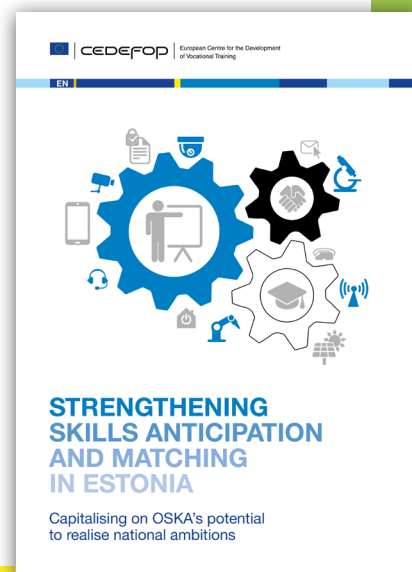




# Strengthening skills anticipation and matching in Estonia

Capitalising on OSKA's potential to realise national ambitions

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[www.cedefop.europa.eu/  
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## INTRODUCTION

Although the impact of the 2008 global economic crisis on output and employment in Estonia was substantial, the economy has recovered well. From 2010 onwards, the situation has steadily improved, with most recent economic and labour market indicators revealing that the economy is doing well and the labour force is working at almost full capacity. As a result, employers are increasingly experiencing difficulties in filling jobs. This stems in part from demographic trends: similar to many other European Union (EU) Member States, Estonia has an ageing population. Until recently, the country experienced a net outflow of working age people to other parts of Europe.

## Why is skills anticipation and matching more important than ever?

The 2020 EU skills agenda puts the development of timely, accessible, easily understandable, targeted, and up-to-date labour market and skills intelligence (LMSI) centre stage. LMSI is at the core of skills matching. It shapes up- and reskilling, supports a successful and fair digital and green transition, and helps shape policies to respond to ageing, migration, globalisation and other trends. The Covid-19 pandemic, which hit after the Estonian skills governance review was completed, accentuates digital skills gaps. Skills anticipation helps policy-makers to anticipate and accommodate change. Developing sound LMSI, effectively involving stakeholders and reaching learners, providers, employers and others, is challenging and rewarding.

Structural change, with employment increasingly concentrated in knowledge-intensive, high-tech industries, is reshaping the demand for skills and contributing to rapid skills obsolescence: Estonia has the highest percentage of employees who think that some of their skills will become outdated over the next five years in the EU. There is also evidence of skill surpluses, notably with respect to the share of tertiary education graduates employed in relatively low-skilled jobs. For many years, tertiary education has been a more popular choice among secondary education graduates, more so than vocational education.

## What is skills governance?

Skills governance is the process of involving a wide range of partners in generating, disseminating and using LMSI to steer policies aimed at balancing skill supply and demand, and supporting economic development via targeted skills investment. Skills governance covers a wide range of issues related to skills anticipation and matching, including: skill needs at labour market entry; the use of workers' skills; and future skill supply and demand trends to support labour market transformation and the employability of the workforce from a life cycle perspective.

Against the backdrop of these skills matching challenges, the Estonian government requested Cedefop to review the current skills anticipation system and to provide support and guidance to strengthen it in the future.

## REVIEWING SKILLS GOVERNANCE IN ESTONIA

The [full report](#) contains the findings of Cedefop's thematic country review on the governance of skills anticipation and matching – also referred to as skills governance – in Estonia, conducted in 2018 and 2019. Skills anticipation in Estonia does not have a long history. Until 2015 it was primarily based on the annual employment forecast produced by the Ministry of Economic Affairs and Communications. Over recent years Estonia has invested substantially in reforming its skills anticipation process, principally through the System of labour market monitoring and future skills forecasting (OSKA) (*Oskuste arendamise koordineerimisüsteem*). A multifaceted research design was used (Figure 1) with a view to developing OSKA further, to strengthen skills governance in Estonia. A scoping exercise helped stakeholders identify three priorities to guide the review:

- (a) mapping strategic directions for the OSKA system;
- (b) reshaping the methods used;
- (c) communicating the results with more impact.

