Regional governance of skill supply and demand: implications for youth transitions

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Abstract

Coordinating skill supply and demand is a core governance task of skill formation systems. An effective coordination of the organisation and processes that link individual educational aspirations and employers' needs for skilled labour should contribute to the reduction of skills mismatches in youth employment and make youth transitions smoother. The paper analyses how the institutional architecture of different types of skill formation regimes is enacted by sub-national actors across regions with contrasting socioeconomic characteristics in three European countries. The paper shows that the very institutional design of a skill formation regime creates its own governance challenges for the coordination of skill supply and demand, which results into different forms of social exclusion and interruption of youth transitions. The effectiveness of national institutional designs in the coordination of skill supply and demand also varies largely depending on regional labour markets. Finally, the paper shows how regional actors try to respond to the coordination challenges created by the skill formation regime through remedial lifelong learning policies usually funded through European funding, but these responses tend to be undermined by institutional factors that are beyond their control.

Keywords

Skill Formation – Skill Mismatch – Regional Governance – Youth Transition– Lifelong Learning

Introduction[1]

For many young people investing in education and training does not always lead to secure employment and good working conditions. Mismatches between the skills young people possess and the opportunities available in the labour market are pervasive (McGuinness et al.,

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2017) and tend to impact significantly more those from a lower social class, women and ethnic minorities (Capsada-Munsech, 2020). As recognised by the literature, one of the core governance tasks for skill formation systems is coordinating the organisation and processes that link individual educational aspirations and employers' needs for skilled labour (Emmenegger et al., 2019, p. 31). An effective coordination of the supply and demand of skills should contribute to the reduction of skills mismatches in youth employment and make youth transitions smoother (Quintini, 2014). Even if many lifelong learning policy initiatives targeting young people have been adopted as policy responses to this problematic (Valiente et al., 2020), we still know very little about how the institutional configuration of different skill formation regimes shapes skill mismatches and youth transitions across regional socioeconomic contexts (Capsada-Munsech & Valiente, 2020).

Our comparative study aims to contribute to this research gap by investigating how the institutional architecture of skill formation regimes is enacted by sub-national actors across regions with contrasting socioeconomic characteristics in Europe. Investigating the policy enactment (Ball et al., 2012) of skill formation regimes is important because while education and training systems tend to be designed and monitored at the national level, these are enacted by a set of regional actors with different interpretations of their role and interests in contexts with very unequal employment opportunities for young people (Dalziel, 2015). We draw on data gathered by the Horizon 2020 project YOUNG_ADULLT. We present the comparative analysis of six regions across three European countries (two regions per country) displaying different skill formation regime: Austria (Collective model), Finland (Statist model) and Scotland (Liberal Market model). The qualitative analysis of interviews with regional actors and the review of literature show how each regime creates its own coordination challenges, how their effectiveness varies across regions, and how regional actors try to respond to these challenges with lifelong learning schemes that aim to support disadvantaged young people in their transition from education to work.

Skill formation regimes and regional intermediaries

Governance studies have analysed how different modes of governing of social activities adopt different forms of coordination between public and private actors in the pursue of shared goals (Rhodes, 2000). In its simplest version, these forms of coordination typically include

hierarchies (e.g. authorities at the ministry exercise command over public training centres), markets (e.g. different training providers compete for learners' applications) and networks (e.g. trade unions and employer representatives trust that each other will behave according to their collective agreements). Neoliberal policy agendas have defended that market competition would be the most efficient mechanism of coordination to make the supply more respondent to the skill requirements of the demand. They have proposed a greater presence of private provision of training and the liberalisation of labour market regulation as the institutional solution to address skill mismatches (Almeida et al., 2012). Despite the global spread of this policy rhetoric, the Varieties of Capitalism literature has shown how the mechanisms of coordination of skill formation diverge largely among advanced economies (Hall & Soskice, 2001).

