with the degree of decentralisation in the definition and management of the Active Labour Market Policies. Málaga Functional Region (MFR) shows a higher degree of centralisation at the Andalusian level. It seems to have bad effects on the institutionalisation of coordination mechanisms and on the comprehensiveness of its programmes. Girona Functional Region (GFR) reflects the strategy of the Catalan Employment Authorities to decentralise the definition and the management of its Active Labour Market Programmes. This seems to be having good results in the coordination of both public and private local actors, but their results on the skills systems cannot be assessed yet.
- Both FRs face difficulties due to the institutionalisation of private and public training providers that have covered the lack of planned training offer during the economic crisis (and before). Their dependence on the funding they receive in relation to the number of youngsters they are able to recruit have led to the flourishing of a market of training courses within which young adults are somehow treated as commodities. This process clearly affects the quality of the service these youngsters receive as their own interests are subordinate to those of suppliers.

Besides coordination challenges, the report has underlined the importance of considering the way in which the problem and the process are discursively presented by the different involved actors. In this case, this has led us to detect some contradictions between what is considered the origin of the problem (namely, the economic crises) and what are to be their solutions (improving youngsters' qualifications and skills). This political orientation has been clearly shown by the centrality of those measures addressed to the young vulnerable adults (skills formation market, skills supply side) and the absence of initiatives trying to increase the labour market skills-equilibrium by intervening in the skills use market, demand of skills side.

Introduction

The main objective of WP6 is **describing and understanding the governance of the supply and demand of skills within and across the functional regions** under study in the Young-Adulllt (YA) project. The project refers to the local/regional supply and demand of skills as the local/regional *skills ecology*. Each partner country describes and analyses the governance of the skills ecology in the two functional regions under study, which will allow further comparison of cases. In the present case, the **national report for Spain provides evidence and analyses the functional regions of Girona (GFR) and Málaga (MFR)**. These are the two functional regions selected for in depth analyses across the whole YA research project.

In order to describe and understand the governance of local/regional skills in GFR and MFR, four main tasks are performed:

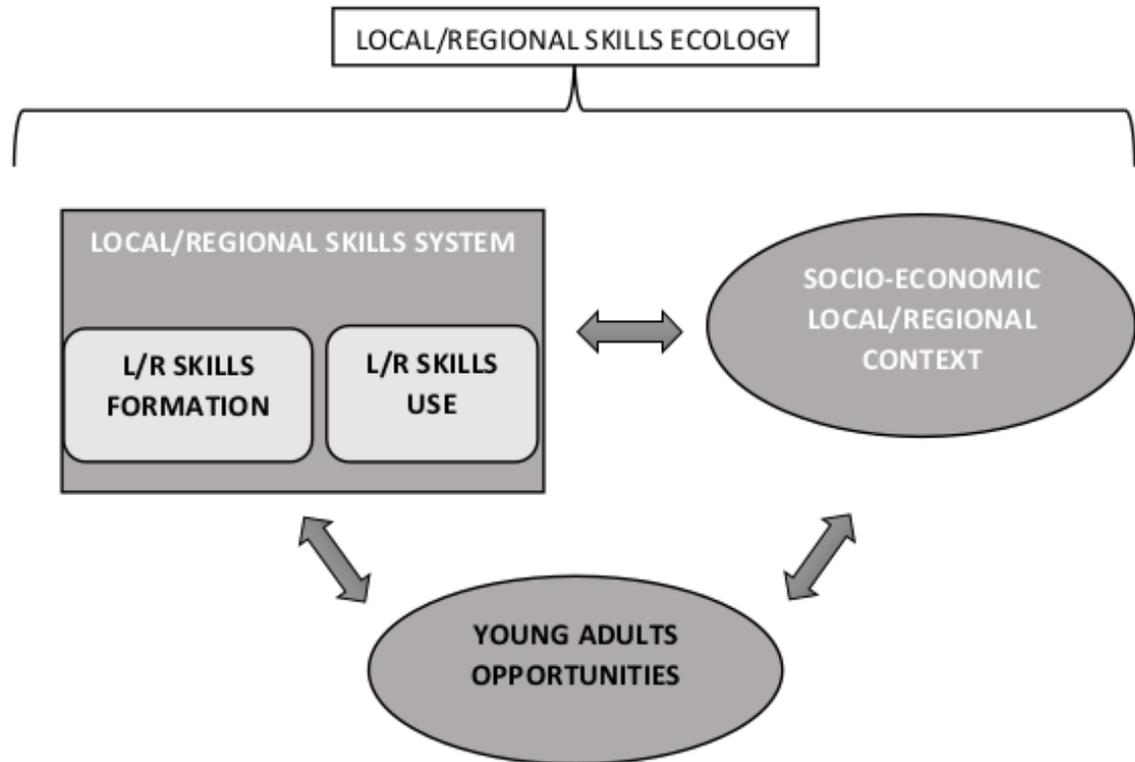
1. **Identifying and mapping** the actors, institution, structures and their main activities relevant to the local governance of the skills ecology
2. Analysing main actors' **policy orientations** (interests, frames of reference), as well as their power to influence skills and LLL policies and activities for young adults
3. Understanding the **level and forms of coordination** of governance activities across different areas and scales in the formulation and implementation of skills policies for young adults
4. Report and assess evidence on the **quality and the relevance of the skills** developed and used by young adults in the workplace and society

In this initial framework it is important to describe and differentiate two relevant terms: the **skills system** (constituted by the *skills formation market* and the *skills use market*) and the **skills ecology**. As shown in Figure 1 below, the skills system is constituted by two "markets": the skills formation and the skills use market. In each one of these markets there is a supply and demand for skills. Local, national and supranational actors and institutions might be involved either in one or in both markets and develop their activities, which jointly constitute the skills system. It is worth pointing out here that the concept of market is here used as a metaphor to help to understand the roles and relationships among actors and institutions.

Skills systems are framed in a **local/regional socioeconomic context**, which is likely to differ from one region to another and across countries. The skills system is not impermeable to its context, which is also likely to vary across time. Therefore, the local/regional context is likely to affect the actors and institutions and their activities. Conversely, these actors/institutions and their activities might also have an influence in shaping the local/regional context.

The combination of the local/regional skills system into the local/regional context constitutes the **local/regional skills ecology**. Thus, **the interest of this national report of WP6 resides in understanding the local/regional governance of the skills system in GFR and MFR, assessing to what extent it is influenced by their local/regional socio-economic context.**

Figure 122: Skills system, context and skills ecology



The work of WP6 complements and has been developed in coordination with the rest of empirical working packages. However, one of the main differences is that the unit of analysis in WP6 is the region. WP3 (*Policy Mapping, Review and Analysis*) focused on policies targeted to young adults, WP4 (*Quantitative Analysis of Young Adults' Living and Social Conditions*) on young adults and WP5 (*Qualitative Research with young Adults*) in young adults participating in the policies under study. Although WP6 does not focus on specific policies but on the overall pool of available skills in the functional regions, the work undergone in WP3 has facilitated the identification of main actors involved in the local skills ecology and the reports and sources of information used by policy makers and practitioners to govern the local skills ecology.

The work developed in WP4 has been crucial to frame and contextualise the socio-economic context of the regions under study. Previous work on skills supply and demand tends to focus on national averages, ignoring the regional and local differences. Gathering data that considers the regional and local characteristics facilitates the understanding of different forms of governance of the local skills ecology.

Last but not least, the empirical material gathered in WP5 and the analyses developed in parallel to the current work for WP6 have served as a way to contextualise the opportunities of young adults in each region. The interviews conducted with policy makers, practitioners and young adults involved in the policies mapped in WP3 have further facilitated the understanding of the regional resources, objectives and priorities in terms of skills.

The work currently developed in WP6 national report also aims at feeding and facilitating the tasks of WP7 (*Regional/Local Case Studies*) and WP8 (*Comparative Analysis and Reporting*).

The present report is organised in six main sections. Following this introduction, the methodology used to develop the analyses is described and discussed. Then the analyses for Girona Functional Region are presented. These analyses include 1) the contextualisation of the region in terms of socio-economic characteristics; 2) the mapping of the main regional and local actors, institutions and structures involved in the skills system; 3) the identification of the policy orientations and levels and forms of coordination among actors; and 4) the assessment of the quality and use of skills at the regional level. The implications for young adults in the region are derived from these analyses. The same exercise follows concentrating on Málaga Functional Region. Finally, the results of the two functional regions are compared. Other emerging issues not included in the previous sections are discussed in the final section.

Methodology

The main intention of this WP6 is identifying the actors involved in the supply and demand of skills and understand how they govern, manage and coordinate their activities and which the implications for young adults are. To attain WP6 main objective of **describing and understanding the governance of the supply and demand of skills within and across the FRs** under study, the work to be done involves the four specific objectives, previously mentioned in the introduction section.

As the rest of the WPs constituting the YOUNG-ADULLLT project, the main theoretical frameworks driving the analyses are the Life Course Research (LFR), the Cultural Political Economy (CPE) and the Governance framework (GOV). Although WP6 includes the three theoretical perspective, the GOV and the CPE are central to the analytical approach employed.

The Governance framework plays a key role in the task of identification of relevant actors and institutions involved in the local/regional activities influencing young adults' skills formation and skills use. It also contributes to the understanding of the interplay among actors and institutions involved in different scales of governance (national/supranational/across regions). Therefore, GOV framework is especially relevant in identifying and mapping the actors, institution, structures and their main activities relevant to the local governance of the skills ecology (Task 1).

However, the interactions among actors and institutions are not random. The CPE framework can help us understand actors and institutions activities. Actors usually detect and consider problems for given targeted groups when some changes are experienced at the local/regional/national/supranational level (Variation). The activities/policies they decide to take part in (Selection) and promote (Retention) at the regional/local level are influenced by the problematisation of the situation of the targeted group. In this sense, the national report of WP6 takes into account the CPE approach when considering the nature of the activities related to LLL for young adults and the policy orientation (interest, frames, incentives) of the actors/institutions involved (Task 2), as well as the (in)existence of coordination and their forms (Task 3).

Finally, the way in which actors and institutions interact and decide to place some activities/policies for young adults and coordinate them is likely to influence young peoples' lives. Therefore, from a LCR perspective the governance of the local/regional skills ecology is likely to influence the expectations, opportunities and lives of young adults. The (mis)match between young adults' skills, expectations and ambitions and the ones provided in their local/regional skills ecology is also likely to influence their lives (Task 4).

The empirical evidence to attain these objectives and develop the tasks considered come from different sources. The main ones are the semi-structured interviews with key local actors and the grey literature used in the region in relation to skills policies and on the general political orientation of some of the involved actors and institutions. Table 1 below presents the profile of the people interviewed in each region and the documents revised in GFR and MFG.

1. Interviews: In the case of GFR, key informants are from the following institutions: the Employment Service of Catalonia (SOC), the Trade Union Comissions Obreres of

Catalonia, the Chamber of Commerce of Girona, the Salt City Council, the Local Employment Service of Girona, the Network of the Youth Guarantee Scheme Drivers at different municipalities and from different institutions of the region, and a High School with both academic and vocational tracks at post-compulsory secondary level in Girona. The key informants from MFG come from the following institutions: The Department of Education of Andalusia, the Andalusian Employment Service and the Trade Union Comisiones Obreras of Málaga.

2. Grey literature: the main reports and political documents considered for the review of grey literature at GFR are the National Youth Plan of Catalonia, Local Youth Plans from different municipalities of the region, the SOC Law (2015), the VET Law (2015), the European Anti Poverty Network (EAPN) report on the Youth Guarantee Scheme for Spain, the SOC report on the development of the Youth Guarantee Scheme in Catalonia, the report of the Observatory of Youth grounded on the Catalan Youth Survey and the report on Job Placement of VET graduates in Girona from the Chambers of Commerce of Catalonia.

The main documents selected in the review of the grey literature in the MFR were the Spanish Employment Activation Strategy (Estrategia Española de Activación para el Empleo) (2014), the report on NEETs by the National Youth Institute (2011), reports by the European Anti Poverty Network on the state of poverty in Spain (2016), the report on the Positions and Skills in Greatest Demand (2016) and Bulletin 115 from ASEMPLEO (Confederation of Temporary Employment Companies and Employment Agencies) (2017). At an MFR level, we consulted the Andalusian Territorial Plan issued by the Regional Department of Public Works and Transport (2007), the Plan for the Organization of Territory in the Málaga Urban Agglomeration issued by the Regional Department of Housing (2009) and Territorial Planning and the Strategy for Innovation in Andalusia 2020 (RIS3) (2015). We also referred to the Report by the Andalusian Observatory on the Independence of Young People (2016) and the study by the Andalusian Employment Service on the employment situation of those completing Vocational Training in Andalusia (2017), as well as various reports by the Fundación CIEDES on the Málaga Strategic Plan (2015 and 2016), by the Observatory on Labour Market Occupations in Málaga (2016 and 2017), by the Málaga Development and Quality Foundation (MADECA) on the key issues in the labour market (2017), by the Málaga Confederation of Businesspeople on the province of Málaga and business proposals for economic reactivation (2017) and by the University of Málaga on those leaving the University in academic year 2012/13 (2017).

Table 1: Key informants and grey literature

	Girona Functional Region	Málaga Functional Region
People interviewed	<ul style="list-style-type: none"> - Employment Service of Catalonia - Comissions Obreres Catalunya (Trade Union) 	<ul style="list-style-type: none"> - Department of Education, Andalusian Government. - Andalusian Employment Service of

	<ul style="list-style-type: none"> - Chamber of Commerce of Girona - Salt City Council 	<p>Málaga.</p> <ul style="list-style-type: none"> - Intermediation and Labour Insertion Service of the provincial management of Andalusian Employment Service of Málaga. - Promotion of Employment of the provincial management of Andalusian employment Service of Málaga. - FOREM-Andalusia. Málaga (Comisiones Obreras) - Businesses owner
<p>Grey literature revised</p>	<ul style="list-style-type: none"> - Pla Nacional de Joventut, Catalonia, 2010, Generalitat de Catalunya - Plans Locals de Joventut (Girona, 2016; Salt, 2016; Roses, 2016; Lloret de Mar, 2016 and Banyoles, 2012) - El acceso de la juventud en situación de exclusión a los Programas de Empleo Juvenil, Spain, June 2017, EAPN. - Desenvolupament de la Garantia Juvenil a Catalunya: Caracterització de la població i disseny de l'avaluació d'impacte, Barcelona, November 2016, SOC. - Situació i necessitats de la joventut a les Comarques Gironines, Barcelona, December 2014, Institut d'Anàlisi Social i Polítiques Públiques - Fundació Ferrer i Guàrdia, Observatori Català de la Joventut. - Inserció Laboral de les Persones Graduades dels Ensenyaments Professionals 2016 (GIRONA), Catalunya, 2016, Generalitat de Catalunya i Consell General de Cambres de Comerç de Catalunya 	<ul style="list-style-type: none"> - Confederación de Empresarios de Málaga (2017). <i>Informe socioeconómico de la provincia de Málaga y propuestas empresariales para la reactivación económica. 2015/16</i>. Málaga: CEM y Unicaja. - Consejería de Vivienda y Ordenación del Territorio (2009). <i>Plan de Ordenación del Territorio de la Aglomeración urbana de Málaga</i>. - Consejería de Obras Públicas y Transportes (2007). <i>Plan de Ordenación del territorio de Andalucía</i>. Sevilla: Junta de Andalucía. - España. Real Decreto 751/2014, de 5 de septiembre, por el que se aprueba la Estrategia Española de Activación para el Empleo 2014-2016. <i>Boletín Oficial del Estado</i>, 23 de septiembre de 2014, núm. 231, pp. 73996-74023. - Fundación CIEDES (2016). <i>II Plan Estratégico de Málaga. Cuaderno, 16: Clústeres productivos en Málaga. Hacia una especialización inteligente</i>. Málaga: Fundación CIEDES, Unicaja y Ayuntamiento de Málaga. - Fundación CIEDES (2015). <i>II Plan Estratégico de Málaga. Cuaderno, 15: Capital humano y mercado de trabajo</i>. Málaga: Fundación CIEDES, Unicaja y Ayuntamiento de Málaga. - Fundación Málaga Desarrollo y Calidad (MADECA) (2017). <i>Informe. Claves del Mercado de Trabajo, Primer Trimestre, 2016</i>. Málaga: PRISMA (Plataforma de Red de Indicadores Socioeconómicos de Málaga). - Instituto Nacional de la Juventud (2011). <i>Desmontando a los 'nini': Un estereotipo juvenil en tiempos de crisis</i>. Madrid: Instituto de la Juventud de España. - Junta de Andalucía (2015). <i>Estrategia de</i>

		<p><i>innovación de Andalucía 2020 (RIS3 Andalucía).</i></p> <ul style="list-style-type: none"> - Observatorio de las Ocupaciones (2016). <i>Informe del Mercado de Trabajo de Málaga. Datos 2015.</i> Madrid: Servicio público de empleo estatal. - Observatorio de las Ocupaciones (2017). <i>Informe del Mercado de Trabajo de Málaga. Datos 2016.</i> Madrid: Servicio público de empleo estatal. - PRISMA (Plataforma de Red de Indicadores Socioeconómicos de Málaga) (2017). <i>Barómetro Provincial.</i> - Red Europea de Lucha contra la Pobreza y la Exclusión Social en el Estado Español (2016). <i>VI Informe. El estado de la pobreza. Seguimiento del indicador de riesgo de pobreza y exclusión social en España. 2009-2015.</i> - Servicio Andaluz de Empleo (2017). <i>Estudio de la situación laboral de las personas egresadas en Formación Profesional reglada en Andalucía. Promoción 2014-2015.</i> Sevilla: Observatorio Argos.
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The semi-structured interviews have been transcribed and their content has been analysed based on the CPE approach of Variation, Selection and Retention. Information gathered in the interviews has been used to improve the mapping of actors and institutions, to better know and understand their institutions policy orientations, interaction and forms of coordination with the rest of actors. A summary of each interview can be found in the annex.

The grey literature deemed relevant and influential at the local/regional level in terms of skills policies has been systematically reviewed. Two main approaches have been used in this tasks: CPE and LCR. Information on the quality and use of available skills at the regional level and the way it is assessed by the document institutions (e.g. positive, desired, negative....) has provided relevant information for assessing the quality and use of young adults' skills in the regional skills ecology. It has also made explicit some relevant gaps regarding the assessment of matches and mismatches between skills formation and skills demands at the local and regional level. In fact, few documentation has been found on these particular levels. Another problem found in the documents is the lack of coordination mechanisms between Education and Employment government areas. This is materialised in the lack of harmonisation between the data provided by these two institutions.

In addition to the interviews transcriptions and the grey literature, other sources of empirical evidence to attain the objectives of this WP6 national report have been the WP3 national report of Spanish on *Policy Mapping, Review and Analysis*, the policy documents reviewed in WP3, the websites of the main institutions involved in the regional skills system in each FR and the informal contact with key informants from the studied institutions. Interviews from WP5 with policy makers and young adults have also served as background information to support and contrast information available in the rest of empirical material. Quantitative indicators from WP4

have been used to contextualise the FRs.

Table 2 below summarises and links the objectives of the national report with the main research questions, the theoretical approach and the empirical evidence and methodology used to answer the questions.

Table 2: Links between objectives, questions, theory, evidence and methods

Objectives	Questions	Theoretical framework	Empirical Evidence	Main methodology
1. Mapping of actors and institutions	- Which are the actors and institutions involved in the governance of the skills ecology?	GOV	Policy documents Websites Interviews	Content Analysis
2. Policy orientations	- What is the perception of actors of the main economic and social challenges of the FR? - Which is the degree of public and employers' commitment to skills development of young adults in the FR? - Which are the policy orientations of the actors and institutions involved in the governance of the skills ecology?	CPE	Interviews Policy documents	Content Analysis
3. Level and forms of coordination	- Which is the relationship between the local and national authorities regarding LLL and skills activities? - How do actors and institutions coordinate their activities? Which mechanisms do they use? - Which actors have an influence in what is taught in LLL courses in the FR? - Which actors influence the decision of which skills are considered as relevant/needed at the local level?	GOV CPE	Interviews Policy documents Interviews WP5	Content Analysis
4. Types of (mis)match	- To what extent are young adults affected by the types of (mis)matches taking place in the skills formation and use markets? - How do they affect their lives' opportunities and outcomes?	LCR CPE	Grey literature Indicators WP4	Systematic Review

Institutional context

Understanding how the skills ecology system functions in terms of the involvement and the political orientation of its different actors requires a previous reflection on how institutional structure is working in the field of the skills regulation, provision, monitoring and funding in this particular territory. This reflection has to provide a broad view about the historical processes through which the institutional mapping has been set and on the changing equilibrium among the involved actors.