## What is a skills governance review?

A skills governance review is not an evaluation, but a method for analysing the governance of skills anticipation and matching in close cooperation with a country. It helps identify challenges and potential development opportunities for the near future and provides informed policy support in close alignment with policy priorities and interaction with key national bodies and stakeholders. Cedefop's review put a national steering committee in the driving seat. It set review priorities, assisted in information collection, engaged with stakeholders, provided support in analysing findings and validated review outcomes. Cedefop's role was to manage and facilitate the process.

A background report (internal working document), based on desk research, summarised the situation with respect to the mismatch between the demand for, and supply of, skills. It took stock of the main challenges, analysed the institutional arena (key actors involved in the skills anticipation and matching system) and reflected on prior studies and other evidence. To shape the analysis, the review priorities were mapped to Cedefop's skills governance analytical framework (Table 1) identifying all factors that need to be considered if improvements to OSKA are to be made.

Figure 1. Methodological steps of Cedefop’s skills governance review



Source: Cedefop skills governance country review.

### Which topics did the skills governance review in Estonia address and why?

Strategic directions were part of the review, aiming to reflect on how OSKA should encompass factors likely to transform employment and skill demand, such as automation and digitisation. The review also investigated the OSKA methodology; while the mixed methods approach (quantitative/qualitative) to anticipating skill needs is seen as a strength, there is potential for further development in the future. Finally, the review explored ways to improve the impact of results communication via more user-friendly presentation and by exploiting data currently not available to end-users. Many stakeholders advocated focusing on customising information to different user needs and emphasised the combination of different information sources for further interpretation of findings and their implications.

A set of key issues that need to be addressed was constructed for each cell in the framework. This was the basis for designing the questionnaire

used for in-depth face-to-face interviews with policy-makers, academics and social partners to understand their perspectives on the current operation of OSKA. Telephone interviews were carried out with chairs and vice-chairs of the professional councils and their Estonian Qualifications Authority (EQA) coordinators to understand how OSKA could better meet their needs. Careers counsellors were surveyed online to gain insight into the value they derived from the information OSKA provides.

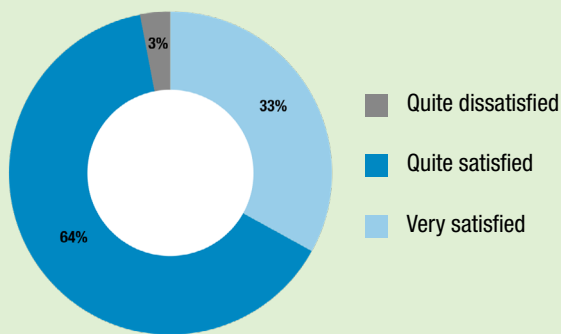
The interviews were used to select the issues to be addressed in a consensus-building exercise (CBE). The CBE sought, in three rounds, to identify actions which need to be implemented over the short to medium term to develop OSKA further, and to reach agreement on these actions. Participants in the CBE were those charged with responsibility for skills anticipation and/or governance in ministries, agencies, and social partners. The outcomes of the CBE shaped the roadmap for the future development of OSKA.

Table 1. Analytical framework used in the Estonian skills governance review

	Organisation	Resources	Stakeholders	Use of information
Foundations	Legal and institutional framework	Funding and human resources	Cooperation arrangements	Feedback mechanisms
Processes	Management and control	Data, methods and expertise	Feedback and validation	Customisation and dissemination
Sustainability	Vision and strategy	Stability	Integration of stakeholder needs	Reputation

### What was the career counsellors' view of OSKA and the information it provides?

An online survey implemented early 2019 paints a positive picture. Counsellors make extensive use of OSKA not only in advising adults and young graduates on their career choices and qualification/training options, but also in learning more about labour market trends and skill needs. Almost all of them are satisfied with the information OSKA provides and considered the website the most important information source in their daily work. Asked about how OSKA can be further developed, counsellors suggested more detailed breakdowns by region and/or specific skills, more frequent updates, and more information on apprenticeship and training provision.



