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IPS Paper

Occupational analysis of demand and supply of skilled labour - a cornerstone of comprehensive labour market information for TVET planning

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Brief Description

The paper briefly describes the key dimensions
used for the occupational analysis of demand and supply of skilled labourwhich is a cornerstone of comprehensive labour market information for TVET
planning.

It also describes variables related to the supply of skilled labour
such as TVET and tertiary graduates, and the LFS unemployed.

Particular
attention is placed on «replacement demand» for skilled labour.

Abstract

By Dr. Teimuraz Beridze*
TVET and tertiary education systems are constantly under pressure to deliver graduates meeting the labour market demand. The performance of these systems is commonly judged by the: a) scale of shortages of skilled labour reported by employers, and b) surpluses of graduates, some of whom may be unemployed or employed in low-skilled or different occupations leading to occupational and qualification mismatches.
For various reasons, imbalances between the supply and demand for skilled labour may arise. For example, because the increasing education level of the population is outperforming the growth of skilled jobs in the economy, or industries do not absorb the TVET graduates. Also, trained persons may move abroad, etc.
Likewise, an imbalance in the occupational structure of the labour market could arise because TVET and the tertiary systems may continue delivering graduates in occupations that give them little or no chance of finding a job, as the local labour market may already be saturated with jobseekers with similar occupational profiles.
Because of the lack of comprehensive labour market information (LMI) on shortages and surpluses of skilled labour or experience in its use, the TVET deliver training programmes are usually (i) "student demand-driven" or (ii) determined by the availability of resources, instructors, and equipment.
In particular, the availability of LMI and its use in professional education programming help reduce risks of shortages and surpluses of skilled labour in the regional markets.
Most countries conduct a Labour Force Survey (LFS) collecting quarterly data on employment, unemployment and other population characteristics. Notably, an LFS collects data on the labour force occupational structure. The ISCO-08 Levels 3 and 4 (Minor and Unit groups) are the levels of detail required for a comprehensive analysis of labour force by individual occupations. Importantly, these levels should be used as LMI-based guidance for planning TVET delivery.
From the point of view of the analysis of the regional demand for skilled labour, the key task of professional education is to reproduce the employed skilled labour force (workforce) in line with the occupational job structure of the regional economy and its anticipated dynamics. The occupational and qualification structure of the labour force in a region is a proper foundation of the regional demand for TVET and tertiary graduates, which sets out the main direction of labour market analysis for advising TVET delivery planning.
As follows from the materials discussed in the paper, it is prudent to know the nature of future demand for skilled labour when determining the overall need for producing TVET graduates.