In the Catalan and Andalusian contexts, public authorities do not have a unique position. In fact, there are two main public organizations involved in the planning, funding and provision of vocational training. The Department of Education of Catalonia and the Catalan Employment Service (SOC, from its name in Catalan), and the Departments of Education and of Employment of Andalusia. This particular division, as it will be seen in the following sections, affects the level and forms of coordination of the multiple actors not only at the region and local levels but also at the state level. In fact, both the governments of Catalonia and Andalusia manage their school systems and have passed their own regional laws. But the Government of Spain harmonises their activity according to a series of framework acts of education. The regional governments make their own decisions on the curriculum, teachers' recruitment and professional development, school admission policies, school evaluation and specific programmes in accordance with the margin of autonomy that these two legal levels establish. On the other hand, Active Labour Market Policies are mostly implemented by means of vocational training programmes for both employed and non-employed workers. The central government sets the main priorities, funding criteria and methods of evaluation concerning these programmes.

According to this administrative structure, there are two main coordination bodies among the State and the Autonomic Communities. The Sector Conference on Education brings together all those responsible for the Autonomic Departments of Education. It also has different working areas where the Autonomies are represented. The Sector Conference on Employment and Labour Affairs is mainly focused on the establishment of criteria for distributing the resources that the General State Budget allocate to Active Labour Market Policies among the Autonomic Communities. It has also the function of defining the Annual Plan of Active Labour Market Policies, which affects all the administrations.

Since 1999, all activities regarding VET developed in Spain are structured around the National Institute of Qualifications (INCUAL, from its name in Spanish). The INCUAL is conceived as the tool of the General Council of VET (CGFP, in Spanish), for analysing, determining and accrediting qualifications as well as for assessing the National Program of Vocational Training. The CGFP is composed by members of the State and the Autonomic Communities administrations, and by representatives of the most important business clusters and trade unions of the country. This Institute elaborates the National Catalogue of Professional Qualifications (CNCP, in Spanish), which collects the definition of all the skills that each professional has to have in order to develop a given profession. This is an extremely detailed list that is periodically examined by groups of experts. They decide whether or not these skills have to be modified and adapted to

changes in every specific profession. This is a really bureaucratic and centralised process that imposes slowness to the ability of the training system to adapt their contents to the changes on the professional practices. Moreover, this regulation hinders the participation of some providers of training insofar as it sets severe conditions regarding not only the contents but also the infrastructure needed to deliver some courses. Thus, many public and private providers offer quality courses outside this system and certify the students' achievements by non-recognised certificates.

The Organic Law 5/2002 on Qualifications and Vocational Training has been also an important point in the transformation of VET in Spain. The National System of Professional Qualifications (SNCP, in Spanish) was established through this Law in order to bring unity and coherence to vocational training by integrating the whole the professional training supply. The SNCP and the CNCP brought the possibility to certify skills not only through the educational system (as it was until 1999) but also through other procedures approved by the regional Employment and Education authorities. The Andalusian and the Catalan Institutes of Professional Qualifications are also responsible for accrediting skills acquired in the labour market.

In 1990, the Organic Law of General Organization of the Educational System of Spain (LOGSE in Spanish) defined the responsibility of INCUAL as improving and dignifying the VET system, which had been considered as second-rank education before. This law imposed some deep changes in the educational system structure that must be highlighted in order to understand the current situation of the VET and its trajectory in the past 25 years. On the one hand, this reform extended compulsory education from the age of 14 to the age of 16. Up to this age students are officially taught in comprehensive schools, although single-ability grouping is not uncommon in low-secondary schooling. On the other hand, post-compulsory secondary was divided in Baccalaureate and intermediate level vocational training (*Ciclo Formativo de Grado Medio – CFGM*). Students successfully ending Baccalaureate can access to high level vocational training (*Ciclo Formativo de Grado Superior – CFGS*) or to university (by an entry examination).

The Spanish Education Law (LOMCE – Ley Orgánica de Mejora de la Calidad Educativa, 2013) defines the direct access from CFGM to CFGS. However, the Catalan government has set complementary mechanisms to access to this education track. Graduates of CFGM can apply for a CFGS place if any is still free after other candidates are enrolled. This scheme establishes a rank of priorities whereby a type of students can only apply when any prior type has been fully enrolled. This order of priorities starts with Baccalaureate. Students who previously passed an entry examination and students who took a specific access course are second and third priorities. When all of them are fully enrolled, graduates of CFGM can be accepted. Currently, in Girona 60% graduates of compulsory secondary education choose Baccalaureate and 40% choose CFGMs. As a consequence, these programmes risk to become dead-ends unless graduates take further examinations or courses to follow their education with a CFGS. Andalusia has recently modified access criteria for CFGM and CFGS, trying both to respond to VET applicants' demands and to foster lifelong learning. Nonetheless, the access from the academic track is still preferential. In this sense, Andalusia has developed a policy of

quotas for accessing CFGS. 60% of vacancies are reserved for Baccalaureate students, 20% for CFGM students and 20% to those who have passed entry examinations either to this educational level or to the University.

Until this shift in the structure of the lower and upper secondary education, it was not needed to have the primary schooling certificate to access to the vocational track. Thus, students attending vocational studies were almost considered as intellectually limited as they had not been able to achieve the basic studies certificate. From then onwards, the VET system has experienced a dramatic transformation both in its structure, quality and number of students. Data on enrolment in VET show very significant growth both in the CFGM and in the CFGS. Since the school course 1999/2000 to the school course 2015/16 students attending intermediate level vocational training have grown from 158,905 to 350,226 (+220%), and those attending to high level vocational training have increased from 148,501 to 355,277 (+239%). Focusing on some of the characteristics of the students, men represent almost 58% of all the students of CFGM and 54% of those in CFGS. Due presumably to the economic crises and the prolongation of educational trajectories, the age of the students increased in the last decade. In the school course 2005/06 30% of the students of CFGM were older than 20 whilst for the school course 2015/16 this group represented almost 50%. Something similar happens in relation to the CFGS, where around 31% of the students were older than 23 in the first period and they represented almost 43%.

According to the presented information, it can be highlighted that the public commitment in skills formation at the state level is formally high (Bussemeyer and Trampusch, 2012). Public administration has undertaken deep reforms regarding the VET system in the last decades. However, at least two relevant elements can be pointed out that may be hindering the fluent participation of important actors in the process. First, the territorial tension pushes the state to retain some competences in the definition of the regional and local needs and in its funding. As it will be analysed below, local systems face difficulties deriving from this lack of autonomy which may lead us to believe that, despite formal commitment, training is not a priority of the state administration. In this sense, the skills system mixes elements of centralisation and decentralisation (Spours, 2012) that cannot be explained without taking into account other political dimensions of the relationship between the State and the Autonomous Communities and of its historical evolution. Second, private involvement in skills formation is in general low at the state level. The mechanisms of coordination of skills supply and demand are more institutional than ruled by markets (Hall and Soskice, 2001). There are, however, some signals of the increasing importance of market elements at the regional and local level, as we will explore further on. For instance, some of the programmes that the Spanish government is fostering under the umbrella of the Youth Guarantee Scheme are directly implemented by the regional Chambers of Commerce. Nevertheless, the relevance of the business-led skills formation is still problematic because the chambers apparently give much more importance to training courses than to apprenticeship or job placement actions.

Analysis of skills supply and demand at Girona Functional Region

Based on the frameworks, theoretical approaches and the methodologies detailed in the previous sections, section 4 presents the analyses corresponding to the mapping, policy orientations, levels and forms of coordination and quality and use of skills in Girona Functional Region (GFR). A contextualisation of the socio-economic context of GFR precedes the analyses in section 4.1.

Context information on economic and labour market conditions

In order to better understand the dynamics surrounding the skills system at GFR some general socio-economic indicators must be taken into account. Deeper considerations over the economic, demographic, educational, labour market, redistribution, inclusion, health and well-being conditions and characteristics are developed in the WP4.

Youth Spanish population (18-29 years-old) in GFR represents 32.63%% of the total population of the region, which is slightly higher than the percentage of Catalonia (31.35%) and Spain (31.16%). Young foreigners represent 26.84% of the youth population of GFR⁶⁹. There is no data available on youth unemployment rate at this territorial level, so the following information is related to the Catalan level, not to GFR. As discussed in more detail in the WP4, the youth (16 to 24 years old) unemployment rate in Catalonia is 30.5% on the second trimester of 2017. By far, this is the age group most affected by unemployment, being the general unemployment rate 13.2%. Regarding the distribution among genders, the percentage is noticeably worst for young men (33.8%) than for young women (26.5%), in contrast to other age groups.

GFR is characterised by a notable polarization of the educational attainment. This is a common trend both in Catalonia and in Spain. However, the region shows a lower degree of educational attainment that is materialised in lower rates of young people studying or having finished higher education studies (35.1% vs. 46% at the Catalan level), a higher rate of post-compulsory secondary education students (26.6% vs. 22.9%) and a higher rate of young people who only finished or unfinished compulsory education or even did not get their certificate at this level (38.3% vs. 31.1%)⁷⁰. Considering the presented characteristics regarding both youth unemployment rates and the distribution of the educational attainment, it is not surprising that the estimation of the percentage of NEET in the region elaborated by the Employment Service of Catalonia (SOC) is notably higher than the Catalan one (30.4% vs. 27%)⁷¹.

The economic activity in GFR is predominantly related to the services sector (71.10% of the GDP in 2014, and 72.80% of the GVA). It is slightly inferior to the weight of this

⁶⁹ Data from 2013: https://www.sepe.es/contenidos/observatorio/mercado_trabajo/2429-1.pdf

⁷⁰ These data are from the Catalan Youth Survey of 2012. The results of the last wave of the Survey (2017) are not available yet (http://treballiaferssocials.gencat.cat/web/.content/JOVENTUT_observatori_catala_de_la_joventut/documents/arxiu/enquesta_joventut/Situacio_necessitats_joventut_Comarques_Gironines.pdf)

⁷¹ This estimation corresponds to 2011. The SOC calculates that the higher rate of NEETS in the country has been reached in 2010, and that in a middle scenario, the Catalan NEET rate would be of 21.01% in 2015. (http://serveiocupacio.gencat.cat/web/.content/01_soc/servei-public-docupacio-de-catalunya-soc/pla_destudis_i_avaluacions/Garantia_juvenil_cat.pdf)

sector in the Catalan economy (73.71% GDP and 72.99% GVA). The agriculture (2.10% of the GDP and 2.67% of the GVA) as well as the construction sectors (6.50% GDP, 6.25% GVA) have more importance in the region than they have at the Catalan level (0.97% GDP – 1.08% GVA and 4.76% GDP – 4.90% GVA, respectively). The weight of the industry is similar at both levels (around 20% of the GDP and between 18 and 21% of the GVA for GFR and Catalonia, respectively). The size of the companies in the region shows the central importance of the small enterprises and business for the local economy. More than 60% of the companies in GFR has 1 or 2 employees, more than 80% has at most 5 employees, more than 90%, at most 9, and more than 98%, less than 50 workers. The bigger companies in the region are from the public sector (mainly education and health). Regarding the sector of employment of young adults in the labour market, around 75% of them work for the private sector, 13% to the public sector and 12% are free-lance (data from the Catalan Youth Survey of 2012).

The importance of tourism and of other related service activities in the region as well as the importance of young foreigners in the region helps to explain the characteristics of the educational attainment distribution. It is also relevant in order to understand the differences between GFR and the Catalan level regarding the household characteristics of the young adults. This region has the higher rate of young adults living without their parents in Catalonia (65.5% vs 57.5% at the Catalan level)⁷². 35.4% of young adults have already children (24.2% in Catalonia), and the maternity/paternity average age is 24.8 (but 29.9 in Catalonia).

This general glance at the contextual characteristics of GFR shows some of their specificities at the same time as it underlines crucial challenges for young adults. First, the increase of the skills formation has to be seriously undertaken and generalised. Its orientation should be diversified in order to achieve greater independence of the service sector and, specifically, of tourism. Second, boosting the industry sector both by increasing the skills formation and the skills demand could possibly stimulate a change in the skills equilibrium by increasing the quality of the job placements and the young adults' ability to occupy these jobs. Due to the particular structure of the companies in the region, this transformation needs to be addressed collectively and with the strong commitment both of the private and the public sectors. And last but not least, the importance of foreign-born young adults poses a challenge but also an opportunity for the skills system and for the labour market. The former needs to provide responses to their particular demands and needs in order to guarantee that they can fully develop their potentialities in all their life dimensions. The latter must be able to take advantage of all their skills, even when they are not formally recognised.

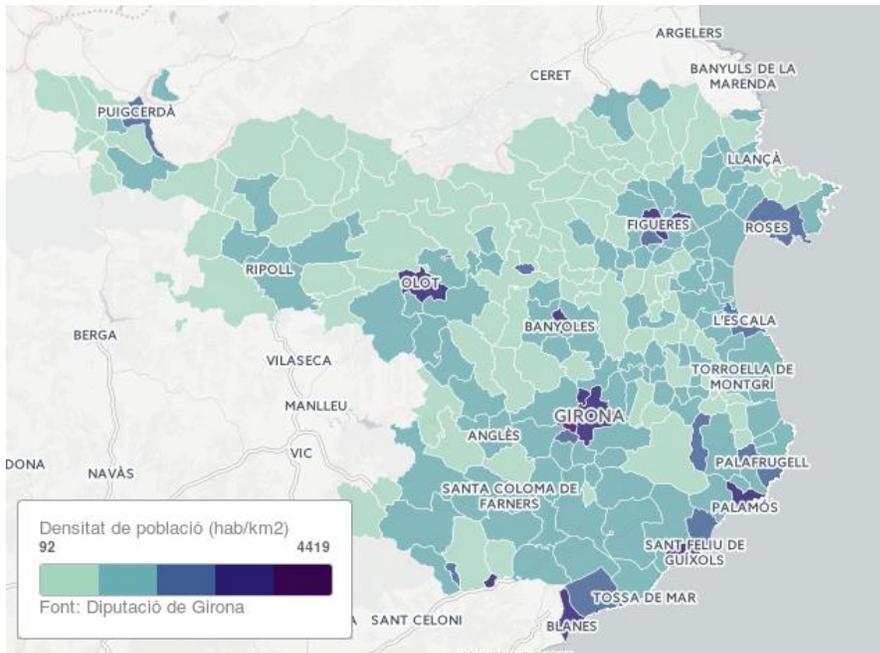
Mapping of the main skills actors and institutions GFR

In this section the main actors, institutions and structures concerning the skills ecology of the Girona Functional Region are described. Its principal aim is to identify those actors and institutions at any level of governance (local/regional/national/supranational) somehow involved in the local/regional skills ecology.

⁷² Catalan Youth Survey, 2012. Data refer to people from 15 to 34 years-old.

Once the main actors are identified and described they are located in one or more parts of the skills system (following Figure 1 from WP6 proposal). The skills system is composed by the skills formation market and the skills use market. Figure 2 presents the position of the actors and institutions identified and their relations. The main purpose of this exercise is to identify and relate the main actors and institutions directly involved in the skills formation and use markets at the in the GCR.

Figure 123: Girona province, population density



Source: carto.com. Data from INE 1

Girona province (Figure 1) has 221 City Councils grouped in 7 regions. It has a population of 753,576 people distributed in the different regions as follows: 2 of them have more than 150,000 inhabitants (Gironès and Selva), another two are over 100,000 inhabitants (Alt Empordà and Baix

Empordà), and another one, over 50,000 inhabitants (La Garrotxa). However, due to the huge diversity of municipalities, it is difficult deliver the available resources everywhere. Notwithstanding these territorial variations, there are common elements and local dynamics that allow to map out the main actors covering the whole territory. It is necessary to be aware of the central role of the territorial axis lead by the city of Girona, which somehow aligns the regional capitals and some other relevant cities as Sant Feliu de Guíxols (Baix Empordà) or Blanes (Selva). Some of the actors described in the next section cover a broad territory with its local offices in the above mentioned cities while others refer only to some of the cities. Despite their action being restricted to their City Councils, these local actors usually have a correlate on the other cities. It is necessary to explore the extent to which they collaborate in the management of the skills supply and demand.

Identification and description of actors and institutions in GFR

Eight institutions/actors have been identified as relevant in the governance of the local skills ecology in Girona Functional Region. Below each of them is briefly described. For a more systematic and detailed description, see Table 3 (Annex 8.1 of this document).

- 1) Local Employment Services: Most of the City Councils of the region have a Local Employment Service with both intermediation and training functions. Big cities' Services develop a wide range of activities addressed to employed and unemployed workers as well as to companies. Small towns and villages often share these services under the umbrella of the Regional Councils.
- 2) Local Education Services: The competence of providing primary education in Catalonia is partially owned by the Municipalities. Thus, all cities, whatever their size, have some kind of Education Service. All of them deal with school related issues while just those of the cities providing post-compulsory secondary education include young and adult education within their services. However, occupational skills formation is in charge of Local Employment Services while Local Education Services deal with formal education.
- 3) Chamber of Commerce of Girona: This institution represents the business sector of the area. It aims to boost the competitiveness of this sector and it provides resources to the companies to improve its management. It is involved in the provision and organisation of training activities for employers and their staff, and it also provides training and guidance for unemployed NEET youth within the Youth Guarantee Schema (Garantia Juvenil).
- 4) High Schools: High Schools are the institutions responsible for providing post compulsory secondary education, and most of them cover also secondary compulsory education. Post-compulsory secondary education is divided in vocational and general further education (Baccalaureate). Almost all high schools provide general further education but only some of them have also intermediate and high vocational education.
- 5) University of Girona: The University of Girona is one of the eight public universities of Catalonia. Its mission, like the rest, is to provide higher education. Currently, all universities are trying to improve the guidance they give to the students in their transition to the labour market as well as their advisory services for the internationalisation of the graduates.
- 6) Employment Service of Catalonia: This agency depends on the Department of Employment, Social Issues and Families. It is responsible for the design, coordination, implementation and assessment of different employment policies. With this aim, it provides skill formation activities and fosters the cooperation with external providers at the local level.
- 7) Department of Education of Catalonia: The Department of Education is the responsible for designing the non-tertiary educational policies at the national (Catalan) level. Regarding vocational education, it is member of the Catalan Council of Vocational Training together with the Department of Employment, Social Issues and Families.
- 8) Trade Unions: The main Trade Unions of the country (CCOO and UGT) have been traditionally involved in the provision of vocational training. They work at the local level by organising and providing formation to employed and unemployed workers.

Description of the skills system in GFR

The skills system is composed by the skills formation and the skills use markets (Working paper – WP6, YOUNG_ADULLLT Project). Like all markets, these ones have actors and institutions acting as supplier and/or demander of skills formation and/or of skills use. The role of each of the actors identified in the previous section is presented below. In order to better understand the different elements of the skills system, there is a description of the activities and relationships of the institutions involved first in the skills formation market and, second, in the skills use market.

Which institutions are involved in the skills formation market in GFR?

All the institutions identified in section 1.1 are involved in the skills formation market. Regarding the supply of the skills formation, as already mentioned in the first section, there is a clear difference between those involved in the provision of formal education and those who provide occupational training. All the institutions that somehow are under the umbrella of the Department of Education (that is: Local Education Services, High Schools, and the Department itself) provide formal education and directly respond to the Catalan government, as it has decentralised competences on Education. Occupational training is mostly in charge of those public and private institutions related to the sphere of work (National and Local Employment Services, Chamber of Commerce and Trade Unions). Their functioning is more fragmented. National and Local Employment Services have limited autonomy in the definition of their strategies and on its availability of funding, as they depend on the Spanish Ministry of Employment and Social Security. The Chamber of Commerce of Girona directly receives funds from the central government to provide training courses framed in the Youth Guarantee Scheme independently from the Catalan government. And the Trade Unions act more independently despite they being part of the most important Councils both at the State and at the Catalan levels.

Public administrations are obviously suppliers of skills formation as they directly provide training in their own establishments and with their own staff. They also demand training to other institutions either to execute their own priorities or to satisfy external demands (for instance, they can partially fund on demand training for companies). This second situation involves the Chamber of Commerce of Girona, who both delivers and asks for training programmes as well as it struggles to influence the definition of the skills supply provided by the public sector.

That said, young adults are the principal demanders of skills formation, both in formal and non-formal education. Some agencies carry on occupational training programmes with a broad focus on personal development, and thus they incorporate the interests of young adults in their own development. However, young adults' opinions are not systematically included in the definition of the skills formation market. In some experts' opinion, these definition is related to the organisations' own interest more than it is to the needs of the labour market. Nevertheless, other experts consider that the shaping of the skills formation supply do respond to a prospection that identifies gaps between the demand of skills use and the availability of these skills at the local level. In any case, there are not institutional mechanisms for the young adults to directly participate in the

process of skills formation and use. They can participate only indirectly by their affiliation with some of the private institutions who are members of different Councils or organisms which do have a role in the process. Young adults living situations of vulnerability are, however, not likely to be involved in Trade Unions and even less in business organisations such as the Chamber of Commerce.