Source: Cedefop online survey of career counsellors in Estonia.

### KEY FINDINGS

There was consensus that OSKA provided information which is highly valued. Overall, stakeholders were of the view that if OSKA were not to continue, a vital resource would have been lost. Having established itself over a short space of time, they also expected OSKA to continue to develop apace. To develop OSKA further, stakeholders emphasised the need to strengthen its methodology, to promote greater use of the information it produces, and to improve stakeholder representativeness (Figure 2).

The suggested methodological improvements included:

- (a) the validation of OSKA results against different data sets and, where possible, integration of additional data sets into OSKA with less reliance on interview (qualitative) data. However, some stakeholders saw the mix of qualitative and quantitative data used in OSKA as one of its key advantages;
- (b) for OSKA to have an economy-wide rather than sectoral focus;
- (c) developing the methodology so that it can better integrate trends such as those relating

to migration, technological change, and globalisation;

- (d) given the sectoral focus of OSKA, there was also interest in being able to take inter-sectoral labour flows into account.

### Which OSKA features were particularly valued?

OSKA is seen to have achieved a lot since its inception in 2015. Aspects valued by many stakeholders include the unique methodology OSKA applies; the systematic process by which key education and labour market actors discuss future labour market and skill needs; its strong links to stakeholders; and work processes easing the integration of sectoral expertise. The visual presentation of OSKA information was widely appreciated. At the time of the review, stakeholders expected OSKA to reach out directly to workers and learners to aid their work-career-study decisions. With the dissemination of findings via the Estonian education portal since mid-2019, significant progress has already been made in this direction.

Figure 2. Strengthening OSKA – Main outcomes of stakeholder consultation



Source: Cedefop skills governance country review.

The desired methodological improvements might partly be seen as a prerequisite to greater use of OSKA's outputs in decision-making. If OSKA produces information and indicators which directly meet potential user group needs, more use will be made of the system. In many respects this relates to deciding who should be the target audiences

for OSKA information. Stakeholders had high ambitions; success will require management of expectations, and coordination and cooperation to organise and allocate responsibilities sustainably. When interviewed in 2018, stakeholders wanted to see:

- (a) policy-makers make more use of OSKA's outputs and for OSKA's recommendations to have more of a policy focus (e.g. in relation to migration). At the time, they also signalled that not much was known about how OSKA's analyses were being used in practice <sup>(1)</sup>;
- (b) more efforts to reach OSKA target audiences. Besides meeting information needs of policy-makers in government ministries and agencies, in their view, OSKA could do more to reach learners (pupils and students), workers/employees, careers guidance counsellors, employers;
- (c) key bottlenecks in the supply of, and demand for, skills to be clearly identified. Related to this is the interest of stakeholders in OSKA being able to popularise certain fields of study, guiding people towards education and training in subjects or fields with a relatively high labour market demand;
- (d) how OSKA's outputs might be better used by professional councils in the development of occupational standards (OS). This point was considered to warrant further investigation.

### Which potential development opportunities were most important to stakeholders?

Stakeholders highlighted five interrelated issues. Three of these are directly linked to future vision, methodology and customisation/dissemination. The use of OSKA in the process of designing and adapting occupational standards was also flagged as important by some respondents. As little was known about this at the time, interviews were held with professional councils in charge of the standards and OSKA coordinators overseeing the process. Balanced participation of different groups in skills governance – various groups with a say in dissemination, methodologies, and OSKA's overall strategic direction – was also seen as important. The five key issues considered most important were used to explore development options and reach a consensus.

<sup>(1)</sup> A report on the implementation of OSKA's recommendations published in 2019 addresses this knowledge gap. See Section 3.5 of the [full report](#).

