



DEVELOPMENT OF A METHODOLOGY COMBINING DATA AND EXPERT INSIGHTS TO IDENTIFY THE SPECIFIC TRAINING REQUIRED TO BRIDGE SKILL GAPS IN THE LABOUR MARKET

Bridging skills gaps in the labour market: principles and methodology for identifying training offer

Publication date: March 2024

ESTONIA

The methodology presents a framework that offers jobseekers relevant training to find better employment opportunities. The methodology is based on OSKA¹ research taking into account the current and future skill demands in the labour market², and it utilises both quantitative and qualitative data sources, such as historical data on funded trainings, vacancies, educational background of jobseekers, the impact evaluations of different training programmes on employment probability, and expert opinions. The methodology combines these data and identifies the most-needed training fields that should be funded and offered to jobseekers through Estonia's PES.

Name of the PES

Eesti Töötukassa (Estonian Unemployment Insurance Fund)

Scope of measure (a pilot project or a national reform)

National reform

When was the practice implemented? (including start and end date for pilot projects)

In 2021, the PES started to systematically address a mismatch between training offered to jobseekers and the demands of the labour market (e.g., there were already many accountants, office clerks, gardeners, etc., so providing such training was no longer reasonable). The project had two stages: in 2021-2022, the PES established the principles underlying training offer and piloted methodology; and in 2022-2023, it selected (together with external experts) the training fields where skills development is needed to secure employment in the labour market now and in the future. The practice was launched on 1 January 2024.

What was the driver for introducing the practice? Was it internal or external?

The methodology and principles were developed based on the OSKA research to ensure the development of skills that are required in the labour market now and in the future. The PES has a commitment to use public funds in a targeted way and to align its training offer with the labour market and/or employers' needs.

Which organisation was involved in its implementation?

The PES engaged in a co-creation process with various stakeholders, including trade unions, ministries, professional associations, and its own staff.

Which groups were targeted by the practice?

Unemployed jobseekers

What were the practice's main objectives?

The main goal was to align the skills of the workforce with the employers' needs and to ensure that public funding in training is efficient and effective. Thus, PES developed a comprehensive and coherent system of training offers that responds to current and future labour market needs.

What activities were carried out?

The work plan of the project comprised two phases, spanning from 2021 to 2023:

- ▶ 2021-2022: the focus was on defining the principles and developing the methodology (based on OSKA research) on how to identify the necessary training fields. This methodology incorporated analyses of both quantitative and qualitative data:
 - ▶ Statistical data on the historical number of individuals trained and job vacancies related to training fields was analysed. A ratio of vacancies to individuals with relevant educational backgrounds was used, with a ratio indicating deficit or excess of existing jobseekers with specific skills. Machine learning algorithms were used to predict employment probabilities after 12 months of training.
 - ▶ Current and future labour market needs were identified using OSKA research. Other qualitative data was used from stakeholders concerning the impact of unexpected factors on the labour market, such as the energy crisis or the war in Ukraine, which had not been considered by OSKA research. The decision-making process involved a board of internal and external experts from ministries.

¹ OSKA is the anticipation and monitoring system for labour and skills demand in Estonia.

² OSKA n.d., <https://www.kutsekoda.ee/en/esf-2022-2029-2/>, last accessed on 26 October 2023.

- ▶ 2021-2022: preparation of changes in the law governing training fields funded by PES, requiring collaboration with the Ministries of Social Affairs, Economic Affairs, and Education and Science.
- ▶ 2022-2023: decisions were made on the training fields to be offered to unemployed individuals. A report was compiled, outlining the training the PES will provide. This report was approved by the PES management board and relevant information was made accessible to clients, partners (training companies), and the general public. Counsellors were trained and an online tool was developed to help them navigate the changes. As PES limited training offers to particular fields, alternative options were mapped among already existing services to meet clients' needs, such as paid internships, entrepreneurship allowances, or language courses.

Several indicators will be used to evaluate the effectiveness of the practice:

- ▶ Unemployment rates;
- ▶ Number of trained individuals, budget, and average training duration;
- ▶ Time from completing the training to employment;
- ▶ Impact of training on employment probability;
- ▶ Employability in the same field of activity as completed training and
- ▶ Training cancellation rates.

What resources and other relevant organisational aspects were involved?

The initiative requires a dedicated contact point or project coordinator within the PES. A group of four to five experts is also involved in the discussions and decision-making processes of the board of internal and external experts from ministries. The implementation of the practice needs the effort of all counsellor staff.

What were the source(s) of funding?

The PES is funding the initiative through its regular financial and human resources.

What were the outputs of the practice: people reached and products?

The PES is implementing the practice effective from 1 January 2024. Mechanisms and outputs will be monitored as follows:

- ▶ Employment outcomes of the training participants, including their transition time to work.
- ▶ Employers are hiring skilled workers to fill skills shortages.
- ▶ Optimal number of high-quality training programs that prepare jobseekers for a job.

What outcomes have been identified?

The practice is still being implemented, and there are several key outcomes the PES aims to achieve:

- ▶ Identification of relevant training fields: the primary outcome of the methodology is the compilation of a list of training that aligns with actual labour market needs. For example, the PES has decided to offer training in the field of forestry. This enables training companies with expertise in forestry to provide their training programmes to the PES website, directly responding to labour market requirements.
- ▶ Legal reform: the process of determining the list of training involves close collaboration with government bodies, including the Ministry of Social Affairs, the Ministry of Economic Affairs, and the Ministry of Education and Science. This collaboration aims to bring about legal changes and increase the legal coherence of the PES' operations, accommodating the necessary reforms and ensuring alignment with broader government policy and regulations.

What are the lessons learnt and success factors?

Key lessons include:

- ▶ Collaboration is essential within and between organisations;
- ▶ Co-creation should be used to the extent possible, given the complex and dynamic factors involved;
- ▶ Experiment with different methods to find the most suitable, switching between methods if necessary;
- ▶ Use both qualitative and quantitative data analysis, and
- ▶ Consider the context (e.g., energy crisis, war in Ukraine, COVID-19 pandemic, inflation, and the cost-of-living crisis).



Contact details for further information

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