Which institutions are involved in the skills use market in GFR?

The National and Local Employment Services provide skills training and they can influence the offer of formation by, for instance, their participation in the Catalan and Municipal Councils of Vocational Training. These negotiation frameworks are composed by public and private institutions and connect the skills training and the skills use markets. Although the Department of Education is also a relevant member of these Councils, it is the Employment Service responds to the demands of the labour market.

On the other hand, the Department of Education and the other educational institutions (High Schools and the University of Girona) have a central role in pushing agreements of apprenticeships at the local level. In cooperation with such actors of the skills use demand as the local business networks, these institutions intend to detect the lacks of skills use supply and to promote either new formal vocational training courses or new work placement training agreements. The characteristics of the business network in the region, as already shown, hinder the development of broad strategies of apprenticeship (both in the formal and non-formal skills formation and use markets). Thus, although Dual VET has been broadly announced and publicly celebrated by the incumbent administration, both the high schools and employers which implement these programmes are deeply worried about their eventual effectiveness. On the one hand, they remind of the many obstacles the small companies face when defining training plans and students guidelines. On the other hand, these actors remark that the German and the Catalan approaches only share wording even though the latter is formally inspired on the former.

The coordination between the higher level political actors seems not to be easy. As different experts have pointed out, Education and Work worlds have problems to agree on common initiatives in order to achieve their shared goals: to improve social cohesion, to improve the general educational level of the most vulnerable people, to guarantee equity and to boost Catalan competitiveness. It seems that the problems between these institutions are related to two different elements. First, while the funding for the Department of Education depends on the budget of the Catalan government, the resources of SOC directly come from the Spanish government (even those stemming from the European Social Fund - ESF). In addition, it is probably easier for the Department of Education to define a political orientation in accordance with that of the Catalan government. Second, and consequently, the lower structure of the SOC in relation to that of the Department of Education may enable it to be more adaptable. Thus, the disagreements are not due just to the external conditions (funding, definition of political priorities), but also to the organisational particularities and inertia of each of the institutions.

The main providers of skills use are young adults. They enter in the labour market by their training institutions, by the National and Local Employment Services or by their

autonomous search for employment.

The demand of skills comes from private employers of the region as well as from public employers. The most demanded sector, as shown in the context section of this report, is Services. Particularly, the region is an important tourism pole within the country (private employers) and the health and medical activities are also relevant (public and private employers).

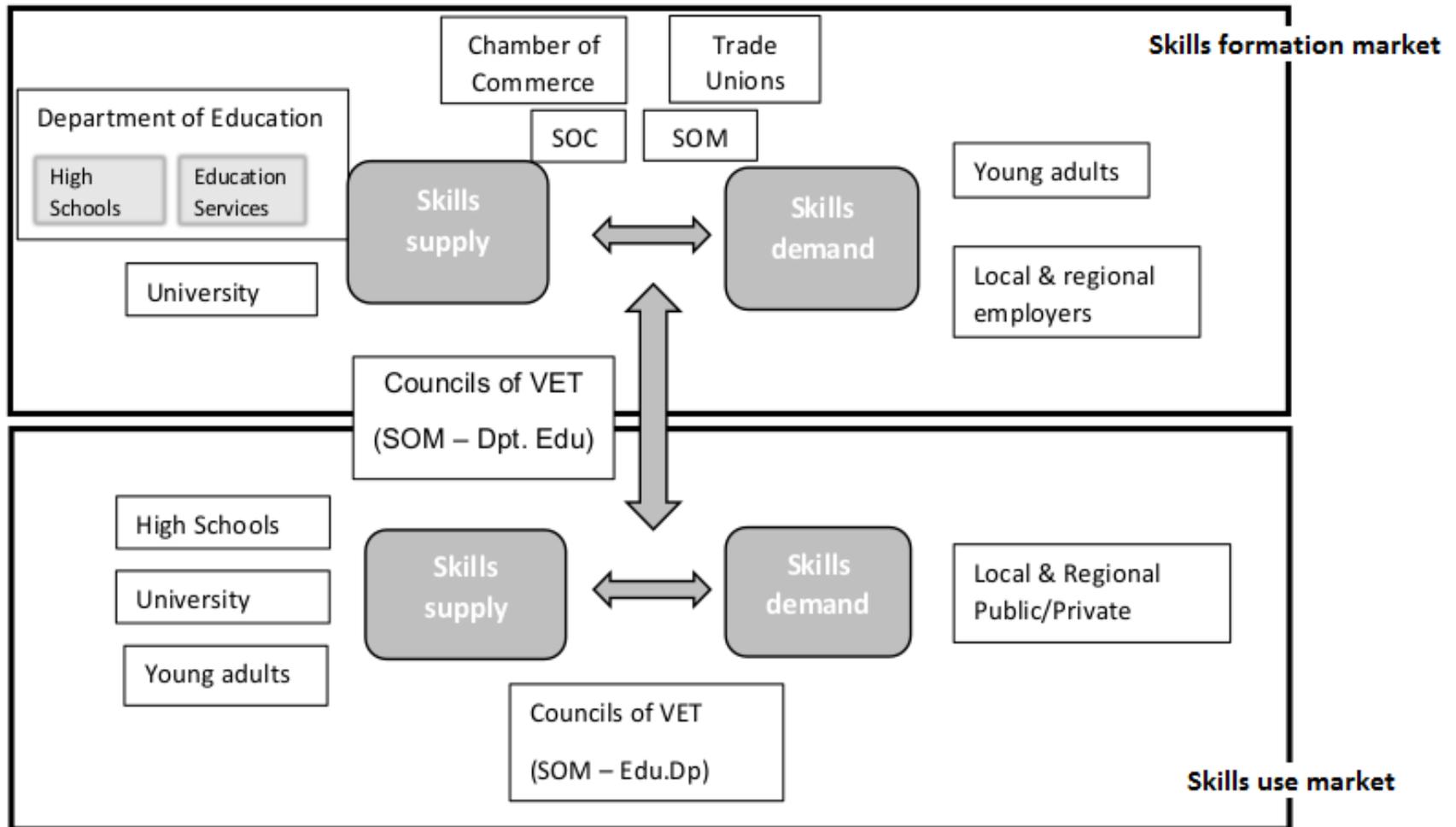
Considering what is stated in this section, there are four questions that need to be addressed, even when the next sections of the report will deal with them with more detail. First, regarding the relationship of the mapped institutions with those at the State level it must be highlighted that there are crucial tensions and overlapping functions that hinder the adjustment of the skills system to the regional needs. The rigidity of the CNCP and the official definition of professional qualifications regardless of territories lead defer training programmes from local/regional needs and realities. Other institutional factors aggravate the problem, mostly due to the differences in the degree of decentralisation of education and employment services as well as the absence of efficient mechanisms of vertical coordination. Moreover, broader territorial tensions due to conflicts beyond the scope of the skills are a further factor of disruption.

Second, there are some imbalances between the actors mapped in this section and their ability to influence on the regional skills system. On the one hand, as derived from what we have mentioned just above, there is not a unique authority coordinating training activities neither in the sphere of education nor in the sphere of employment. Thus, some local agents are coordinated with State institutions while others work together with regional ones. This leads to overlapping some functions and leaving others uncovered. On the other hand, local and regional institutions are increasingly but slowly coordinating their activities, fostered by the Catalan government. Coordination seems to have a good impact on their initiatives, mainly those addressed to vulnerable young adults.

Third, coordination is also weakened by problems between the Catalan Employment Service (SOC) and the Department of Education. So far, the creation of Catalan and Municipal Councils of Vocational Education and Training did not bring about noticeable results, but it is clearly necessary to work in that direction. Additionally, there are coordination problems within the SOC that hinder the development of coherent and effective training policies.

Finally, considering what the mapping shows, it seems that the local agents of both spheres are paradoxically able to bridge some gaps. The structures they depend on (namely the SOC and the Department of Education) seem to be making efforts to decentralise their planning and execution. But local informal spaces of coordination through face-to-face contact are apparently emerging. Thus, Municipal Councils of Vocational Training, for example, could be places where these informal relations become formal and thus empower local agents to put pressure on the higher ranks of their respective departments.

Figure 124: Skills system in the Girona Functional Region: skills formation and skills use



Source: authors' elaboration.

Analysis of the local governance of skills

This section explores the policy orientations and the forms of coordination of the main actors, institutions and structures identified in the previous section.

Actors' policy orientations

Considering the institutional context presented in the section 3 of this document, this subsection identifies the main policy orientations of the actors and institutions involved in the skills system GFR. We particularly focus our attention in the governance elements of the skills system: the actors' and institutions' influence on the definition of important skills and contents to be taught; the provision and funding of the skills formation; and the commitment and relationship between public and private actors.

Provision of skills formation

The provision of skills formation is absolutely divided between the Educational and the Employment spheres. At the educational sphere disadvantaged young adults are not specifically targeted. There are some grants covering expenses of high schools and university, but they are not many nor large.

At the Employment sphere, there are several agents involved in the process of providing skills formation to disadvantaged young adults. The SOC drives different skills formation initiatives but just some of them are directly addressed to young adults. They are funded and defined by the SOC although it is not the provider. In fact, there are private foundations with a social orientation who provide skills formation through different programmes and particularly targeting young adults. Some of them are closely linked with particular sector (the Oscobe Foundation – services and catering industry). Some others, as the New Opportunities Centre of Girona or the Ser.Gi Foundation, provide skills formation not necessarily linked with any specific sector (from beauty to security or languages skills). All these foundations provide transversal skills as well.

Local Employment Services provide skills formation in different sectors which address different targets. In any case, they all carry on training programmes addressed to young adults that provide skills formation in sectors as Auxiliary services to industry and commerce, Meat industry, Hotel and catering industry and on transversal skills as Digital alphabetisation, Language skills and Job searching. Moreover, some Local Employment Services (Girona or Salt) have developed programmes in coordination with non-profit foundations and other public institutions to provide specific skills to vulnerable young adults, who also receive guidance and transversal skills formation.

The Chamber of Commerce of Girona provides skills formation to young people registered in the Youth Guarantee Scheme that covers different sectors: Auxiliary services to industry, commerce and hotel and catering, Social-educational services, Language skills (Catalan for commerce and hotel and catering services), Hotel and catering industry, Management, Project and innovation management, and transversal skills. These training activities are part of the PICE Programme (*Programa Integral de Capacitación y Empleo*), directly coordinated and funded by the Spanish Ministry of Employment and Social Security.

Trade Unions provide different skills formation in the region for their members. Most of their courses are addressed to unemployed people, but this is not a requisite in all cases. They

provide skills formation in a wide range of sectors: Socio-educational services, Health and social care, Auxiliary services to industry and commerce, Technologies of Information and Communication. They do not provide skills formation linked to the Youth Guarantee Scheme in spite of them being members of the Network of Youth Guarantee Scheme Drivers and thus having a role in the diffusion of the programme.

The definition of the “skills agenda” in the region does not seem to be influenced by a unique actor or interest but by a broad range of agents at different levels. On the one hand, as stated by different local interviewed public actors⁷³ and as will be deeply considered in the following pages, the SOC’s political orientation seems to be giving more relevance to organisational than to content issues. In this sense, the specific content of the courses is mainly decided by the local providers according to general guidelines. Several interviewees consider that this offer is shaped by the tradition and expertise of the providers more than by an accurate analyses of the needs or job placement opportunities in the region. On the other hand, the discursive construction of the targeted group (namely, vulnerable young adults) has repeatedly emphasised their lack of transversal skills (motivation, predisposition to work, behaviour) above of professional skills. In consequence, the “skills agenda” particularly addressed to them seems to prioritise the former in the courses and training activities while professional competences are supposed to be acquired in the labour market.

Regarding specifically the Educational sphere, as already mentioned, the “skills agenda” is strongly constrained by the CNCP. While Employment providers offer some of their courses outside the catalogue (by non-recognised certificates), Education authorities are not allowed to receive funding to do so. Thus, they have less leeway to set their own agenda or to adapt it to regional needs or to the particularities of the most vulnerable population.

Skills formation content and type

There is not a systematic mechanism to define the content and type of the skills formation in GFR, but different channels between actors and administration levels.

On the one hand, public high schools, in cooperation with local companies and public institutions such as hospitals, assess the needs of the area in terms of skills provision/supply. These assessments are materialised in requests to the Department of Education for the starting of new courses. Ultimately, this government institution assesses the appropriateness of authorising the opening of these new courses, and as stated by different informants, it positively receipt the demands elaborated in a coordinated manner by different local agents

Regarding VET students’ apprenticeships training plans, these are defined in collaboration between high schools and the companies where the at-work training is done. They have to accomplish the curricula requirements as well as be adapted to the particularities of each specific company. Thus, VET school coordinators together with each company responsible person define which skills are going to be developed. However, as stated by a VET school

⁷³ These interviewees are part of the WP5 field work and, thus, are not included in the Table 1 of this report.

coordinator, these agreements are often not met by the companies as long as they assign infra-skilled tasks to their apprenticeships arguing that they do not have enough human resources to properly accompany the students' in-work training process. The overall process is registered by the Chamber of Commerce of Catalonia Integral Data Base, but the access to these data is not public (see WP4 for further information).

On the other hand, the SOC bids on different training programmes to public and private agents at the local level. While some of these tenders reflect the very orientation of the Service in terms of its definition of the skills needed to be provided, some others gather local agents' priorities. These last ones are led by different actors at the local level: private foundations with a social orientation, city councils or the Chamber of Commerce. In these kind of processes, the SOC sets the general lines of each calling but the various local actors define more precisely which particular skills are going to be provided in their own programmes. In fact, as stated by a high-rank Officer of the SOC, as included in the recent SOC Act (2015), the service orientation is moving from a centralised strategy of planning and funding to a more decentralised one. At the practical level, this means that progressively more autonomy to the regional and local level has to be reached by supporting horizontal alliances among public and private actors. This shift aims to increase the efficacy of the skills formation activities (as they would be more adapted to the needs and potentialities of the territory) as well as the commitment of all the involved agents. In any case, many of the courses provided under the funding umbrella of the SOC allow for obtaining some Professional Certificate as defined by the CNCP. Most of the courses are of level 1 or 2⁷⁴.

Payment/funding of skills formation

The skills formation are mostly funded by the public sector. Public high schools receive their funds from the Department of Education, and teachers are mainly public workers. Students in the public educational system do not usually have to pay any fee. There are private high schools which are publicly funded both at the compulsory educational stages and at the vocational track. There are also full private high schools funded by their student's families. The University of Girona is also publicly funded by the Department of Business and Knowledge, but its students, as happens in all public universities in the country, do have to pay fees.

The SOC plays a key role in funding skills formation. It funds, by its tenders, most of the skills formation of young adults among all the country and in this particular region. Participants in these courses do not have to pay fees. In fact, some of the programmes funded by the SOC and addressed to young adults include a little cash transfer to cover transport and other minor expenses. It is worth noticing how the SOC itself is funded in order to understand some of its dynamics. The SOC receives funds from the Spanish government and from the ESF. The amount and the calendar of the funding obtained from the Spanish government is variable. It depends on the evaluation of its previous year activities and on the available resources. These resources came only from the contributions that employed workers make to the Social

⁷⁴ There are 3 Professional Certificate levels being the 1st level the most basic one (without training or professional requirements to access) and the 3rd the most complex one (with the requirement to have at least a Baccalaureate Certificate, a successful access exam to tertiary education or a Professional Certificate of level 2 in the same professional family).

Insurance Service (INSS, in Spanish) (0.7% of the salary goes to training activities). Thus, the higher the unemployment rate, the lower the available resources to invest in unemployed skills formation⁷⁵.

The Chamber of Commerce funds those skill formation initiatives addressed to entrepreneurs through their own resources (members' fees). Trade Unions receive public funds for the provision of most of their courses and very few of them require payment by the students.

Degree of public/private commitment to skills formation and use

Public institutions are committed with skills development both at the theoretical and at the practical level. They show their concern in relation to the lack of skills of the vulnerable young adults and they underline the importance of improving this situation in order to increase their employability. In this sense, local public agents work to ameliorate the skills they supply to improve its fit with the labour market needs. However, as it will be developed in the next section, public institutions face some crucial problems that may minimise the impact of that commitment.

At the local level, employers seem to be committed to the skills formation as long as it does not entail a high cost to them. The engagement of the different economic sectors with the skills use is unlike. The case of the hospitality and catering industry is especially relevant for its low involvement in the skills development system and for its weight in the economy of the region. While the Chamber of Commerce of Girona provides specific training in this sector, not many particular employers provide training neither demand trained workers. In this sense, the importance of the hospitality sector in the region plays a key role in explaining this trend. On the one hand, small business owners seem to consider that the attractiveness of the region is enough to guarantee their economic success. On the other hand, many unskilled young workers are temporarily employed in the sector during the peak season with low salaries. Obviously, these elements cannot be applied to the high quality hotel and catering offer that also exists in the region, but more than a half of the employees of the hotel industry are working in companies of less than 50 employees whilst almost 50% of the catering employees work in companies of less than 10 employees⁷⁶.

Public and private actors, both at local, regional and state levels share a common understanding on how the dynamics of skills formation and use has to be shaped. Independently of the depth on their commitment, political documents as well as interviews put the accent on the need for young adults to improve, broad and adapt their skills in accordance to the labour market needs. Contrary, no reflection is generally done regarding neither the role of the demand of skills by the labour market, nor of the working conditions (salaries but also stability, promotion possibilities, workplace training, work schedules, etc.). In this sense, even when the commitment is strong, the responsibility for succeed is eventually placed on the

⁷⁵ Until 2012 National Budget included an expenditure which was almost equal to the one executed by the INSS. It had to be distributed among all the Autonomic Employment Services with the same criteria as those used to distribute the resources of the INSS. Nevertheless, since then this complementary source has disappeared. Together with the drop of employment rate, it all has provoked an important loss of resources to all the Autonomic Employment Services.

⁷⁶ Observatory of Work and Productive Model. Data on Affiliation to the National Insurance Service, June 2017.

training system (and on the young vulnerable adults' shoulders) rather than on the labour market. In fact, some of the most important reforms carried on after the economic crisis are formally aimed to expand some training opportunities (LOMCE, 2013, or VET Law, 2015) while worsening and weakening working conditions and strengthening the position of the companies in the labour market (Labour Law, 2012).

Level and mechanisms of coordination

In this subsection we examine the mechanisms and problems of vertical (between different levels of the public administration) and horizontal (between different public and private agents at the regional/local level) coordination in the field of the skills formation and use.

Relationship between local/regional/national authorities

As it has been already mentioned, there is a great division between Educational and Employment spheres which affects all the process of skill development. Even if both sub-systems are under the umbrella of the CNCP, they work independently in the planning, provision and funding of skills for young adults. Some of the main vertical coordination issues at the regional level are listed below:

- The coordination of the activities of the Department of Education and the SOC is scarce. The Catalan Council of Vocational Training aims precisely to coordinate both institutions activities. However, as stated by different key informants from public and private sectors, it has actually no relevant role in the skills development process, in spite of the approval of the VET Law in 2015, which intends to foster the convergence between these two public institutions. At the local level, there is the Local Vocational Training Council of Girona, but it was created so little time ago that there is still no information about it.
- The SOC faces constrains in funding issues that hamper both the coordinate application of its political designs as well as its assessment activities (see 4.3.1. section for further information on funding issues). On the one hand, local and regional authorities claim for a more rational and foreseeable calendar of the SOC actions. Taking into account that their activity depends broadly on the funds they receive from this agency⁷⁷ these uncertainty strongly affects their activity. On the other hand, however, the SOC itself is constrained by the Spanish and the European funders calendar. For instance, just in middle spring 2017 it was still negotiating with the Spanish government the budget for the current year.
- Beyond funding issues, but not independently, the SOC has limited authority in the priorities definition. The Spanish government has not decentralised competences in labour market policies (which includes skill formation). Additionally, funds provided by the European Social Fund are also conditioned to the accomplishment of different political directives which are often away from the local realities. At the regional level, this has consequences on the adequacy of the initiatives to the local needs and on its efficiency. On the one hand, the assessment methods of the State administration and the ESF are not able, in the SOC's opinion, to correctly detect the gaps of the skills formation market nor to inform of the pros and cons of the actions that the agency is currently developing (they use very general

⁷⁷ As stated by the responsible Officer of the Youth Area of the Salt City Council, more than a half of the budget of this area is not genuine but subsidised. In this municipality, the SOC programmes targeting young people depend all on the Youth Area.

indicators and even construct indexes by gathering together contradictory information). On the other hand, they impose to the local, regional and national administrations different and heavy monitoring systems that consume many hours of work and are not perceived as useful tools by the different workers dealing with it.