If OSKA is to influence the design of occupational standards (OS), the skills intelligence it produces may well need to be made more relevant to the drafting of those standards. There is also likely to be a need to raise awareness of the contribution OSKA can make in this respect. OSKA's analyses could also be used to build more of a future skills orientation into the OS.

### Why is making findings more accessible to young people and their parents crucial?

#### Stakeholder comments:

'Supporting directly young people and their parents in well-informed decision-making in choosing a field of study is a crucial challenge at the level of society at large.'

'In choosing the field of study the opinion of parents is still the most influential in Estonia. Parents should be the first priority in making OSKA's findings accessible. Parents are also adult learners themselves. The impact of the highest priority activity would be the highest.'

'Actually I consider making the information more accessible or repackaging it according to different target group needs equally important. I consider young people as number one because their informed choices could bring the largest benefit in the long run.'

Some stakeholders saw a need to improve the representativeness of stakeholders within OSKA. A wider group might be co-opted (by rotation if the group becomes overly large) so that it is more representative of the Estonian economy (especially regarding SMEs). If the OSKA team and its experts view current stakeholder representation arrangements as sufficiently balanced, this must be more readily communicated to those who might feel excluded.

### BUILDING CONSENSUS ON A ROADMAP FOR FURTHER DEVELOPMENT

The CBE sought to identify a limited number of areas to guide OSKA's further development in the short to medium term and to reach consensus on the type of changes that need to be made. It proved relatively easy to obtain a high degree of consensus around three key development priorities:

- (a) clearly identify the additional groups OSKA should be directly targeting beyond policy-makers and experts. This particularly applies

Table 2. Roadmap component parts and associated actions

Additional focal groups	Dissemination	Methods
Action 1: Identify the additional groups that will be prioritised as key focus	Action 4: Work with representatives of groups to identify how LMSI should be disseminated	Action 7: Assess how indicators/analysis need to be developed to meet any additional requirements of groups
Action 2: Identify representatives of key groups who can be co-opted into the governance of OSKA	Action 5: Learn from good practice in other countries to identify how LMSI can be communicated effectively	Action 8: Assess how wider economic and societal trends can be incorporated within OSKA
Action 3: Identify the LMSI to be developed and communicated to key groups	Action 6: Establish evaluation and feedback mechanisms into the dissemination and use of LMSI	Action 9: Set up a skills/technology foresight pilot to gauge how this can be used to improve OSKA forecasts

Source: Cedefop skills governance country review.

to young people and their parents, to help them make informed decisions about fields to study so that skill supply is better matched to demand. By starting dissemination of key OSKA findings to young people and their parents via the Estonian education portal <sup>(2)</sup> in mid-2019, significant progress has already been made. Other potential groups as focus for dissemination activities include people in employment, schools and those responsible for developing OS;

- (b) developing more targeted dissemination so that the target groups can be effectively reached, and their decision-making influenced;
- (c) improving the methodology used by OSKA so that it better integrates major trends affecting the future demand for labour and skills. This is particularly relevant for technological, demographic and globalisation trends. An interest in skills/technology foresight was identified.

Insights obtained from the first two rounds of the CBE provided the basis for developing an initial draft of the roadmap. In the third round, participants were asked to validate the priorities and suggested actions; they unanimously agreed to the development priorities. A roadmap for change was developed based on responses collected in all three CBE rounds (Table 2).