- Despite all this, local administrations positively value the permeability of the SOC to their suggestions and critiques. Different agents declare they have seen clear differences between two editions of the same programme by the inclusion of modifications coming from the regional and local levels. They use both formal and informal mechanisms to get into the SOC, but it seems clear that the yearly assessments that the SOC requires to the local and regional agents developing its programmes have an effect on the following year definitions.
- These perceptions, however, have to be nuanced by the lack of response that some actors have for some of their coordination proposals. For instance, the sharing of training equipment has been a claim both from the Local Employment Service of Girona and the Occupational Training Innovative Centre (Centros de Innovación y Formación Ocupacional – CIFO) of Salt, which is owned by the SOC and has underused industrial equipment and facilities. Following their own statements, the SOC has had no response for this claim.

Relationship and links between public and private actors

The available coordination mechanisms between public and private actors reproduce the cleavage between Education and Employment spheres.

The educational system is organized vertically in relation to the definition of the curricula. At the regional level, the vocational track managers underline the importance of their collaboration with the labour market. At the same time, they consider the Department of Education has a good response to their proposals (of new courses) as long as they are consistently and collectively developed with the local actors. In this sense, the Department of Education implicitly rewards the informal coordination among public and private actors in the region by positively assessing their skills formation proposals. For their part, employers highlight the importance of the at-work training initiatives but they consider that the fiscal benefits they receive for their involvement are not enough to cover the costs it implies (the role of the mentor the educational system requires is often a resource that a small company cannot manage without).

On the other hand, due to its own and particular configuration, the Employment sphere has more flexibility. The skills provided within this sub-sector respond to a much more specific definitions: while the curricula of VET (educational sub-sector) is composed of large and indivisible packages of skills required to obtain a certification, the occupational training responds to much more concrete skills that one can certify through short duration courses. Even if a huge diversity of providers is implied in the skills provision through the SOC programmes, their very orientation is constrained by the political guidelines of the Service.

Although employers at GFR consider skills formation as a crucial element to boost the local economy, they point out different elements that may be hampering it and that are directly linked to the involved actors' relationship:

1. Employers consider that the public sector is not enough committed. This perception is more addressed to the high political and management levels than to the local level

professionals. They attribute this lack of engagement to the own dynamics of the institutions these professionals belong to. Thus, in their opinion, public institutions (and Trade Unions) are using the resources of the skills development processes for their own self-survival (resources hoarding, bureaucratization, and unfair competition). At the regional level, employers have a better opinion on the commitment of the public workers and local services. In fact, there are many informal relationships between them regarding both the apprenticeships and the planning of the offer of skills formation itself.

2. Employers consider their own sector commitment would be higher if the harshness and the accountability process of the model were lower: the control mechanisms public calls impose have high associated costs. These costs often discourage the participation of employers in skill training activities, particularly when the involved companies are small.

In general other coordination problems derive from the funding model of some of the SOC training programmes. For instance, some of them condition the amount of money that the direct providers receive to the number of young adults they attend. In this sense, different key agents of the region highlight the impact of this mode of funding on the quality of their services. Those public or private providers which are subject to this particular structure of funding have more incentives to assess young adults following their own interests and, thus, using youngsters as a way to guaranteeing their own economic survival. Grounding the economic sustainability of the programme only on the amount of people it assists fosters the configuration of a kind of market of training courses within which young adults are somehow treated as commodities. The more of them a provider has, the more the public resources it receives no matter how useful the training is for the youngsters. Moreover, this structure of funding hampers the coordination among actors as some of them prefer to compete trying to ensure their resources more than to collaborate pursuing the best for the beneficiaries. However, it is worth mentioning, as has been noticed below, that the SOC is slowly shifting from this structure of funding to a more decentralised one. This shows the permeability of the agency to the suggestions and critics of the actors at the regional level and its will to increase the closeness of its structure to the local needs, interests and particularities. Moreover, this shift could be also promoting successful strategies of local coordination as can be already glimpsed in some of the observed programmes. Anyhow, it seems to be still a difficult coexistence of the previous and the future model of coordination and funding.

Local authorities in the city of Girona are trying to improve the coordination among different agents at the local level through the creation of a Local Council for Vocational Training. This new space gathers together key agents from public institutions, the business sector, trade unions, educational sector and third-sector associations or companies engaged in the skills development. The Local Council for Vocational Training has been founded recently and so it is impossible to assess its impact at the local level.

Assessment of the quality and use of skills

This section tries to assess the type, quality and use of young adults' skills in the labour market in the GFR. The information to build up this section comes from different sources: WP3 and WP4, official statistical information, interviews with key informants and grey literature mainly from the Chambers of Commerce of Catalonia. It is worth mentioning that the available official

and non-official information is scarce in relation to the supply and the demand of young adults' skills at the local and regional level. Thus, we have been forced to use not very recent data and that not exactly fits with the geographical area or with the targeted population.

Type and quality of skills

As we have just mentioned, there is not any institution or agency providing unified data on the skills supply and demand system nor at regional neither at national level. There are, however, different and fragmented sources of information on which this section is based. On the one hand, we assess the trends on the graduation rates from the VET by looking at the Department of Education data. This data is provided at regional level. On the other hand we use data from the Employment Service of Catalonia regarding the job offers in the region. We also use reports on insertion in the labour market developed by the Chambers of Commerce of Catalonia and available for the regional level.

From the school year 2009-10 to the school year 2015-16 the number of graduates in VET has increased both in medium and high level 17% and 28% respectively in the region. Population under 29 years-old enrolled in post-compulsory secondary education has grown from 43.6% in 2007 to 54.2% in 2014. This trend has to be understood in the period of economic crises where the rate of unemployment has dramatically rose, specially for youngsters and for those with lower levels of qualification. In this context of lack of job opportunities and general difficulties to enter in the labour market the Early School Leaving rate has drop and longer training trajectories have increased.

According to the Department of Education data, graduates in Health VET courses are the group that has increased most both in CFGM and in CFGS, and it is also the major group of graduates for the school year 2015-16. Sociocultural and Communitarian Services as well as Hotel and Catering Industry have also grown considerably in the same period and for both levels of qualification.

Regarding University students, since the school year 2009-10, when the students fall from 11,446 (2008-09) to 9,047, this population has grown 50% until 13,616 students in the school year 2015-16. For this last school year, Social and Law Sciences have been the preferred option for the students (50%) followed by Health Sciences (19%) and Architecture and Engineering (14%).

If we look at the demands of the labour market, the Employment Service of Catalonia data shows an overall increase of the demands in the region from April 2016 to April 2017 of 37.6%. However, only 12% of these demands specify the age the candidates must have to be eligible. At the same time, there is not available data on the sectors offering positions disaggregated by age groups. Nevertheless, data shows that Services sector is by far the most important sector in offering job (more than 85% of all the demands), even when the Industry sector has a larger increase in the last year. With independence from the age of the candidates (which we cannot know), more than 60% of the employers' demands in the region correspond to a qualification level lower than post-compulsory secondary education. Thus, the employment structure of the region seems to be still characterised by a low qualification, presumably bound to tourism and care activities.

Skills (mis)matches

Different interviews with key informants show that the employers specially appreciate transversal skills from the youngsters. Regardless of their qualification, their motivation, discipline, commitment and willingness to learn are the skills employers valued most. Apprenticeship programmes help employers to assess these skills. Local Employment Services promote this kind of strategies by putting together different young adults' profiles and different companies which are ready to train their young workers. At the same time, in the educational sphere, VET courses also promote apprenticeship periods for all their students.

It is difficult to track those youngsters attending Local Employment Services' programmes and their trajectories in the labour market once they finish their apprenticeship. The trajectories from those graduated from VET courses belonging to the Department of Education can be easily tracked. The Chambers of Commerce of Catalonia publish an annual report on job placement of these graduates. The results for Girona in the last edition (graduates in the school year 2014-15) show that almost the 50% of the graduated people were working by 6-9 months after being completed their studies (they are working or studying and working) while more than 50% have continued their studies (working or not). Around 11% of the graduates are looking for a job. Looking at the differences between professional families, it is worth mentioning that the graduates in industry and logistic sectors have find a job in a greater extent than those graduated in other families. However, these professional sectors are not the ones that are producing the major number of graduates in the region. In fact, different informants both at the regional and at the national level declare that the industrial professions are the ones with the better placement opportunities but are the less chosen by the youngsters. It is a pending task to make them more attractive to young people by informing better on its characteristics and on its rates of placement.

Personal networks, companies receiving apprenticeship, sending CV and the high school the students attend are the most important ways by which the graduated students find their job (almost 80% of the students have found their jobs by these channels).

Under the graduates' opinion, the main difficulties they face in finding a position are the lack of appropriate job offers according to their qualification (35%) and their lack of experience (27%). Again, then, promoting strategies of apprenticeship seems to be a proper mechanism to improve at least the second of the arguments the students manifest.

Attraction and retention of skills

The distribution of the students in relation to their place of residence varies depending on the courses we look at. Those students following academic or medium-level vocational tracks principally attend schools in the region. 1.6% and 5.4% of these students, respectively, is moving outside the region while the region receives 1.2% and 6% of students from other regions, respectively. However, more than a half of the students in the medium-level vocational track do move from their residence town to some other place within the region (vs. 33% of the students in Baccaulaureate).

At the higher-level of VET, 82.6% of the students attend schools in the region but just a 25% go to a school in their own town while a 57.5% move to other towns in the region. 17.4% of the

resident students at this level of training attends schools in other regions, and Girona receives a 10.7% of students from other regions. At this level, the students balance is negative as there are more students going outside than coming to the region.

Approximately 60% of the university students from this region studies within it. There is an important internal mobility, which is easily understandable as the most important University in the region is at the City of Girona. The University attracts also 30% of students coming from other regions, but resident students are also moving to universities in other regions (40%). The balance of resident and non-resident students shows that the region is “losing” around 11% of university students.

Regarding the labour market of the people aged from 16 to 29 years old, GFR showed in 2013 a negative balance of almost 2,126 work contracts. The province of Barcelona is both the principal area of entrance and exit of young workers from and to GFR (approximately 70% of the whole movement). The most attracting activities are Hostelry and Catering industries (almost 40% of the overall entrances) and commerce (10%). On the other hand, the activities in which youngsters of the region are placed in other provinces are the employment related activities (20%) and the health activities (10%)⁷⁸.

Young adults' characteristics

There is no data on regional unemployment rates, as it has been already mentioned. However, looking at the registered unemployment rates by level of qualification, it is clear that training and live long learning policies have room to improve the situation of the less qualified population. While this is common to many other countries, there are two relevant elements to highlight related with this particular region. First, unemployment rates are especially low among people with post-secondary qualification level. And second, the unemployment rates are concentrated in the service sector. This data can be complemented by the information gathered in some of the interviews we have carried on. Key informants have stated that employers from Hotel and Catering Industries are less motivated to invest in qualified workers or to train their own employees as the tourism industry seems to be assured no matter what the quality of employment is. This situation points to a low-skills equilibrium in this sector. Additionally, women are specially harmed by unemployment rates in this economic activities (4% higher than men).

In relation to what has been presented in this section, it is important to analyse the role of coordination and governance tools in the current situation of the skills landscape and in its potential transformation. At least two considerations can be made. Firstly, and most importantly, the definition and potential change of the skills system is not only a question of improving coordination mechanisms, but also of its broad political orientation. Both horizontal and vertical coordination mechanisms have clearly room for improvement. Better assessments on the labour market needs as well as broader programmes of apprenticeship and at-work training would for

⁷⁸ Data is provided by the State's Public Employment Service (https://www.sepe.es/contenidos/observatorio/mercado_trabajo/2429-1.pdf). No in-depth information is available for more recent dates. However, the balance of inter-provincial movements for 2016 regarding youth population was of -1,978 persons (https://www.sepe.es/contenidos/observatorio/mercado_trabajo/2794-1.pdf).

sure reduce the mismatches between skills formation and skills use in the region. However, whether these mechanisms are able to increase significantly the qualifications and ameliorate the labour conditions of these vulnerable young adults has to be questioned from a political and not from a technical point of view. In this sense, Hotel and Catering Industries are a good example to illustrate the possibility that central economic sectors in labour demand, combined with a broad range of skills provision are not able to rise the skills equilibrium if not boosted by strategies to increase the employers demanded level of qualification. Additionally, as already mentioned, young graduates consider there are not job offers enough that match to their level of qualification, what points to the inability of the labour market to demand qualified employees. This said, on the one hand there is an evident need to improve coordination to avoid overlapping functions and gaps in the provision of skills formation. But on the other, there is also a need to politically plan the orientation and the quality the region wants to give to the labour market and, so, to the living conditions of its population.

Secondly, and with regards specifically to the capacity of the coordination mechanisms to transform the skills landscape of GFR, it is important to highlight the relevance that the local actors should have in this process. Boosting horizontal and vertical coordination strategies could have a direct impact on the skills system as they are able to detect more immediately the needs on the demands of skills side and at the same time to offer skills formation according to these needs. Moreover, and related with the above mentioned aspects on political orientation, they need to collectively define which orientation is possible and desirable to give to the skills demand market of the region.

Conclusions and Implications for young adults in GFR

There are several interesting questions to point out regarding the skills system, the skills ecology of GFR, and the implications that their characteristics have for the young adults in the region.

First of all, according to the collected data and to the analyses of the documents and the interviews, it seems difficult to consider that there is actually a harmonic skills system in the region as the presented in the Figure 2. There are overlapping functions of different actors as well as some functions that are not really covered by none of them. For example, the SOC and the Spanish Ministry of Employment and Social Security are funding very similar programmes in the region (the first, through public and non-profit private institutions, the second through the Chamber of Commerce of Girona). Many of them are under the Youth Guarantee Schema, but they are not coordinated at the local level. This means that there are skills formation provided by different actors that usually responds more to their own interests and capabilities than to a planned and collective strategy; and this causes a redundant offer of some courses and the lack of provision of some others. For instance, cheaper courses like administration are broadly offered whilst the most expansive ones (industry) are scarce despite of them being highly demanded by the labour market. Another example of this lack of harmony can be found in the relationship between Education and Employment institutions. On the one hand, formal education in charge of the Department of Education is structured following a traditional conception of the learning cycles and thus, it is closely linked to the age of the students. On this basis, it is hardly adaptable to the changing circumstances of the population in general and to the young vulnerable adults' in particular. On the other hand, non-formal education shares with

the education system a catalogue of qualifications that makes it eventually possible to having recognisable certifications. However, as it is explicitly oriented to improve the fit of the qualifications to the labour market needs, it is subject to other planning and funding needs, that are not being enough satisfied. The overlapping and the gaps show an important imbalance between the structure and dynamics of the system and the context in which it is set. The skills ecology, in this regard, lacks of a proper communication between the system and the context. Additionally, the quality of the information and, above all, its lack and spread, make it very difficult to assess coordination issues beyond the key informants' statements, appreciations and knowledges.

How does this situation affect young adults' possibilities to improve their skills? Which are the implications of these mismatches for their opportunities to ameliorate their quality of life?

At the regional and local level there are several consequences of these dynamics that can hinder both the opportunities that young adults have to improve their skills and the adequacy of their training to the demands of the labour market. First, regarding young adults' opinions and interests, there are no specific spaces in which they are consulted in order to increase the offer in the areas where they are especially interested on. However, there are some programmes that include a first stage in which they are guided in the process of defining their own interests. Unfortunately, after this process there is no guarantee that they are going to be provided with the courses they prefer.

This particular question about the offer of courses can be approached from two different dimensions: the calendar and the funds. Both of them have deep implications for the young adults in the region. On the one hand, the courses provided by the Employment area are usually linked to the natural year while those provided by the Education area go from September to June. Thus, those youngsters who are not being enrolled in any Education course in September have to wait until January to be able to apply for another kind of skills formation course. These three months can be, in their own opinion, an eternity of uncertainty and hopelessness in where they are, at best, recursively addressed to public and private guidance services to explore the possibilities they would have in the next months. Moreover, the variety of temporal structures of different programmes hinders the coordination among agents and the stability of the programmes employees, who faces problems of temporality and precariousness which, at the end, have an effect on the quality of the attention youngsters receive.

And this leads us to two funding questions of the occupational courses, which also has significant implications for the youngsters of GFR. First, neither the calendar nor the admission process is homogeneous for all the courses (some of them start at January, some others at April; some of them have high demand and ask for specific requisites the applicants have to accomplish, some others are more easily accessible), and there is not a place and a moment to get broad knowledge about all the training possibilities a person is going to have in a particular period. Additionally, not only the direct beneficiaries but also the public workers in the different services lack this information. Therefore, young adults are more vulnerable to different course providers whose resources depend on the volume of people they are able to enrol. These providers, then, are less prone to guide the youngsters according to their interests and needs than to recruit as many people as possible.

The second funding issue affects the ability of different agents to provide specific training courses even when they have detected both interest from the young adults side and demands

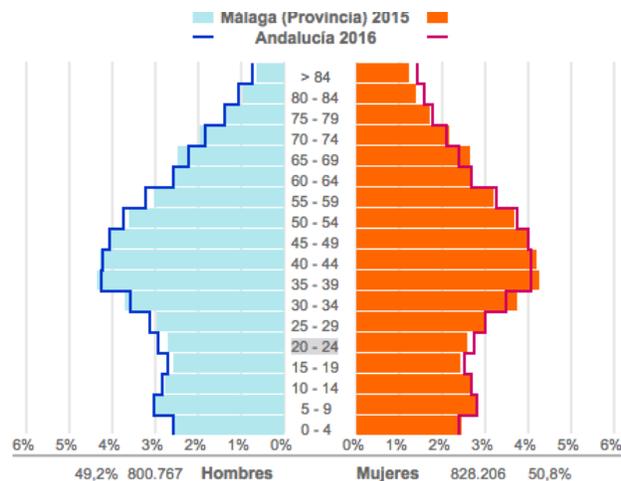
of these professional profiles by the labour market. The rigidity of the SOC tenders imposes a unique and determined price for each student/course, independently from the characteristics of the course and of the number of students. Thus, sometimes the final supplier is paid over the market price (if there are many attendants and if the course is cheap to provide) and some other times it is not possible to offer a course because it is more expensive to provide or because not many students are interested on it. As has been already mentioned, the changes that the SOC is slowly implementing may address these questions by giving more autonomy to local agents working together in specific territories. These may improve both the efficiency in the use of public resources and the efficacy of the programmes and their fit with the context in which where are developed.

Analysis of skills supply and demand at Málaga Functional Region

Context information on economic and labour market conditions

We will now describe the context in which the relations in the MFR skills market take place. For this purpose we will be using the relevant socioeconomic data and the indicators proposed in the WP6.

Figure 125: Distribution of the population of the province of Málaga, by age



The Málaga Functional Region has a total population of 887,415, 55% of the total population of the province of Málaga and 11% of that of Andalusia.

As can be seen in the image on the left, the population pyramid of Málaga shows that the population is concentrated above all in the 35-59 age group. The average age in the MFR is about 40 years old.

There are 97,831 young adults in the region aged between 20 and 29 years old, 11% of the total population. This percentage figure is similar to that for

the province of Málaga as a whole and is slightly lower than the figure for this age group in Andalusia (+ 1%).

In general, the most dynamic economic sectors are tourism (the MFR is well-known not only as a holiday destination, but also for its growing health tourism, which is leading to a proliferation of private hospitals and clinics), construction, agriculture (especially in the inland towns and villages) and technological services (concentrated above all in the Andalusia Technology Park - PTA). Other sectors such as transport and logistics have been growing fast in recent years, as a result of the expansion of Málaga's airport and port, which are of growing importance in the city's development.

This is reflected in the number of people employed in each sector in the province. 73.5% are employed in the service sector, 12.9% in agriculture and 9.28% in construction.

As regards the particular issues facing young people in the MFR, two statistics stand out: the large number of young people who drop out of the education system early (27.7%), and the high percentage of young Andalusians who are not in employment, education or training (NEET) (18.4%), although both of these figures have improved since 2012 with falls of 1.1% and 4.4% respectively.

The various youth (between 16 and 29 years old) employment indicators are also significant. Even though youth unemployment in Málaga is 3% below the figure for Andalusia as a whole, it is still high at 39.7%. The number of working young people in temporary employment is 62% compared to 66% for Andalusia. 54.1% of working young people in Andalusia are overqualified for the job they are doing and the net average monthly salary for young Andalusians (831.69 euros) is about €50 higher than the average received by young people in Málaga (780.90 euros).

These factors, added to the fact that buying a house consumes on average 52.1% of net salary in Andalusia and 72.4% in Málaga, while renting accounts for 69.3% and 81.3% respectively, explain why the percentage of young people who have managed to leave the parental home is 17.4% in the region and 14.8% in the province. All of this may also explain why the average age at which women have their first child is now about 30 years old.

A substantial 14.7% of the population is of foreign origin, twice the figure for the region as a whole. Most of them are from the European Union, especially the UK (50888) and Northern Europe, and from countries in North Africa. In total there are 9584 young people of foreign origin in the province (16 to 39 years old), although the average age of the foreign population is around 42 years old. Approximately 1500 foreigners are enrolled at the University of Málaga.

Mapping of the main skills actors and institutions in MFR

The objective of this section is to identify the main stakeholders involved in the skills ecology of the Málaga Functional Region, so as to enable us to understand the relations established at a local, regional and national level between the different institutions operating in the MFR (see Figure 6).

In order to make it easier for us to understand these relations, we need to analyse from a geopolitical point of view the territories which, according to the Andalusia Territorial Plan, make up the Málaga urban agglomeration (i.e. the towns and villages in the MFR).

The MFR is a heterogeneous region with striking internal contrasts between its many municipalities, both in terms of their physical and environmental characteristics, and in aspects directly related with human activity. This factor has inevitable effects on the particular

Figure 126: Area covered by Málaga Funcional Region



characteristics and intensity of the different economic activities and on the relations between the different institutions operating in the area.

With this in mind, the MFR can be divided into four groups of municipalities: 1) Málaga, which with a total of 569,000 inhabitants is the central city, the regional hub and the provincial capital; 2) A group of holiday resorts including Torremolinos, Benalmádena and to a lesser extent, Rincón de la Victoria, each with a population of around 50,000 inhabitants; 3) a group of inland towns and villages, made up of

Almogía (3786 inhabitants), Álora (12941 inhab), Casabermeja (3443 inhab) and Totalán (707 inhab), of differing size and population, but which retain a strong rural identity and are gradually becoming incorporated into the different processes taking place at a metropolitan scale; 4) and lastly, the municipalities in the Guadalhorce Valley, which as the hinterland of the agglomeration have experienced significant demographic and economic growth: Alhaurín de la Torre (39,794 inhab), Cártama (24,824 inhab) and to a lesser extent, Alhaurín el Grande (24,315 inhab), Coín (21,456 inhab) and Pizarra (9,106 inhab).

Identification and description of the actors and institutions in MFR

Twelve institutions/stakeholders have been identified as important in the governance of the local skills ecology in the Málaga Functional Region. We now present a brief introduction to each of them followed by a systematic and detailed description (Table 4, Annex 8.2 of this document).

1. Andalusian Institute of Qualifications (IACUAL) / National Institute of Qualifications (INCUAL): The INCUAL is a technical body, bestowed with independent decision-making capacity and criteria, which supports the General Council of Vocational Education and Training to achieve the objectives of the National System of Qualifications and Vocational Education and Training. It is responsible for defining and preparing the National Catalogue of Professional Qualifications and the corresponding Modular Catalogue of Vocational Education and for keeping them up-to-date. It is run by the General Council of Vocational Education and Training although in organizational terms it is part of the Ministry of Education and Science of the Government of Spain. Andalusia also has an Institute of Qualifications at a regional level, the IACUAL.
2. Andalusian Council of Vocational Education and Training (CAFP)/ General Council of Vocational Education and Training (CGFP): Run by the Ministry of Employment of the Government of Spain, the CGFP is a commission composed of five representatives of the General State Administration, five representatives of the Regional Governments and the cities of Ceuta and Melilla, five representatives of the trades unions and five representatives of business organizations. The CGFP is conceived as a specialized body that advises the Government on Vocational Education and Training. Andalusia has a regional Vocational Education and Training Council (the Andalusian Council of Vocational Education and Training), with a similar structure and powers to those of the CGFP. Its remit covers the Andalusia area.
3. Department of Education of the Government of Andalusia: This department is responsible for the design, planning and delivery of non-university education policies at regional level (Andalusia) and is a member of the Andalusian Council of Vocational Education and Training.
4. Department of Employment, Enterprise and Commerce of Andalusia: Department in charge of employment, business, development and innovation and of the management of the Vocational Training system.
5. Business associations aimed at boosting entrepreneurship: In recent years, the Spanish government has put great emphasis on promoting self-employment, so boosting the creation of SMEs. Entrepreneurship has become a priority goal in Andalusia and therefore in MFR, where educational plans and programmes have been created to promote the development of entrepreneurial skills throughout the system from pre-school right through to university. As a result, in Málaga and its surrounding regions there are numerous associations of entrepreneurs (Entrepreneurs Club, Business incubators, Guadalinfo Initiative, EMPREAN) whose activities are focussed on providing advice, guidance and training to all those interested in setting up their own business.
6. Trade unions: The main trade unions in the country, CCOO and UGT, have traditionally participated in the planning and delivery of VT courses. However, these institutions have recently lost these powers, which have been transferred to the Employment, Enterprise and Commerce Department, in order to ensure better

management of the funds. The Trade Unions continue to work at a local level, offering continuous training courses above all for people in work. There are plans for some of the responsibilities for VT to be returned to them.

7. Andalusian Employment Service: This is a regional government body which is part of the Department of Employment, Enterprise and Commerce of the Government of Andalusia. This service manages the employment policies for activation and mediation in the region's labour market. The Andalusian Employment Service also manages vacancies and job applications, both for unemployed people and companies looking to hire staff. It is also responsible for carrying out the Vocational Training for Employment programmes.
8. Local Employment Services: most of the Town Councils in the region have a Local Employment Service with both intermediation and training functions. In the big cities these bodies carry out a wide range of activities aimed at employed and unemployed workers as well as at companies. In small towns and villages these services are often shared and are provided under the umbrella of Regional Councils. These bodies were hit hard by the economic crisis, during which funding fell sharply and some services disappeared, especially in the MFR's inland towns and villages.
9. Málaga Chamber of Commerce: This institution has various different employment programmes that seek to enhance the employability of the participants and their insertion in the labour market. These programmes are offered as part of the Youth Guarantee Scheme and are largely aimed at young people who are not in education or training (NEET).
10. High Schools: These schools, which may be private or public, are responsible for providing Secondary Education (up to 4th year of Compulsory Secondary Education - ESO). Many of them also provide medium and higher-level vocational education. They provide what is known as formal education and are regulated by the Department of Education of Andalusia. Their purpose is to train students so as to ease their transition into the labour market.
11. University of Málaga (UMA): This University is one of ten public universities in Andalusia today. The primary role of all these institutions is to offer higher education with the necessary skills to enable students to enter the labour market. Recently, with the introduction of the European Higher Education Area, policies have been implemented to improve student exchanges and the internationalization of graduate students. The UMA has also strengthened its ties with the PTA which plays an important role in the province's economy. Together they have planned a number of training activities that reinforce the university-business relationship, by creating a space for innovation and entrepreneurship that allows both institutions to grow.
12. Andalusia Technology Park (PTA): This business park is located in Málaga and is a high quality place for the installation of SMEs and large, innovative, environmentally-friendly companies producing goods, advanced services and R&D. The UMA and the PTA have formed an alliance combining their efforts to offer training services to PTA companies and institutions, and other people interested in this field.

The relations between the various stakeholders and institutions are described in Figure 3. In general terms, the first aspect worth highlighting is the separation between those institutions run

by the Regional Department of Education and those run by the Department of Employment, whose only connecting links would seem to be the INCUAL and the CGFP.

As regards the distribution of services, it is important to make clear that as we pointed out in the previous section, the MFR is made up of a wide variety of towns and villages, in terms of their size, population and characteristics. Some of the smaller villages, especially in the rural areas, do not have all the resources described above. This means that some of the institutions identified as important stakeholders do not have branches or offices in these villages.

Their inhabitants can however access these services by visiting the branch corresponding to them in a nearby town, normally larger towns with bigger populations. For most of the villages in this situation, the corresponding institutions are in Málaga itself, as the centre of the agglomeration and the capital of the province. Although we should also emphasize that Benalmádena acts as a hub for a number of villages which, although outside the MFR, belong to the coastal area of the province of Málaga.

Description of the skills system in the MFR

The different actors presented below play a variety of roles in the MFR skills system, as suppliers or demanders in the markets for skills training or skills use. In view of this and given the framework proposed in the WP6 of the Young Adult Project, it is important to know how these institutions are related and how they act in the skills training and skills use markets.

Which institutions are involved in the skills training market in the Málaga Functional Region?

Before starting to analyse the skills training market in the MFR, it is important to note that in both Málaga and Andalusia as a whole, skills training is provided mainly through three different levels of education/training. In the educational sphere, these are 1) University Education; 2) Vocational Education (VE) provided in high schools and planned by the Department of Education; and in the Employment sphere: 3) Vocational Training (VT) which is run by the Department of Employment and is provided in different public and private institutions (the most representative are identified as actors in Figure 1 below).

Each of the institutions presented in the previous section participates in the skills training market. These can be divided into three groups, depending on the activity they perform. The first group is made up of the institutions that act as providers, namely the Andalusian Employment Service, local employment services, Chamber of Commerce, high schools, UMA, business associations and trade unions. A second group that acts as demanders, which is formed by the Chamber of Commerce and the PTA. And finally the IACUAL, CAFP and the Andalusian Departments of Education and Employment, which, at least theoretically, act as mediators between the suppliers and the demanders, by establishing the National Catalogue of Professional Qualifications and designing the Certificates of Professionalism, which affect the training provided in both VE and VT.

We can also distinguish between the different institutions in charge of skills supply. Some of them, such as high schools (public or private) and the UMA, are providers of formal education and can therefore issue certificates (secondary school certificates, vocational education diplomas or university degrees) related to the formal education system. While the remaining institutions (local employment services, Málaga Chamber of Commerce, Andalusian Employment Service, Entrepreneurs' Associations and Trade Unions) are mainly dependent on the Department of Employment of the Regional Government of Andalusia and act as VT

providers in the field of non-formal education. Most of them can issue Certificates of Professionalism within the European Qualifications Framework.

Moreover, the Chamber of Commerce can act not only as a skills provider by offering training courses but also as a demander of skills in certain areas in which it tries to influence the offer of skills provided by the public sector. Public institutions, such as the University or the local employment services can also act as suppliers and demanders of skills, when they provide training and when they ask other institutions to train their staff.

As regards the demand for skills training, it is important to make clear that local authorities and employers can demand a certain range of skills in a bid to improve the skills of present or potential employees. As mentioned before, the Chambers of Commerce could also be classified in this field, as could the PTA. However, this demand could be limited to VT private courses, because the availability of VT public courses is decided by the Andalusian Government and the courses are put out to tender amongst those institutions that apply to teach them.

Nonetheless, the main demanders of skills training are probably young adults. It is not clear to what extent the different institutions mentioned below include the opinions and interests of this group in the design of the training activities that they provide. However, there is no specific institutional participation mechanism or any specific institution through which young adults can influence the design of training courses, apart from joining institutions such as trade unions or the Chamber of Commerce.

Which institutions are involved in the skills use market in the Málaga Functional Region?

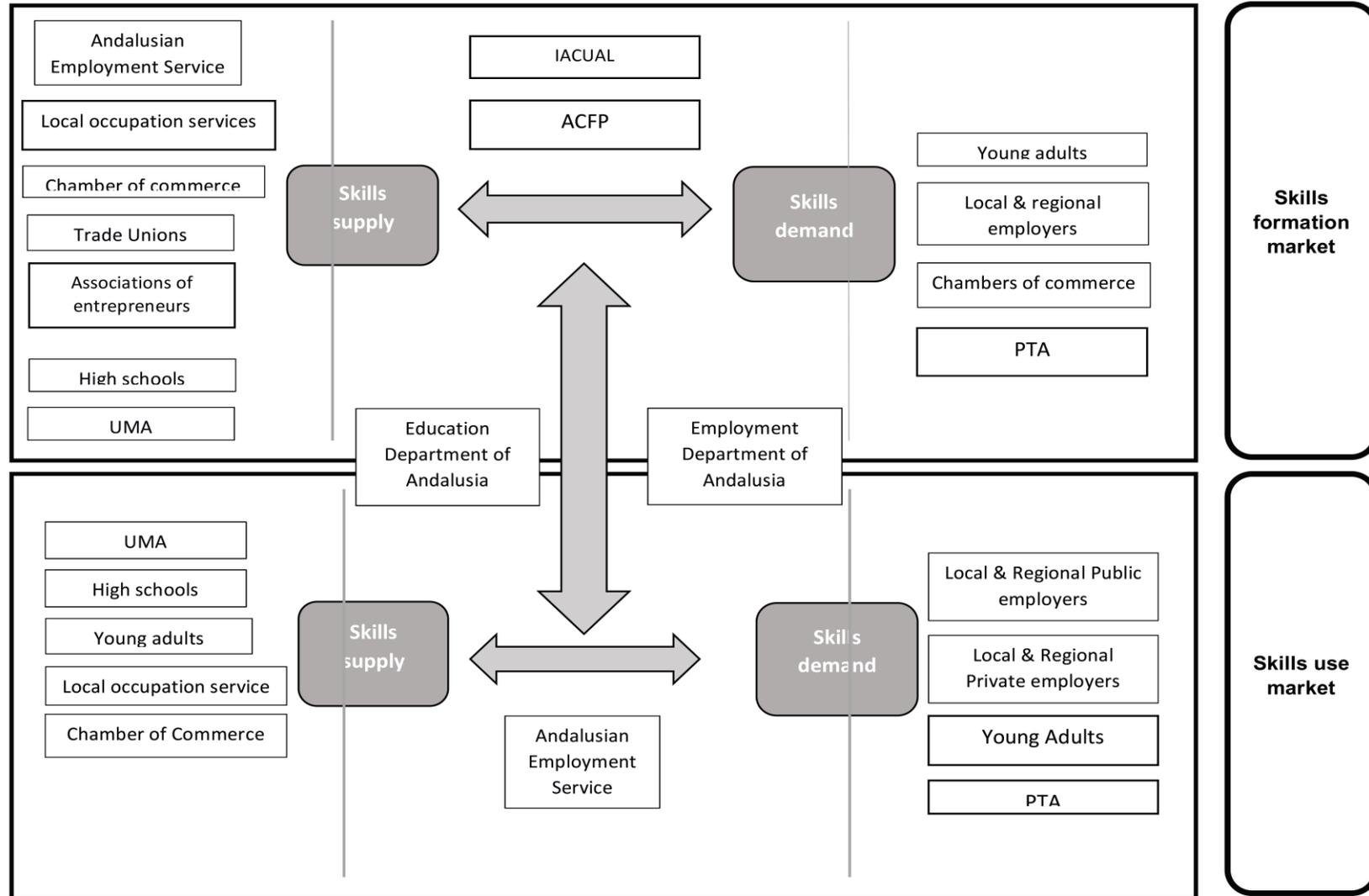
Despite the fact that many institutions take part in the Andalusian Council of Vocational Education and Training (where the relations within the skills training and use market are negotiated), those most closely related to the demands of the labour market are the local employment services and the Andalusian Employment Service.

The main actor involved in skills use supply is the UMA, which not only provides university education, but also work placement training and collaborates with the PTA on training activities that promote entrepreneurial skills. Other important actors include high schools (private or public), local employment services and Málaga Chamber of Commerce because they often provide work placement training by reaching agreements for apprenticeships at a local level. The local and regional employment services can also provide this kind of training but not on the vast majority of their courses.

Obviously, young adults are also the main suppliers of skills use, mainly through the educational institutions mentioned above, the employment services at local and regional level and their own independent search for employment. If they opt for self-employment or set up their own business, they should also be considered as skills demanders as they are making use of their own skills, so recognising their role in both the supply and demand for skills.

Lastly, the demand for skills comes mainly from public and private employers in the region.

Figure 127: Skills system in the Functional Region of Málaga: skills formation and skills use Markets



Source: own elaboration.

Analysis of the local governance of skills

In the previous sections we have identified the main agents and institutions involved in the skills ecology in the Málaga Functional Region. We will now begin a deeper analysis, individually analysing how each one operates, and offering an overview which allows us to understand how they relate to each other and how the different skills supply policies are coordinated at the different levels (local, regional and national).

In this section we will focus specifically on the policy directions of the main agents and how they coordinate with each other, if indeed they do. The main source of information for the analysis presented in the following sections stems from: a) the semi-structured interviews carried out with key informants for the skills system in MFR, such as people involved in trade unions, the Chamber of Commerce, local employment services and the Andalusian Employment Service; b) relevant scientific and grey literature documents.

Actors' policy orientations

In this section, we are going to identify the different approaches to policy of the stakeholders and institutions involved in the skills system in the MFR. We will do this by identifying the institutions which provide skills training, finding out how they affect the content and type of skills training and how it is financed. We will finally be assessing the degree of participation in the skills system of public and private institutions.

Provision of skills formation

The provision of skills training in the MFR is divided into the educational and work spheres.

Within the educational sphere, we should highlight the role played by the University of Málaga (UMA) as a further education institution that covers the main areas of knowledge. The UMA has forged an alliance with the Andalusia Technology Park (PTA), in which they have decided to join forces to offer companies and institutions in the PTA training courses on demand and work placements in companies.

In addition to the University, the local secondary schools, both private and public, operating within the framework of the Department of Education of the Regional Government of Andalusia offer Vocational Education (VE) to young adults through what are known as medium and higher grade training courses. These programmes are organized on a credit basis and are designed to cover the professional skills defined in the National Catalogue of Professional Qualifications.

Within the Employment sphere, the powers for the provision of skills and training lie with the Ministry of Employment and Social Security acting through the State Public Employment Service, the Regional Governments, the Local Governments, Chambers of Commerce, trade unions and private entities.

The aim of Vocational training (VT), which since 2009 has been known as Professional Training for Employment (Formación Profesional para el Empleo - FPE), is to train and qualify people for work and enhance their skills and knowledge throughout their professional lives. This training is certified via Certificates of Professionalism (Certificados de Profesionalidad), which accredit the attainment of the group of professional skills required for the performance of a recognizable work activity and are grouped together in the National Catalogue of Professional Qualifications. This training

programme is the result of the combination of two previous training schemes, one for the unemployed and the other for updating the skills of people in work.

This change has also led to changes in the management of this kind of training, such that any school or entity that wishes to offer FPE courses must be accredited by the Regional Government. In the Province of Málaga there are 582 such accredited entities. These include the only public FPE school (the “Rafael Salinas”) and two Public Training Schools specializing in Restaurants and Bars, (the “Escuela de Hostelería La Fonda” in Benalmádena and the “Escuela de Hostelería La Cónsula” in Málaga), managed by the Andalusian Employment Service. The Trades Unions also offer this kind of training, in addition to the courses they offer exclusively to their members.

Within the range of FPE training courses on offer we should also emphasize the Workshop Schools and Employment Workshops. In both these training programmes pupils combine their training with practical experience in the workplace. The former are aimed at disadvantaged young people, over 16 and under 25, who are currently unemployed. Priority is given to those with educational deficits. The Employment Workshops are aimed at the long-term unemployed over 25 years old, with a specific quota reserved for young people and over 45s.

Another important programme is the Youth Guarantee Scheme, which is part of the Entrepreneurship and Youth Employment Strategy and was introduced by the Ministry of Employment and Social Security in 2013 in response to high levels of youth unemployment in Spain. It is financed by the European Social Fund. This Scheme also sought to adapt the contents of training programmes to the needs of the economy, thus improving the effectiveness and employability of the young people taking part in them.

The Málaga Chamber of Commerce is responsible for implementing the Integrated Programme for Qualification and Employment (IPQE - Programa Integral de Cualificación y Empleo), which itself is part of the Youth Guarantee Scheme.

Skills formation content and type

In the educational sphere, the training programme offered by the UMA is generally considered to be broad and diverse. It covers most areas of knowledge, although the people who were interviewed focused particularly on the development of the range of courses in technology due to the University’s ties with the PTA, which they regard as a generator of employment and development. However, in the case of high schools, most stakeholders agree that the range of courses on offer meets the demand in the region, but emphasize that there is a shortage of places after a sharp increase in demand, not just from students leaving secondary education but also from university graduates.

In the Employment sphere there has been a recentralization of the design and selection of the FPE courses. Although previously the local course providers were responsible for designing these courses on the basis of local needs, since 2016 the Regional Government has taken over the design and selection of the range of FPE courses on the basis of the demands of the labour market, and is also responsible for establishing the competitive tendering procedure by which the providers of these courses can be selected. In other words the Regional Government compares the different tenders in accordance with previously established evaluation criteria and then ranks them accordingly.

The range of FPE courses on offer is determined by the strategic sectors established as priority sectors in the Spanish Strategy for the Activation of Employment 2014-2016 (EEAE) and in the Andalusia Innovation Strategy 2020 (RIS3). The most developed strategic sectors in the MFR are tourism & business visitors, gastronomy, commerce, technology, transport and logistics.