<sup>(2)</sup> <https://haridusportaal.edu.ee/>

### How was consensus-building used to identify key OSKA development priorities?

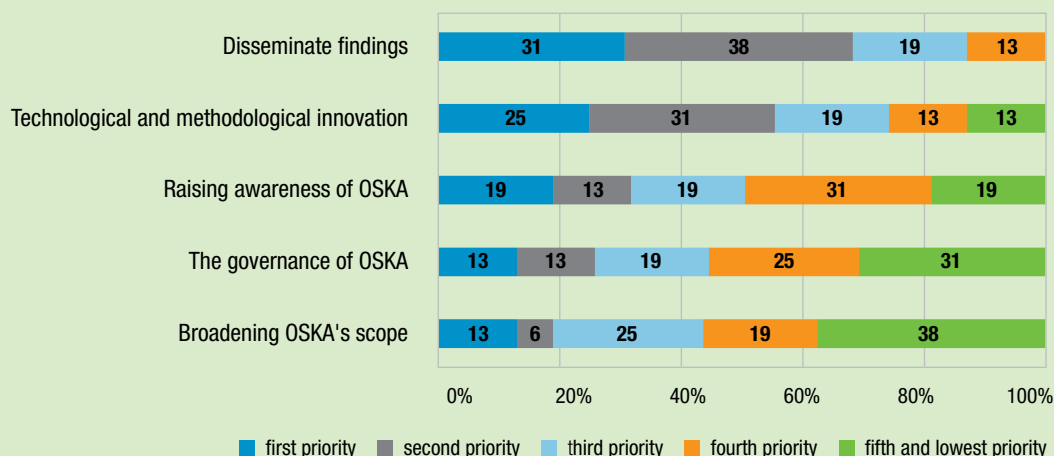
The CBE, a Delphi-type tool, was managed via online questionnaires in three rounds. Its aim was to converge to a focused, action-oriented and validated policy roadmap to strengthen skills governance. Given the stakeholders' high expectations, as not all aspirations can be addressed simultaneously in the short to medium term, the W exercise was designed to elicit clear prioritisation. In the first round, participants were asked to indicate which areas should be prioritised. The second round gathered stakeholder views on different options to address the main areas prioritised in the first round, to agree on how these should be implemented and on the roles and responsibilities of different actors. After analysis of the responses, participants were asked to validate a draft policy roadmap in the third and final round.

### FINAL WORD

The actions outlined above are considered central to the shared ambition for OSKA. In line with a need to manage expectations, the actions strike a balance between feasibility and ambition, and were specified in such a way that they can be implemented over the short to medium term. While Cedefop's review was under way in 2018 and 2019, OSKA was developing at speed and steps have been taken towards implementing proposed actions in the roadmap. Whenever this is the case, the suggestions in the roadmap need to be seen in a different light. Their primary purpose will not be to encourage actors to start taking action but to provide more insight into organising and interlinking them, so they form a consistent whole.

## Everything is important, but what did stakeholders prioritise in strengthening OSKA?

The first CBE round showed strengthening dissemination of findings as the key priority for many stakeholders, with 69% of respondents indicating this as their first or second choice. Another main priority was bringing about technological and methodological improvements in OSKA (56%). Although the other three potential development areas – scope, governance and raising awareness – are clearly less often prioritised, around half the CBE participants see them as first, second or third priority.



Implementing the actions in the roadmap is not necessarily the end of the road. It became apparent in the course of the review that various stakeholders had wider ambitions for OSKA: governance arrangements, awareness raising, broadening policy scope and other methodological advances (such as using administrative data and big data analysis).

Working documents drafted to support the development of the 2021-35 Education and research strategy (which forms part of the Estonia 2035 strategy) emphasise a need for learning opportunities to be learner-centred, future-oriented and matching labour market needs. They also demonstrate the perceived value of effective skills

anticipation and governance in a rapidly changing world: for citizens to make sense of emerging skill needs and to be aware of options to address them, and for policy-makers to take evidence-informed decisions in areas such as education and training, labour market, migration and competitiveness. Many of the challenges and opportunities the strategy documents refer to were also mentioned by stakeholders in Cedefop's skills governance review. Future development of OSKA following the roadmap developed as part of the review, and the longer-term ambitions that were collected and analysed, can support realising the aims of the strategy.



ISBN 978-92-896-3079-5



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**CEDEFOP**

European Centre for the Development of Vocational Training

Europe 123, Thessaloniki (Pylea), GREECE  
Postal address: Cedefop service post, 57001 Themi, GREECE  
Tel. +30 2310490111, Fax +30 2310490020, Email: [info@cedefop.europa.eu](mailto:info@cedefop.europa.eu)

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