The funding of new FPE courses, Workshop Schools and Employment Workshops was frozen in Andalusia from 2011 (the year in which the last projects were approved, some of which were still being executed in 2015) until mid-2016, due to problems with the management and control of the funds by some of the bodies involved. This has led to a reduction in the training courses on offer to young people in the MFR and in Andalusia as a whole.

As regards the type of skills training, as mentioned earlier, the range of courses on offer is organized on the basis of the Certificates of Professionalism (from level 1 to level 3) linked to 1 of the 26 professional families in the National Catalogue of Professional Qualifications. Those wishing to study Levels 2 and 3 of the Certificates of Professionalism must have prior qualifications. In Málaga, the recently approved FPE courses cover above all certificates for Level 2 (110 courses) and Level 3 (62). The offer of certificates at Level 1 (71), for which no previous qualifications are required, is very limited because the new competitive tendering procedure for selecting the projects and providers of the Workshop Schools, which was introduced after the 5-year break mentioned above, has not yet been completed. As some of those interviewed pointed out, Level 1 courses are the only option enabling students who have prematurely dropped out of compulsory education, a structural problem in the Andalusian educational system, to re-enter an educational or training environment. In our opinion, it is especially worrying that the training options for such a vulnerable social group as young people have been so limited over this period.

As regards the skills content of these programmes, due to the recentralization of the design and selection of the FPE courses referred to above, some key stakeholders said that there have been difficulties in adjusting the supply of courses to the needs of the labour market in the MFR. They mentioned for example the problems they encountered when it comes to incorporating new certificates and courses into the range of courses offered by the Region, due to the rigidity of the Catalogue in which they are included and the large number of bureaucratic procedures required.

Other actors we interviewed recommended an increase in the number of ITC and home automation courses on offer, as this would help respond to a demand for skills in short supply, linked above all with the companies operating in or associated with the PTA.

In addition, with the approval of the new regulations on Workshop Schools, some stakeholders voiced their concerns about the elimination of some more general educational modules that were not aimed at a particular profession (such as those explaining how to get into the labour market and those on gender equality) and about the reduction in the length of these programmes, which previously varied from 18 months to two years and will now last only one year. They believe that previously these programmes provided a more complete course of training to the students, which met their needs through a longer process in which they improved their self-esteem after (for

many of them) a history of failure at school and learnt to be good workers with a set of transversal habits, attitudes and skills such as responsibility, punctuality and teamwork. However, they claim that the training on offer now is limited to specialized courses on a particular profession followed by the practical part, and may therefore not be sufficient to provide the broad learning experience that the students require. Nonetheless they are reluctant to provide a definitive verdict on this issue, in that the Workshop Schools governed by these new regulations have not yet come into force and because they think that in practice they will try to continue providing some of the training modules that have been eliminated, because they regard them as necessary even though they are not officially recognized and they have less time in which to teach them.

In addition, as regards the professions, and therefore the skills, taught in the Workshop Schools, they admitted that very few studies of the needs of the local labour market were ever made. They emphasized that prior to the economic crisis, the most frequently taught professions were building-related, such as bricklaying, carpentry and plumbing, which were in great demand at the time. Once the crisis began and the construction boom came to an end, they stopped teaching these courses, and were even given incentives to do so by the regional administration. They also claimed that sometimes the training courses were tailor-made to specific projects that a Town Council wanted to carry out (construction of a nursery school or restoration of a garden) rather than to teaching students the skills required by local businesses.

At present, as mentioned earlier, those wishing to teach certain types of training course must be approved for this purpose. This means that many small course providers who have limited funds (or who decide not to make the large investment required to have a chance of being awarded the project) choose to offer training courses in subjects such as admin skills, which are cheaper to organize in terms of materials and facilities. As they can only offer courses for which they are approved, it is possible that the training providers are not meeting the training needs in the area. As a result, there may be a gap in the provision of certain skills that require greater material and human costs, which will be concentrated in those schools approved to provide them. These schools may not necessarily be located in the areas in which there is a demand in the labour market for these skills.

It is lastly important to emphasize that there are other skills training courses which seek to respond to the demands of the labour market but are not articulated through Certificates of Professionalism, such as some of those offered by the IMFE in Málaga. Likewise, the Málaga Chamber of Commerce acting within the Integrated Programme for Qualification and Employment offers courses that combine training in transversal and specific skills.

Payment/funding of skills training

Most of the training courses are financed with public funds from the European Social Fund (ESF), the Spanish Government, the Regional Government and local councils. Within the educational sphere, although the UMA is a public institution, it is not free because the students pay fees depending on the number of credits they are studying, although there is a system of grants aimed at guaranteeing fair access for students. In public universities in Spain, the price of each credit varies from one university to the

next. In the case of the UMA, the price of the credit is set by the Regional Government. Public high schools are free, while in private schools the students have to pay fees.

At a regional level, the Regional Government of Andalusia offers what are known as Second-Chance Grants, aimed at young people between 18 and 24 years old, who are unemployed and left the education system without obtaining Secondary Education, Baccalaureate or Mid-Level Vocational Training qualifications. The aim of this grant is to compensate young people who re-enter the educational system to study Secondary Education for Adults, Baccalaureate or Mid-level Vocational Training courses for lack of earnings during their studies. However, the number of people receiving these grants has progressively dwindled and their effectiveness has been questioned by different political actors due to the fact that they do not reach a sufficient number of beneficiaries, in spite of the fact that the access criteria have been flexibilized on various occasions.

Within the Employment sphere, the FPE courses are publicly financed through a system of subsidies although there is also the possibility of private entities previously accredited by the Regional Government offering these courses, which in this case would have a cost for the student. Public finance is aimed not only at training centres that provide the training courses but also at companies through the schemes offering them tax incentives and bonuses when they engage staff on training and learning contracts. There is also a training-on-demand scheme in which companies can apply for training for their staff. This is provided by private training entities and is subject to a bonus system known as the "training credit" (crédito formativo), which is funded out of the contributions made by employers to the Social Security System.

As mentioned earlier, the FPE programme has been the subject of fraud allegations, which led to investigation proceedings by the Parliament of Andalusia in 2015 in relation to the grants awarded by the Regional Government. As a result of this process, the whole FPE programme in Andalusia was frozen in 2011. In fact as early as 2012 only a small percentage of the courses that were approved and scheduled actually took place. In the tenders for 2017, Málaga has funded 59 entities for a total amount of over 11 million euros.

According to declarations by the Regional Minister for Employment in the Andalusian Parliament, this suspension of the FPE programme has led to Andalusia having to return 200 million euros of EU funds and not using a further 600 million earmarked for this purpose. In 2016, the Spanish Minister of Employment and Social Security stated that Andalusia had returned 70% of the funds that the Central Government had transferred to it for training workers.

In addition the lack of publicly funded FPE courses over this period has led some key actors to comment that many of the people who would normally have applied for these grants had decided to do their training in private training centres and had had to pay for the courses themselves. This is a matter of some concern given that some of the key stakeholders such as the teachers at the Workshop Schools highlighted the difficult economic situation of the families of the young people that enrolled on these programmes.

Lastly, we should point out that the Youth Guarantee System is financed by the Spanish Central Government and the European Social Fund. The IPQE (Integrated Programme

for Qualification and Employment) programme run by the Chamber of Commerce falls within this system.

Degree of public/private commitment to skills training and use

In the educational sphere, since 2015 the Regional Government has been promoting the development of Dual Vocational Training (FP Dual) in Andalusia. In the province of Málaga the number of collaborating companies has increased from 47 in academic year 2015-2016 to 159 in 2016-2017 and the range of projects on offer has increased from 11 to 22 over the same period. This is a sign of greater involvement of the business sector in more practical, less academic training of the young people in this area.

As regards non-dual professional training (VE), the presence of the private sector has increased, with more schools and similar entities providing courses, given the lack of places offered by the public administration.

In the Employment sphere, the number of public and private stakeholders in the Málaga Functional Region who are committed to skills training and skills use has increased considerably due among other reasons to the process of decentralisation of Active Employment Policies (AEP) in Spain. At this moment there are many entities committed to skills training, although as indicated above the Regional Government is responsible for the design and selection of the FPE courses for young unemployed people.

In the case of the Youth Guarantee Scheme, within the Integrated Programme for Qualification and Employment (IPQE) it is the Chambers of Commerce that have undertaken to provide this training in addition to the training work aimed at small and medium sized companies (SMEs) in which they are already engaged.

In the case of the IPQE, the report by the European Network for the Fight against Poverty and Social Exclusion in Spain (EAPN) shows that only 30 per cent of the offers made to young people registered on the Youth Guarantee Scheme are for jobs, while 53.2% are offers of training or education. This organization also reports that the most vulnerable young people are precisely those with most difficulty in joining the Youth Guarantees Scheme. Likewise, there is no information available about the quality of the jobs offered to young people beyond mere labour market insertion rates.

As regards the use of skills, there is also a public commitment through subsidies offered to companies who employ young adults. In the case of the IPQE, the participating companies receive an incentive payment of €1500 for each person employed for at least six months full time.

Likewise the regional administration also promotes what are known as training and learning contracts, which aim to ensure the professional qualification of workers in a system in which paid work in a company is alternated with training. These training contracts have become increasingly popular in recent years, above all in medium-sized and large companies with over 50 employees. One of the most important criticisms levelled at this form of training is that it has ushered in a system of precarious employment with low salaries and high profits for business.

Level and mechanisms of coordination

In the next section we will focus on the levels of coordination between public authorities and private entities at the different levels (local, regional and national) and the mechanisms by which this is achieved. We will also be looking at the supply and

demand for skills.

Relations between local, regional and national authorities

As regards the educational sphere, the University of Málaga is an autonomously managed institution which receives public funding from the regional administration and other private stakeholders through specific agreements aimed at ensuring the performance of its three functions, namely teaching, research and transfer of knowledge. As mentioned earlier, it has a special relationship with the Andalusia Technology Park in the provision of training and practical work experience in companies.

Similarly, high schools are managed at a regional level by the Regional Department of Education. The Spanish Central Government establishes the rules for the educational system at a national level, although the regional administrations have some degree of flexibility when it comes to the specific details of their application. These regional administrations also have relations with local authorities, private entities and companies in the Functional Region with whom they reach agreements to enable their students to receive training in the workplace.

As regards the Employment sphere, as we mentioned earlier over the last two decades there has been a progressive process of decentralisation of AEP from national to regional government. This has been combined with greater participation of local administrations, social organizations and the third sector. It is important to note the work done by the Sectorial Committee for Employment and Labour Affairs (Conferencia Sectorial de Empleo y Asuntos Laborales), a body which acts as a mediator between regional governments and the national administration on questions of employment. This has apparently been more intensive than the work done by similar committees for other sectors, which suggests a high level of cooperation between the regional and national administrations in this sector, at least compared to other fields.

Nonetheless, paradoxically as a result of the aforementioned problems in the control and management of the FPE there has been a certain degree of recentralisation at a regional level of the training work in this sphere, as a result of the Order of 3rd June 2016. Now the relationship between the regional administration and local councils is limited basically to the latter opting by means of a competitive tendering process to teach the courses that the former offers. Within this new procedure, however, all the local course providers are informed through an official publication as to which courses will be offered in each province and which courses they can tender for, which means that the information is equally accessible to all of them. They can also find out about the criteria on which the courses are awarded, although some key stakeholders, as explained earlier, complained about the limitations imposed by the approval process, and in particular about the large amounts of resources required to get through it.

In addition, some stakeholders cite a number of limiting factors when it comes to proposing new courses that better meet the local needs of the MFR. These include, as mentioned earlier, the recentralisation at a regional level in the design and selection of the Vocational Training courses and the very limited flexibility in the adaptation to the National Catalogue of Professional Qualifications (CNCP) in Andalusia.

With regard to the latest invitation to tender for Workshop Schools, representatives of the staff that work on this programme stated that the Regional Administration has introduced

some of the changes that they have proposed for the scheme, but that it would be a very positive step if meetings were to be held between the administration and the professionals concerned so as to improve the programme. They also stated that during the period in which the FPE programmes were frozen, they did not receive support from either the local (although they had done so earlier) or the regional administrations, who did not value these programmes sufficiently.

Another problem they mentioned was the lack of continuity of these programmes, which are awarded on a year-by-year basis. This makes medium and long-term planning difficult as well as applications for other European programmes such as Leonardo. They advocated greater stability in the execution of these programmes or the creation of area schools in which these programmes could run for longer periods, so ensuring greater continuity and enabling savings in resources.

Another important aspect raised was access to information about these courses. One of the stakeholders also mentioned the need to provide more and better information about the courses to young adults in the area and to make registration procedures easier. In fact, another stakeholder related with the Workshop Schools suggested that their success lay in the fact that information was provided in high schools and because of their high degree of popularity and acceptance as a training scheme for young adults.

However in research about the degree of collaboration between public institutions on the FPE in Andalusia (Delgado et al, 2012) also carried out prior to the implementation of the law referred to in the previous paragraphs, the authors found a higher level of cooperation between the institutions than expected, although they claimed for example that it was necessary to give local councils a more important role so that they could play a more active part in the process and not act solely as managers or executors of the grants they received. The researchers also noted that collaboration takes place basically in relation to the courses subsidized by the regional administration, but not in those offered by the councils themselves. They also emphasize that it is necessary to improve coordination at a local level.

In the specific case of the city of Málaga, although they accept that there is coordination between local and regional administration, they found that Málaga was the city with the highest levels of duplication (42.74%) between the courses offered by the two administrations.

As regards the relationship between the two sectors (education and employment), a lower level of coordination can also be noted. This lack of coordination may be due to their different administrative dependence. As such, VE is part of the educational system while VT is run by the administration that regulates employment and social security. In some cases, there are connections between what appear to be parallel systems, such as the possibility of accessing certain kinds of VT if the applicant holds certain formal education credentials.

At a regional level in Andalusia, there is a body responsible for creating a space for coordination between VT and the framework of national and EU policies for Initial Vocational Education. This body is the Andalusian Council of Vocational Education and Training, which includes stakeholders from the public and private sectors, such as the administration and business and workers organizations.

However when asked about useful spaces for coordination, none of the stakeholders we interviewed mentioned this body as important. Along similar lines, in research on the work carried out by this Council, García & Serrano (2009) found that there was no effective coordination between the two subsystems.

The role of the EU is regarded as particularly important both by the stakeholders interviewed within the framework of this research and in that conducted by Delgado et al. (2012). They highlight its importance in the establishment of the guidelines on which the AEP are based and more recently in relation to the Youth Guarantee Scheme. Its importance as a provider of funding through the European Social Fund (ESF) is also acknowledged.

It is important to emphasize that in spite of the progressive decentralization of many aspects of the Employment sphere, the Spanish Central Government still has substantial powers in employment and training, especially in terms of their funding, as well as over the provision of distance learning. Nonetheless it is striking that when asked about the Youth Guarantee Scheme some of the stakeholders we interviewed referred to a high level of discoordination between the Ministry of Employment and Social Security and the Regional Governments. The Ministry receives funds from the ESF, which is distributed between the entities that execute the Scheme (Andalusian Employment Service, Andalusian Council of Chambers of Commerce, the School of Industrial Organization, Cáritas a well-known Spanish charity and the Directorate General of Universities), among which there is no coordination in terms of the actions they take.

At a local level, the stakeholders referred to the importance of informal areas for coordination (contacts between experts, transfer of users between programmes) within the Employment sphere and in its relations with the Youth Guarantee Scheme.

Relationship and links between public and private actors

In the educational sphere, in vocational education the coordination between public and private agencies is limited above all to the signing of collaboration agreements to carry out training in the workplace. The contents of these agreements is previously established by the regional administration.

As regards university education, one of the key stakeholders interviewed, a businessman from the tourism sector who offers university students the chance to obtain practical work experience in his company, requested greater coordination between the university and business so that the skills acquired by young people during their degree studies were more closely matched to the real needs of the labour market and the duties they would have to perform at work.

In the Employment sphere it is necessary to continue making progress so that the relationship between public and private stakeholders improves. In this sense, in the aforementioned research by Delgado et al. (2012), in which they interviewed representatives of the administration, of university teaching staff and employers' and workers' associations, some of them believed that coordination between the agents involved should be improved. The representatives of the business organisations emphasised that they encounter many difficulties when it comes to making effective changes to any policy that has previously been designed by the administration. They also argued that employers should have a greater influence in the design of active

employment policies.

At a regional level, the Regional Government of Andalusia has involved experts from the business world, universities, the public administration and other social agents in the drafting of the Andalusia Innovation Strategy 2020 (RIS3). In this way it has sought to create an open and participative process in a strategy from which priorities will emanate, on the basis of which for example the range of FPE courses on offer will be designed. The Andalusian administration believes that this process has been conducted successfully.

As regards the FPE courses, a key actor from a public training centre well-known in the region highlighted as one of the successes of their work, the continually updated knowledge of the demands of the labour market in the area, resulting from periodic coordination with businesspeople and experts, something which had previously been lacking. It is also important to point out that this public training centre is exceptional in that as it belongs to the regional administration it can design its own courses and does not have to enter tendering procedures, which means that it can respond more effectively to the needs identified through this collaboration with the local business fabric. In addition, as mentioned in the previous section, the effectiveness of the Andalusian Council of Vocational Education and Training at doing its job (improving coordination between the stakeholders from the educational and employment spheres) has been called into question. This means there is no institutionalized space for effective collaboration between the two spheres. Instead some of the actors referred to the existence of informal collaboration between them.

From all this, in the Employment sphere, one can conclude that the formal coordination between the different actors is poor and is limited to control of funding. This indicates that there is an excess of rhetoric in the political discourse which is not based on any true implementation of the actions proposed. The financial control strategies applied by the administration result in the entities (both public and private) that receive the grants having to meet a series of objectives in order to continue receiving finance, such as for example training a certain number of people. This results in cronyism and in the fact that the entities themselves become actively involved in searching for and recruiting new participants, for whom they compete amongst themselves.

Assessment of quality and use of skills

This section assesses the real situation regarding the type, quality and use of skills, as well as the main problems faced by young adults trying to join the labour market in the Málaga Functional Region.

When preparing this section, we used information obtained from the interviews we conducted, as well as a 2015 report on human capital and the labour market in Málaga. This report was produced by the CIEDES foundation with data from various sources at state, regional and local level, such as the Argos Observatory, the Andalusian Employment Service, the Ministry of Education, Culture and Sport, the Institute of Statistics and Cartography of Andalusia (IECA), the National Institute of Statistics (INE), the National Institute of Educational Evaluation (INEE), EUROSTAT and the OECD. We also used data from the Spanish Institute of Youth and the Socioeconomic Observatory of the Province of Málaga (PRISMA).

The socio-economic report on the province of Málaga 2015/2016, drawn up every year by the Confederation of Businesspeople in Málaga, was also vital. From this report we have also used the study of the employment situation of those who graduated in regulated vocational education and training in Andalusia, in academic year 2014-2015, prepared by the Andalusian Employment Service through the Argos Observatory.

In order to find out more about the real situation of the economy and business, as well as interviews with well-placed experts, we also consulted various reports: the EPyCE Report entitled *Jobs and Skills in greatest demand*, based on a survey of Human Resources managers from the different Spanish regions; Bulletin 115 by ASEMPELO (Confederation of Temporary Employment Companies and Employment Agencies), the 2016 report by the Andalusian Observatory on the Independence of Young People and the latest report by the University of Málaga on students that left in academic year 2012/13, published this year.

One of the difficulties we have encountered is that, in some cases, the data collated refers exclusively to the city of Málaga and, in others, to Málaga and its province.

In view of the socio-economic context of the MFR, it is important to establish whether there is a link between the economic and employment situation and the training provided by the educational and employment spheres.

In the educational sphere, when we looked at Vocational Education, we found that the courses offered by the public high schools in the MFR cover a very broad spectrum, and include training related to the most powerful economic sectors in the MFR. In this way we found that in the towns and villages that make up the MFR, there are courses relating to the professional families of health, administration and hotel management and tourism or ICT. However, we also observed that although agriculture is an important sector in this area, the only related course was on offer in Málaga city centre. This may be due to the fact that in recent years, there has been huge growth in the number of private training centres offering to teach VE, mainly due to high demand for VE courses and a lack of places in the public sector.

In relation to the Employment sphere, in relation to the activity developed by the Andalusian Employment Service, the weight of the training courses for the Málaga Functional Region, falls on the Hospitality sector, with two public training institutions.

These are the two Employment Training Schools in the towns of Málaga (La Cónsula) and Benalmádena (La Fonda) mentioned above. As regards the FPE courses, some of the main groups of professions taught are those related with administration and management, IT and communications, electricity and electronics and the sale of tourism products and services.

Within the framework of the Youth Guarantee Scheme, the Málaga Chamber of Commerce runs the IPQE programme, which is specifically aimed at young unemployed people throughout the province of Málaga. According to one of the people we interviewed, the training offered under this programme is designed on the basis of a study of the needs of businesses in the region. Indeed, if we observe the training offered, it appears to be related to the most important economic sectors in the MFR⁷⁹.

We can therefore conclude that the VE system is offering training that meets the needs of the most powerful economic sectors in the MFR.

The feedback from our interviews showed that in the case of the IPQE programme, the courses for which there was greatest demand from young people were those related with Tourism, Commerce and new technologies, which are some of the areas of expansion in the MFR.

According to the information consulted, the socio-economic crisis proved to be a turning point, not only in terms of the approach to and design of different employment policies, but also because of the large increase in the number of young people enrolled in the UMA and VE programmes.

These trends are evident at the UMA where the number of students enrolled at the Málaga campus fell by around 5,000 between 2001 and 2008. Later, with the advent of the economic crisis, from 2009 there was a rise in the number of students enrolled, which reached an average of almost 36,000 students. The last available figures are for academic year 2014/2015, in which the number of students enrolled at UMA fell very slightly to 35,439. However, data for the UMA show that the number of people graduating from this university is below the average for Andalusia and Spain.

The most popular degree courses in the MFR are those belonging to the families of Social and Legal Sciences (52%), Engineering and Architecture (17%), Health Sciences, (15%), Art and Humanities (11%) and, finally in last place, Experimental Sciences.

Likewise, in the city of Málaga, the trends for enrolment in VE training show a similar increase, such that in 2013/2014 there were 12,011 more students than in 2006. We also thought it would be interesting to find out which training programmes are in greatest demand amongst young adults in the area, so as to ascertain whether this demand is related to the real economic situation in the MFR. Unfortunately, this information could not be found.

As regards the increase in VE, it is important to highlight two issues. First, that many young people opted for VE in the wake of the economic crisis causing demand for this kind of training to greatly outstrip supply. Second, despite this excess demand, some actors⁸⁰ have criticized the Andalusian government in the mass media for not responding

⁷⁹ The training offered can be found at <http://www.camaramálaga.com/index.php?id=279>

⁸⁰ Jose Blanco, manager of CCOO (one of the main union trades in the region) <http://www.elmundo.es/andalucia/2017/01/20/58824650e2704ee3318b45b6.html>

to applications for VE, such that even after progressively expanding the number of places, 30.000 students continue to be excluded.

All these data suggest that there is an increasingly credentialist trend in the MFR and indeed throughout the region. By opting for VE, young adults may be looking for protection against unemployment and precarious work.

In order to understand the real situation in the labour market, it is also important to know what businesspeople think as regards the skills in greatest demand in the MFR. With this in mind we consulted the analysis carried out in the EPyCE Report (2016) on *Jobs and Skills in greatest demand* in the Spanish employment market. This report states that, when assessing their workers, companies value qualities such as commitment, teamwork, languages, flexibility and initiative very highly.

On similar lines, and focusing once again on the MFR, one of the stakeholders we interviewed, who belonged to the Chamber of Commerce and had close links with the Youth Guarantee Programme, explained that the companies he deals with are looking for young people that show interest and a good attitude, rather than people with specialist knowledge. Although what is asked of a worker will depend on his or her specific job within the company, businesspeople consider it essential that all workers also have motivational skills.

One of the businesspeople we interviewed from the tourism sector gave a similar answer, arguing that as well as training (which he regarded as very important), it was essential for staff to have a positive attitude towards the job (eagerness to work) and to have good language skills.

We observed that in the MFR, due to the particular characteristics of its economic fabric, knowledge of a second language is essential, even for those applying for jobs for which in other provinces this would not be regarded necessary. In the province of Málaga this is vital because of the huge numbers of tourists that visit the area, something that touches on a wide range of economic sectors and because of the large numbers of foreign residents, who require a wide variety of services. The need for a second language is manifested for example by the fact that of all the courses organized by the Chamber of Commerce the English language courses are the most popular. Another of the people we interviewed explained that these kinds of courses are also in high demand from the Trades Unions, and that many private language schools have sprung up in response to this demand.

However, when we analysed the range of Vocational Training courses on offer (provided by the formal education system), we noticed that there were still very few courses with a bilingual option (English or French), although the numbers are increasing. In fact in the whole province of Málaga, only 8 vocational training courses are offered in English (3 mid-level and 5 advanced level) and only one advanced level course in French.

In addition, although the range of Vocational Training certificates on offer is expanding, very few of the (non-bilingual) courses have English as a compulsory module. Most of the courses that do include English are related with administration and services.

Mismatch of skills

In the province and the city of Málaga we observed a certain divergence between training and increased success in the labour market. While, on the one hand, the

employed population with higher educational levels has a greater presence in the labour market, sometimes the jobs they find do not correspond with their educational level and they have to settle for less qualified employment. This suggests that there is a generalized over-qualification amongst those in work in the MFR. This trend can also be identified at a regional level, with 39.4% of employed people in Andalusia working in positions that require a lower level of qualification than they actually have. In the specific case of the 16-29 year old age group, 54.1% of workers are overqualified in Andalusia. Overqualification is a generalized tendency all over Spain. According to the report by ASEMPELO, “the number of overqualified people has grown by 12% since 2013”. This report also points out that overqualification is particularly rife in the retail and hotel and catering sectors. This may be due to the fact that these sectors are some of the biggest creators of jobs in Spain and also because in many cases these jobs require a low level of qualification. In the specific case of young people, 55.2% of the working population in Spain are overqualified⁸¹.

Such high levels of overqualification are a clear sign of a mismatch between the educational and productive systems. Another problem is that the labour market is becoming more and more precarious, driving young people to accept jobs that are below their level of qualification. In the MFR, according to the Labour Force Survey (2017, second quarter) the services sector is the one with most workers and as explained in the previous paragraph, the fact that these occupations require little or no qualifications has led to high levels of overqualification in this area. This issue was also raised in several of the interviews we conducted.

On this subject, the latest report on the situation of those leaving the University of Málaga in academic year 2012/13 stated that 70.20% are currently in work and that more than 25% were overqualified, a problem that particularly affected graduates in the Arts, Humanities, Law and Social Sciences. However it should also be made clear that only 70% of these former students live or work in Málaga.

Young people from the MFR, whatever their level of qualification, are faced with an additional obstacle when trying to enter the labour market, namely the lack of sufficient training and previous experience, which creates a vicious circle. Some of the young adults interviewed mentioned the difficulties they encounter when trying to find their first job because, in most of the jobs advertised, some previous experience was required. If they cannot get a job, they cannot gain experience, putting other jobs offered with the same conditions beyond their reach.

In order to improve the employability of unemployed people, the Regional Department of Employment, Business and Commerce has implemented a plan⁸² which among other initiatives, offers grants for those doing practical work experience in companies and grants and incentives for hiring young people. However, although this plan is still

⁸¹ This figure was obtained from the Report by the Andalusian Observatory on the Independence of Young People with data for 2016. The data presented here refer to young people in the 16 – 29 year-old age group.

⁸² This plan is part of the *emple@joven* Programme organized by the Andalusian Employment Service

(<http://www.juntadeandalucia.es/organismos/empleoempresaycomercio/sae/areas/impulso-empleo/planes-jovenes-andalucia/paginas/emplea-joven-emplea30.html>)

operative today, there are no official figures about the number of young people and/or businesses that have benefitted from it. We have only managed to find information presented through the media by the politicians in charge of the Department, and these figures do not always coincide with those presented by rival opposition politicians.

In view of this situation and motivated by the economic crisis and subsequent recession, many young people with a high level of training are opting for self-employment and are seeking advice as to how to set up their own businesses. This occurs most frequently in sectors related to ICT and industry, strong economic sectors in the functional region. Data show that 45.5% of business project developers are young people of up to 35 years of age. This proportion is even higher among university graduates (graduates, engineers and graduates), who in 54.1% of the cases were under 35.

After analysing the data and information obtained from the interviews, we came to the conclusion that greater coordination between the different training providers, the political organizations and the representatives of the business world could reduce the current mismatch between the educational and productive systems. One of the businesspeople claimed that many young people have insufficient training and that considerable time must be invested in them in training specific for the job. He highlighted the importance of greater collaboration between the training institutions and businesses.

With this type of collaboration, it would be easier to meet the demand for training in relation with certain professional profiles that are currently difficult to cover in the region. According to interviewees from the Andalusian Department of Employment, professions in short supply include doctors, graphic designers and chefs. They also claim that in spite of the economic importance in the MFR of the Andalusia Technology Park, there is still insufficient training in certain technology-related skills and professions.

Nonetheless, we believe that although greater coordination between these two spheres could help to reduce the gap between the skills being supplied and those in demand, this will not guarantee an improvement in the opportunities of young adults to enter the labour market, as there are other complex and influential aspects that would limit possible changes. These limitations are related with the problems inherent in the local economy and labour market, such as the temporary nature of most youth employment, and the seasonality and low qualification profiles associated with jobs in the tourism sector.

Attracting and retaining skills

If we look at the different reports on the Málaga Functional Region, we can see that this is an area in which more young people are arriving, both at a training and work level, than leaving.

Málaga is an area with a large influx of tourists and many companies working in this sector. Agriculture, construction and industry also make important contributions. Both tourism and agriculture are highly seasonal, with the different reports emphasizing the large numbers of temporary or seasonal contracts (36.7%) in a labour market with increased demand in the summer months and harvest time.

More generally, the sectors with most temporary contracts are hotel and catering (114.686), agriculture, forestry and fishing (88.879) and construction (34.004). However, there are also people who leave Málaga to work in other regions of Spain (albeit in small

numbers), who are mainly hired in activities such as agriculture, livestock, hunting and related services (16.612), food and beverage services (7.648) and retail (except for motor vehicles and motorcycles) (3.495).

The workers attracted to the MFR normally come from neighbouring provinces, in particular from Seville, Cádiz, Granada and Cordoba. Among the most remote is Madrid, in fifth place in terms of the number of workers who come to Málaga and first position as the destination of those who leave it. This mobility also occurs to and from foreign countries. The number of foreigners (aged between 20 and 29 years old) who come to work in the MFR is much higher than the number of people from Málaga who leave the region to work abroad (1,510 and 265, respectively).

As regards training, the UMA concentrates 40% of the students in the city of Málaga. These university students are mainly from the province itself (79.2% for the academic year 2013-2014), although many hail from Cordoba, Granada, Cádiz, Melilla, Castilla-La Mancha and Ceuta, among others. Although it is an important university within Andalusia, it does not have the highest number of students. However, there is also a significant number of youngsters from Málaga who study in other universities (about 8,000), most of whom have chosen degree subjects that are either not on offer at the UMA or offer few places.

Finally, we should mention the UMA's close relationship with the PTA⁸³, a collaboration that is considered essential for creating an industrial academic network that promotes job creation. Of the various sectors operating at the PTA, the most important and the fastest growing is ICT with 17,776 workers (61% of those employed in the park). The PTA is one of two such parks in Andalusia, and is therefore an important point of attraction for highly educated students and workers.

Characteristics of young adults

If we focus on the city of Málaga, and as explained above, we can see that those population groups with higher educational levels have a much higher presence in the labour market. The population group with the lowest level of studies (primary or incomplete secondary education) make up only 10% of those employed. However, the demand for labour in the city is mostly concentrated in the group of people with an average level of education, a relatively small segment in the human capital structure of the city. This is followed by the group with university studies.

In general terms, unemployment in the MFR affects men under 25 (5,730) with secondary level studies (65.22%). This would seem to contradict the previous figures which suggested that the people in greatest demand are those with average educational levels. Although this group had a higher percentage of contracts, this was also due to seasonality.

Another problem is the high percentage of "NEETS" (young people who neither study nor work) in Málaga, around 30% of young people between 15 and 29 years old in 2011, significantly higher than the regional and national averages.

This is an important economic problem because, as the OECD (2013) recalls, NEETS represent a significant public cost, because high levels of young people who do not work

⁸³ http://www.pta.es/es/pta_en_cifras.cfm#.WXXmQ9PyiRs Information and data about the PTA is available on its website.

or study implies long-term unemployment costs, loss of human capital and "lost" (not generated) tax revenues.

However, in 2014, the number of young people in this situation declined significantly in Andalusia and in Spain in general, to 25.5% and 20.7% of the population in that age group, so narrowing the gap that separates us from the EU-28 average (15.3% in 2014). Despite these alarming figures, different reports suggest that this phenomenon is used as an explanation for the increase in unemployment among young people. Arguing, furthermore, that the figures are not really that high (around 2%) and that in the great majority of cases NEETS are qualified, educated young people who cannot find work and at the time of the study were not being trained (Instituto de la Juventud, 2011; Moreno Mínguez, 2013⁸⁴).

⁸⁴ Moreno Mínguez, A. (2015). La empleabilidad de los jóvenes en España: Explicando el elevado desempleo juvenil durante la recesión económica. *Revista Internacional de Investigación en Ciencias Sociales*, vol. 11 (1), 3-20.

Conclusions and Implications for young adults

There are various important aspects to mention in relation with the implications for young adults of the skills system and the skills ecology of the MFR.

First of all, and according to the data we gathered from the interviews and our analysis of various reports, it would be difficult to claim that there is a harmonious skills system in the Málaga Functional Region, due above all to the poor coordination between the different institutions and stakeholders taking part in skills provision and use and their inadequate coverage of the needs of the labour market. As regards this lack of coordination, we should begin by making clear that there are different institutions at a national, regional and local level that teach similar training courses most of which are related with the skills required by the tourism and retail sectors. However there are other demands in the labour market (for example for the skills related with home automation) that are not covered by any of the institutions involved in skills provision. In addition, the consolidation of parallel systems of skills provision within the Education and Employment spheres has led to various imbalances in the skills ecology of the Málaga Functional Region. On the one hand, we have Vocational Training provided within the educational system for which the Department of Education is responsible. From a historical perspective, the main purpose of this training was to try to help students who for different reasons had some sort of shortfall in their education. Learning a profession was secondary. This tendency is changing due among other things to the implementation of the Catalogue of Professional Qualifications, although its structure and its regulations still prevent greater flexibility to adapt the training programmes on offer to the demands of the labour market. There is also the non-formal education system or Training for Employment (FPE), which has undergone huge transformations at a structural level in recent years. At a regional level, these courses have been frozen for six years due to insufficient control of funding. The new system of professional training for employment is characterized by a recentralization in the provision of training courses, which are designed and selected by the Regional Administration on the basis of the needs of the labour market and adapted to the Catalogue of Professional Qualifications. The courses are then provided by public and private entities who apply for the grants through a competitive tendering procedure. In other words, the regional administration subsidizes different institutions to provide these courses. These institutions must comply with various requirements related with the material and human resources available to them. At the same time, the Andalusian Employment Service (SAE) has lost some of its responsibilities for training and maintains exclusively those linked to job-seeking and careers advice. This change in the non-formal education system is not resulting in improvements in its coverage of the demands of the labour market, due among other reasons to stricter requirements for course providers to be accredited, even if they have taught the same courses in the past, and less flexibility when it comes to including courses related with new labour market demands.

This situation has had various effects on the opportunities available to young adults who wish to improve their skills to prepare themselves for the labour market in a context characterized, as mentioned earlier, by high drop-out rates from school, high youth unemployment rates and the generalized precariousness of the local labour market.

Another important issue is the lack of training for employment due to the freezing of these programmes in recent years and the refunding to Central Government of the funds set aside for it. This happened at a time when the demand for professional training was increasing in both the formal and non-formal educational spheres. This has affected above all those students that dropped out of the education system early, many of whom later enrolled on courses aimed exclusively at them such as the Workshop Schools. Although new courses are now on offer, there is still insufficient information about them available to young people. It has also affected young adults with university degrees who would have taken courses of this kind to improve their skills and adapt them to the needs of the labour market. This is resulting in problems of overqualification.

An improvement in the skills ecology of the Málaga Functional Region would result in the establishment of greater vertical coordination between the different institutions at a state, regional and local level, so as to create a range of training options that responds to the needs of the labour market and not only offering training that is cheaper to provide. Better horizontal coordination between the different public and private stakeholders is also required. It might also be a good idea to develop policies that have a direct effect on the demand side of the skills use market and on the characteristics and functioning of the job market itself and the economy of the region. In this way, it might also contribute to the improvement of the conditions, quality and quantity of jobs available to young adults in an area that suffers high youth unemployment and high levels of precarious work for young people.

Comparison of the two Functional Regions

Grounded on the analyses of the GFR and the MFR skills ecology, this section addresses some of the most relevant convergences and divergences between these two territories of Spain.

As broadly mentioned in relation to both functional regions, there are two very different dynamics of planning, provision and funding of skills formation arisen from the institutional division between Education and Employment. The division is already present at the State level and is reproduced at the regional and local levels. The consequences of this gap in the two FRs are quite similar and can be summarised by the lack of coordination between the formal educational and the non-formal and employment-related training systems. Despite both of them respond eventually to the European Qualifications Framework, their orientation and interventions are autonomous and, at the regional and local level, are conditioned by their own institutional and structural characteristics and traditions. The strength of this division overpasses the existence of common structures like the Councils of Vocational Training, which are present both in Andalusia and in Catalonia. These Councils have not been able, at least until the present, to achieve actual relevance in the coordination of the training activities provided by the Education and the Employment sub-systems.

MFR and GFR skills formation and use markets are both characterised by a pre-eminence of informal vertical and horizontal coordination mechanisms among actors rather than for the presence of stable spaces of communication. In this regard, however, it is important to stress that the SOC political strategy is progressively promoting decentralisation and closer collaboration among local agents through changes in the way of funding local initiatives. Additionally, it seems to be also establishing vertical coordination mechanisms to improve its response to regional particularities and needs. Conversely, Andalusia is carrying on a process of centralisation to strengthen the control over the resources due to the detection of massive fraud in the skills occupational formation provision. This situation has led to the predominance of informal coordination spaces at the local level above more institutional ones. In this sense, political orientation in both regions diverge. While the SOC fosters the role of the local actors and looks for them to become collectively responsible for drawing local and regional strategies, the Department of Employment, Enterprise and Commerce of Andalusia sets its training offer for each Andalusian region. Then, public and private providers than meet certain conditions apply to offer such training. These differences show that despite Active Labour Market Policies are formally centralised at the State level, this centralisation does not affect intern organisational aspects of its development. Beyond those programmes directly funded by the Spanish Ministry of Employment and Social Security, there is flexibility in the regional structure of the Departments of Employment and the Employment Services at the Autonomic level.

The rigidity of the CNCP has been pointed by experts in both regions as a crucial problem when trying to improve the fit of the training activities to the needs of the labour market. This rigidity is also present in the lack of autonomy of the Autonomic Communities, the regions and the localities regarding Active Labour Market Policies. In

this sense, public administration don't look able, from the State level, to deal with all the regional particularities but, on the other hand, it does not appear as trying to improve its adaptation by means of decentralisation and autonomy policies. It is interesting to highlight that these two last differences (political orientation of the Autonomic Employment Agencies and rigidity of the CNCP) points to a broader debate on the decentralisation of the governance of these policies. In this sense, it is worth mentioning that, as showed, decentralisation it is not an all or nothing question and it has to be analysed considering all its nuances (funding but also definition, organisation, structure, etc). In the case of these two regions, while funding and skills framework definition remain centralised at the State level, its development and territorial implementation is decentralised to the Autonomic Communities.

The economic crises has had in the two regions the effect of increase the demand of training from the youth. Thus, the demand of vocational training from both the Education and the Employment sub-systems has grown. However, young adults in both regions have problems to access to the labour market not only because of their professional qualification but also because of their lack of professional experience. In this sense, the Youth Guarantee Scheme, which intends to provide training or professional experience to youngsters, has been underdeveloped in the country at least in the second of its aims. In fact, the gap between the potential and the actual beneficiaries has been highlighted in the two regions. Moreover, most of its beneficiaries are actually involved in training activities which do not include professional experience in training contracts or apprenticeship agreements. In this sense, as we are pointing just below, public administrations are putting the accent in the side of the skills formation market rather than on the skills use market.

Youth unemployment rates are defined as an important problem in both regions and by many different actors and documents. Despite of the differences between MFR and GFR that we're exploring below, there is a central similarity regarding the broad understanding on how these rates have to be reduced. This is, on the one hand, it is recognised that the economic crisis is financial and speculative. However, on the other, solutions are placed at the individual level: increase people training, adaptability, confidence or motivation. For instance, both regions together with the Spanish administration have been promoting strategies of fighting unemployment by training and not by intervening on the labour market conditions. In fact, the Labour Law of 2012 has worsen the stability conditions of employees by, for example, lowering the price of layoffs or reducing the weight of the trade unions in the collective negotiation processes. Thus, the common understanding on how the situation has to be overcome have consequences on the kind of measures developed, on the discourses of public and private actors and on their omissions.

Although there are coincidences between the two regions, there are as well some noticeable differences. We have already mentioned that the very political orientation of the Autonomous Employment Services seems to be quite different regarding their trend to centralisation (Andalusia) and decentralisation (Catalonia).

On the one hand, in GFR the Employment sphere skills' formation offered by local and regional actors seems to be more important than it is in MFR. In addition, pooled and

more autonomous initiatives are apparently guiding a shift in the SOC political orientation. Conversely, in MFR the initiatives fostered by the Chamber of Commerce, and directly planned and funded by the Spanish Ministry of Employment and Social Security seem to be more relevant than the regional ones. However, this phenomenon has to be understood by the particular circumstances of control and monitoring the region is facing, but it could be relevant in order to assess whether these policies can be used by different institutional levels as means to increase their influence in particular territories.

On the other hand, in MFR, courses that allow obtaining Professional Certificates are mostly of levels 2 or 3, whilst in GFR level 3 courses are scarce. The connexion between the increase of demand of skills formation and the economic crisis is clear, even more in those regions with important economic sectors demanding low skilled workers. However, the differences in the courses' levels despite not being the only courses offered in the region, have different impacts on the youth's training. In the case of MFR, it seems that the most qualified youngsters have more possibilities to continue their training and having recognised their skills through the Professional Certificates. In the case of GFR, this formation offer is more addressed to Early School Leavers (with at most lower secondary education) than to more qualified people. Both strategies are targeting differently and leaving more or less unattended some population segment. In the case of MFR, less qualified young people seems to be assisted by other training initiatives (i.e: the Chamber of Commerce courses within the PICE programme). In GFR, however, the most qualified youngsters have few opportunities to continue their lifelong learning activities. It has to be noticed that tenders for offering level 1 courses have been recently re-opened in MFG, but it is still early to assess its impact on the targeted population and on the regional economy.

Regardless of these differences, both regions seem to be affected by what we have presented as 'market of training courses' stimulated by the particular structure of their funding. Bureaucratic survival of some private and public providers in the two regions has been grounded on this structure for a long time and changes, even when promoted by high range agencies (as in the case of GFR), face large resistance. In this sense the importance of the organisations' inertia do not has to be underestimated. In this report these dynamics have been signalled as a serious challenge for change, not only at the local but also at the regional and Autonomic levels. In this sense, it seems appropriate to think in mechanisms that combine both hoarding control and incentives for these organisations to change.

Emerging issues

The analyses of and the comparison between the two functional regions have pointed out some relevant issues to be addressed with more detail by Work Packages 5, 7 and 8 of the YOUNG_ADULLLT Project. Additionally, at the end of this section we will also highlight some examples of good and bad practices identified in the report.

First of all, it seems interesting to further explore to what extent what we have called 'market of training courses' is also present in other functional regions outside Spain. As it has serious implications on the quality of the attention that young adults receive, we wonder whether these dynamics are related to particular manners of funding, to specific processes to bureaucratic closure and reproduction, or to a combination among these and other phenomena.

Secondly, the key role of the ESF both in funding and evaluating training activities at the regional level has been highlighted by many different agents. In this sense, it could be relevant to in-depth analyse the extent to which this European institution is shaping the political definition of the lifelong learning initiatives and by which means.

The two above mentioned questions are in fact closely related. On the one hand, the 'market of training courses' is allowed by a particular structure of funding that is hard to change due, in part, to the resistance of some of the strong suppliers of skills formation. We know, then, that the room to manoeuvre of the regional and autonomous institutions is limited by these agents at the local and regional level (conditioned from the bottom). But, do the ESF specifically conditions these structures? How? To what direction? Briefly, what are the conditions imposed / suggested / recommended from the top?

The last relevant issue that emerge from this report is related to the distinction between skills and professional qualification, which seems to be problematic for most local agents. Different informants take for granted that the combination of skills that allow someone to receive a professional qualification is mainly focussed on very specific tasks. Thus, some other skills such as project managing or participate in innovations are not properly captured by the system. In this sense we wonder whether these difficulties to broadly understand and capture the meaning of the skills' concept are having effects on the development of these programmes and whether they are common in other regions outside Spain.

To end this report we want to highlight some of the most relevant good and bad practices of local coordination.

Regarding good practices we consider that the Councils for Vocational Education and Training, both at local and at Autonomic level, are interesting initiatives. Their aim to coordinate both the Educational and the Employment spheres and private and public actors clearly responds to a need of the skills system. However, until the moment they haven't been able to overcome the fracture between education and employment. Regardless of that, they may be strong coordination instruments at the local level if they achieve an honest commitment of their members. They are, thus, good initiatives at the formal level but they seem to need more time to give actual results.

The case of the SOC's strategy to improve local commitment and cooperation in the design of regional actions is a clearer example of what a good practice can be,

particularly in GFR. Regarding its emergence, it has to be taken into account that this region has a tradition of territorial work that is not common not even in the other Catalan regions. However, its good results cannot be attributed only to this tradition but also to the effort of both the SOC planners' and the local actors. On the one hand, the SOC has had the institutional capacity to incorporate local actors' suggestions, giving example of permeability and ability to change according to the contextual demands. On the other hand, local actors such as municipalities and supra-municipal administrations, non-profit organisations and companies (to a lesser extent) have started to overcome their organisational dynamics, preferences and interests to define common goals and instruments to reach them. These process has implied (and still imply) the learning of new ways of work, renounces and strong discussions at the local level. Nevertheless, it seem to be very well assessed by its participants and is in fact demanded by other agents that are still working with less coordination. Beyond the resistance that this change can cause, the SOC seems to be determined to go on this direction by increasing the autonomy of the territories to allocate their expenditure as long as their decisions are collectively justified and respond to local and planned mid-term strategies. Bad practices have been also detected in both FRs. The lack of coordination between the Educational and the Employment spheres has been broadly treated during the report and its consequences shown at the local, regional and state levels. It seems here more interesting to point out to two other examples of what must to be avoid in order to improve the skills system dynamics.

Firstly, the appearance of what we have called as market of training courses can be explained by different actions and omissions of the Employment Services in both FRs. On the one hand, they have long passed on the responsibility of providing training to private and public actors which have organisationally grown for and by meeting this demand. This dynamic has tied the survival of these organisations to their ability to recruit youngsters and, as the Employment Services were unable to meet the full demand, they seem to have preferred this situation as 'lesser evil'. In any case, market of training courses has flourished also for the lack of coordination among providers, thus leading to a situation in where some courses are broadly offered while others are absolutely absent.

Secondly, but closely related with this last issue, there is a lack of intermediate coordination bodies in both FRs that hinders the fluent functioning of the skills system. In fact, even in the case of GFR, where coordination mechanisms are improving, there are many disinformation among local actors' activities and offers and there is not any centralised tool in where youngsters or guiding professionals could consult all the offer, conditions and calendar. In this vein, it is worth to mention specifically the case of the training offer provided by the Chambers of Commerce under the YGS. These programmes are based on direct agreements between the Spanish Ministry of Employment and Social Security and the Chambers, outside the coordination spaces that the territories may have. They can easily, then, overlap with other instruments or be unknown for the local actors and the youngsters.

Annexes

Description of institutions involved in the skills system of GFR

Table 3: Actors and institutions involved in the skills formation and/or use of GFR

Name of the Institution	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions	Other relevant information
Local Employment Services - Local Authorities in the region of Girona (SOM, in Catalan Servei d'Ocupació Municipal)	Public	Local	Local employment Services depend on local governments' employment area. Their mission is to intermediate within the labour market and to help unemployed people by providing them with guidance in their job searching.	Yes. It provides training activities that are under the umbrella of different programmes. These programmes are addressed to different social groups among which NEET young adults stand out. There are also more general programmes aiming to improve the employability of the population by the provision of specific training and by the accreditation of the skills they already have. It also provides services to companies such as the promotion of apprenticeships or the provision of on demand training for covering specific job offers.	Yes, to the extent that it has functions of employment agency and thus it relates supply with demand of skills, and also by organising on demand training and thus responding to economy and employers demands.	It is related to the business sector of the territorial area. It is also in charge of the Technical Secretariat of the Local Council for Vocational Education and Training, that shares with the Local Education Service. This recently founded council groups together representatives of the companies and trade unions, and of the education and labour sectors both at the local and the Catalan levels.	http://www2.girona.cat/ca/smo http://www.girona.cat/transparencia/docs/normatives/Reglament-Consell-FPO.pdf

Education Services - Local Authorities in the region of Girona	Public	Local	Depending on local government, Education Service is in charge of the coordination of the different policies and programmes regarding education over which local authorities have competences. It is also the interlocutor with the Education Department of Catalonia in those issues that may affect non-tertiary education aspects of the city.	Yes. Regarding VET, it is in charge of the Technical Secretariat of the Local Council for Vocational and vocational Training, which shares with the Local employment Service. This recently founded council groups together representatives of the companies and trade unions, and of the education and labour sectors both at the local and the Catalan levels.	No.	Its main relations are with actors from the education field such as principals or parents associations. It is also related to the Education Department of Catalonia as well as to those actors from the private sector that have something to say about the planning of the educational offer (industry or medical sector demanding the provision of skills by the public sector, for instance).	http://www2.girona.cat/ca/educacio
Girona Chamber of Commerce	Private	Regional	Girona Chamber of Commerce is the organisation that groups together companies' representatives of the region. It aims to boost the competitiveness of the corporate and economic sectors of the area. It provides resources to the companies to improve its management.	Yes. It provides and organises training activities for employers and their staff. It also provides training and guidance for unemployed NEET youth within the Youth Guarantee Schema (Garantia Juvenil).	Not directly, but the employers network that it groups together uses its structure to demand some specific skills lacking in the area.	Its main relations are within the business field but it is also related to local authorities, the Education Department (Catalonia) and the Employment Service of Catalonia (SOC – Servei d'Ocupació de Catalunya).	http://www.cambra.girona.cat/

High Schools	Public/Private	Local	High Schools are the institutions responsible for providing post compulsory secondary education, and most of them cover also the compulsory courses. Post-compulsory secondary education is divided in vocational and general further education. Almost all high schools provide general further education but only some of them have also lower and superior vocational education.	Yes, they are directly involved in Skills formation both with an academic and vocational orientation.	Not directly, but in vocational orientation they are involved in apprenticeships and some of them promote dual models of vocational training and apprenticeships trying to improve the match between their educational programmes and the companies needs and facilitating the transition from school to work of their students.	They are related to the educational authorities both at local and at national level and to the business sector of the territorial area.	
University of Girona (UdG)	Public	Regional	Universities are the main providers of higher education qualifications. UdG is the only University in the area.	Yes, their main mission is skills formation (higher education level)	Limited. Although there are some career services and graduate apprenticeships the involvement in the skills use is still very residual. However, universities are interested in providing relevant skills for the labour market.	Other educational institutions. Local and regional employers.	http://www.udg.edu

Catalan Employment Service (SOC, in Catalan Servei d'Ocupació de Catalunya)	Public	National (Catalan), with regional and local centres	The Catalan employment Service is a national autonomous agency that depends on the Department of Employment, Social Issues and Families. It provides services to people, companies and territories in the field of employment and local development. Its mission is to promote quality employment in equal conditions with the aim to contribute to social cohesion and to competitive development of the Catalan business.	Yes. It is directly or indirectly involved in services of professional information and guidance, intermediation within the labour market, vocational and continuous training, measures to promote employment and self-employment. It does so through its own local offices and training centres (for instance, The Centres of Innovation and Vocational Training -CIFOs) and also through collaborating entities that are legally authorised (and receive funds) to develop some of these activities (for instance, The New Opportunities Centres -CNOs).	Yes, in the measure that it has functions of employment agency and thus it relates supply with demand of skills. It also provides services to companies such as guidance to accredit their workers skills or to incorporate young apprenticeships with the aim of satisfying the companies' needs.	The Service has relation with many actors, both from the local and the national level. At the local level	https://www.oficinadetreb.all.gencat.cat/socweb/opencms/socweb_ca/home.html
Education Department of Catalonia	Public	National (Catalan), with regional centres	The Education Department is the responsible for designing the non-tertiary educational policies.	Yes. It is responsible of the design, planning and provision of education at all levels, except tertiary.	No.	As high-level political institution, it is related to many actors and institutions at local, national and State level (City Councils, Schools, High Schools, Trade Unions, Companies)	http://ensenyament.gencat.cat/

Trade Unions	Private	State, with national and regional centres	Trade Unions in Spain (mainly CCOO and UGT) have been involved traditionally in the provision of life long-learning for both employed and unemployed workers.	Yes. Through their Foundations and other agencies trade unions provide vocational training and they also participate in the skills accreditation processes. They receive public funds to do so (from the national, state and European levels).	Not directly but as they are involved in the definition of training strategies for employees they seek to contribute to the improvement of the employees qualifications and the use of these skills by the employers.	Trade Unions are related to the public administration and the companies for defining the kind of skills formation they will provide.	https://es.fun-daciopacopu-erto.cat
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Description of institutions involved in the skills system of MFR

Table 4: Actors and institutions involved in the skills formation and/or use of MFR

Name of the institution	Nature of the institution	Level of the institution	Description of the institution (mission)	Involvement in Skills formation	Involvement in Skills use	Relation with other actors/intuitions	Other relevant information
Andalusian Institute of Qualifications (IACP)	Public	National-Regional	Evaluation and accreditation of professional skills, the set of actions aimed at assessing and recognizing these skills acquired through work experience or non-formal training.	Accredits: Formal training paths: Formative processes whose contents are explicitly designed in a program that leads to official accreditation. Non-formal training paths: Training processes not conducive to official accreditation.	Accredits: Professional Competence: the set of knowledge and skills that allow the exercise of the professional activity according to the demands of production and employment sector. Professional competencies are included in the units of competence of professional qualifications Professional qualification: the set of occupational skills significant for employment that can be acquired through modular training or other types of training and through work experience. Professional qualifications are included in the National Catalog of Professional Qualifications and are accredited in professional qualifications and certificates of	Education Department of Andalusia. D.G. de Formación Profesional Inicial y Educación Permanente	http://www.juntadeandalucia.es/educacion/webportal/web/iacp

					professionalism.		
Andalusian Council of Vocational Education and Training (CAFP)	Public	Regional	Specialized organ that advises the Andalusian Government on Vocational Education and Training.	Observe Professional Qualifications and their evolution. Determine Qualifications. Carry out the monitoring and evaluation of the National Vocational Education and Training Program.	Accredit qualifications. Develop the integration of Professional Qualifications. To approve the plans of activities of the IACUAL, in accordance with the priority lines established in the Plenum of the Council, and to follow their fulfillment.	Department of Labour and Social Affairs of the Government of Spain, Department of education of Andalusia	http://www.juntadeandalucia.es/educacion/webportal/web/iacp .
Education Department of Andalusia	Public	Regional	The Education Department is the responsible of the design, planning and provision of the non-university educational policies.	Yes. It is responsible of the design, planning and provision of education at all levels, except the university one.	Yes. Act as mediator	As high-level political institution, it is related to many actors and institutions at local, national and State level (City Councils, Schools, High Schools, Trade Unions, Companies)	http://www.juntadeandalucia.es/educacion/portals/web/ced
Department of Employment, Commerce and Company of Andalusia	Public	Regional	The Employment Department is the responsible of the design, planning and provision of the employment policies.	Yes. It is responsible of the design, planning and provision employment policies, employment services, Business promotion	Yes .Act as mediator	As high-level political institution, it is related to many actors and institutions at local, national and State level (City Councils, Trade Unions, Companies)	http://www.juntadeandalucia.es/organismos/empleoempresaycomercio.html

Associations of entrepreneurs	EMPREEN	Private/ Public	Regional- Local	Set of institutions that seek to promote and develop entrepreneurial activities.	Organize actions and activities Of a social, formative and informative nature that favor the growth of the entrepreneurial culture.	No.	As high-level political institution, it is related to many actors and institutions at local, national and State level (City Councils, Trade Unions, Companies)	http://www.emprean.es/
	Guadalinfo			Facilitate the exchange of ideas and the interaction between entrepreneurs of different sectors and specialties.				
	Vivero de Empresas							
	Amupema							
	Club de emprendedores							
Trade Unions		Private	State, with national and regional centres	Trade Unions in Spain (mainly CCOO and UGT) have been involved traditionally in the provision of life long-learning for both employed and unemployed workers.	Yes. Through their Foundations and other agencies trade unions provide occupational training and they also participate in the skills accreditation processes. They receive public funds to do so (from the national, state and European levels).	Not directly but as they are involved in the definition of training strategies for employees they seek to contribute to the improvement of the employees qualifications and the use of these skills by the employers.	Trade Unions are related to the public administration and the companies for defining the kind of skills formation they will provide.	http://www.juntadeandalucia.es/temas/trabajar/relaciones/sindicatos.html
Andalusian Employment Service	SAE-Málaga	Public	Regional-Local	The Andalusian Employment Service (SAE) is a regional	Yes. It is associated with vocational guidance as well as with labour market	Yes. It is a government body that works as a mediating service between those who are	The Service establishes relations with many actors at the	http://www.juntadeandalucia.es/organismos/em

(SAE)	SAE-Torremolinos			government body under the Department of Employment, Enterprise and Commerce. It manages all the vacancies and job applications available, both for the unemployed and the hiring companies. It works as a mediating service between the parties in order to achieve full employment in the region.	intermediation and training, such as Vocational Training for Employment. It is carried out through the various employment offices and the training centres for employment (SAE Centres, School Consortiums, Integrated Centres and Reference Centres).	unemployed and the hiring companies by managing the vacancies and job applications available. For this purpose, they offer different programs that promote employment by being tailored to the demands of the labour market. This Service also offers counselling to improve employability.	local, national and European level.	pleoempresas.comercio/sae.html
	SAE Benalmádena							
	SAE Coin							
	SAE Alora							
Local Occupation Services - Local Authorities in the region of Málaga	Public	Local	Local Occupation Services depend on local governments' Occupation area. Their mission is to intermediate within the labour market and to help unemployed people by providing them with guidance in their job	Yes. Through different programmes (Aula Mentor, incentivized training, workshop schools, schools of second chance ...) It provides a wide range of training activities. These programmes are mostly aimed to unemployed young adults. There are also more general activities aiming to improve the employability of the	Yes, as far as they have among their functions to act as an employment agency and thus it relates supply with demand of skills. In this sense IMFE (Málaga Occupation Service) has some specific programs (incentivized training, workshop schools, schools of second chance ...) that have at least a period of training in workplaces, some of them are organised in a similar way	It is related to local authorities, education service and with the business sector of the territorial area.	http://imfe.malaga.eu/es/index.html	

			searching. In the functional region of Málaga the most relevant institution is IMFE, that provides information, advice and formation about employment promotion and self-employment in the Municipality of Málaga, and which acts as the promoter and coordinator of all those resources aimed at boosting the city's educational, economic and business activity.	population by the provision of specific training, some of them provides some type of accreditation of skills.	of dual vocational training.		
Málaga Chamber of Commerce	Private	Regional	Its objective is the representation, promotion and defense of the general interests of commerce,	Yes. It provides training, employment and guidance to unemployed youth, highlighting the Youth Guarantee Program-PICE which covers	Yes, through the work placement training developed by their users in some of their formation programmes.	The relations that it establishes are in collaboration with the Public Administrations, the regional business sector,	http://www.camaraMálaga.com/

			industry and navigation, as well as the provision of services to firms or companies that carry out these mentioned activities.	young people under 30 years considered NEET.		for example, through the creation of job offers for young people who are trained in Chamber of Commerce programmes. It also develops a Business School.	
High Schools	Public/Subsidised/Fully Private	Local	High schools are institutions where compulsory secondary education and post-compulsory education (vocational and general) are taught. In addition, some of them also develop initial vocational education. These high schools may be public, subsidised or private.	Yes, high schools are closely involved in the process of training their students' abilities, they also offer academic and vocational orientation.	Yes, In vocational training through the subject called training in workplaces. Some of them also promote dual models of vocational training.	They are related to the educational authorities both at local and at national level and to the business sector of the territorial area.	
University of Málaga (UMA)	Public	Regional	UMA is a provider of higher education qualifications.	Yes, their main mission is skills formation (higher education level)	The involvement in skill use is limited, because not all degrees offer graduate apprenticeships.	Other educational institutions. Local and regional employers.	http://www.uma.es/
Technological Park of Andalusia (PTA)	Public	Regional-Local	Place of high quality for the	Yes, their main mission is skills formation (higher	The involvement in skill use is limited, service of training on demand of	Local and regional employers and companies	http://www.pta.es/es/

			<p>installation of SMEs and large enterprises, innovative and environmentally friendly dedicated to production, advanced services, and R & D.</p> <p>The University of Málaga and the Technological Park of Andalucia have made an alliance by which they decide to join their efforts to offer to the companies and institutions of the PTA the possibility of acceding to the following services: In the field of TRAINING, Training on demand of companies.</p>	education level)	companies.		
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