In line with this literature, the Institutionalist Political Economy tradition has shown that variations in skill formation are embedded in wider political economy structures and adjacent spheres (labour market, welfare state, corporate governance, industrial relations), which affect and interact with each other and are historically configured (Streeck & Thelen, 2005). The main factor that would explain these institutional variations is the different allocation of responsibilities between the state, the market and social partners in the provision and financing of skill formation. Within the historical institutionalist tradition, Busemeyer and Trampusch (2012) proposed the most accomplished classification of skill formation regimes in advanced economies based on how the relationship between collective actors (i.e. employers, unions) and the state affects the financing and provision of skills in different countries. They suggest two dimensions of variation that are important to understand the institutional arrangements in skill formation across countries: the degree of firm involvement and the degree of public commitment.

According to these two dimensions countries are classified into four types of institutional solutions: 1) the liberal market solution with low public commitment and private involvement (e.g. the United Kingdom); 2) the segmentalist solution with low public commitment and high private involvement (e.g. Japan); 3) the statist solution of high public commitment and low private involvement (e.g. France); and 4) the collective solution with high public commitment and private involvement (e.g. Germany). Economies that combine high public commitment and high level of employers' involvement in skill formation will tend to be associated with high-intermediate skills and a high level of adjustment between the skills of the workforce and

job requirements (Estevez-Abe et al., 2001). Conversely, economies with lower degrees of involvement either from the state or employers risk a more heterogenous skills deployment, including low skills adjustments.

While the skill regimes literature has made significant contributions to our understanding of the modes of governance of skill formation at national level, we cannot assume that these institutional arrangements will have homogeneous effects on skill mismatch and youth transitions in regions with different socioeconomic and labour market conditions. Education and training systems tend to be designed and monitored at the national level, but these are usually enacted by regional actors across socioeconomically diverse regions with very different employment opportunities and labour market demands (Dalziel, 2015). Moreover, actors involved in the enactment of these models may diverge in their own interpretation of their roles, their strategies to achieve their own interests and their level of cooperation and conflict with other sub-national actors (Emmenegger et al., 2019). In this vein, the sub-national level should not be thought simply as a source of potential deviations from national institutional designs, yet as a necessary component of a multilevel governance that needs to be recurrently actualized and adapted to different social realities (Peters & Pierre, 2005). This multilevel nature of governance opens opportunities for agency and creativity in the coordination efforts between actors across levels (vertically) and within the same jurisdiction (horizontally). However, it is important to remember that the interests of actors are not always aligned (e.g. workers and employers), and the social conflict between them tend to lead to hierarchical impositions from central governments that may undermine the trust between the same regional actors that are supposed to cooperate (Davies, 2005).

Labour market studies have paid more attention to sub-national levels of governance than the skill regimes literature. Specially interesting is the research on the intermediary role that some actors play between workers and employers in many regional labour markets (Benner, 2003). These intermediary actors intend to support the matching process that brings together individual workers that seek work (supply) and employers who want to fill jobs (demand). Typically, these actors help to broker the employment relationship through some combination of job matching, training, and career support services. One interesting aspect of these labour market intermediaries is that many of them emerged largely organically at regional level, often independently from state policy, what reflects the absence of appropriate local labour market institutions to assist workers and employers to adjust to change (Dobbins & Plows, 2017).

While these studies have focused only on intermediation in the labour market, they have certainly potential for the investigation of intermediaries in skill formation more generally. In fact, Petersen et al. (2016), drawing on systems of innovation literature, showed the wide diversity of sub-national intermediaries in the coordination of skill supply and demand across different economic sectors. Understanding the logics of action and activities of these intermediaries should help us to explain why different national institutional settings have different effects across contexts (e.g. regions, economic sectors, occupations).

Our comparative study aims to contribute to this emerging body of literature by combining the skill formation regimes approach with the investigation of the role of regional intermediaries in the coordination of skill supply and demand. While the skill regimes framework allows us to classify countries according to the prevalence of some mechanisms of coordination in skill formation, the focus on regional intermediaries allows us to problematize the regional enactment of these national models, analyse the role of these intermediaries in different institutional settings and to reflect on the implications of these coordination efforts for the transitions of young people from education to work in different socioeconomic contexts.

Methodology

The overarching research question of this comparative study is: *how are national skill formation regimes enacted at the regional level, by whom and with what effects on youth transitions?* We want to understand how the effects of skill formation regimes on youth transitions are mediated by interpretations and reactions of regional actors to the coordination challenges created by the institutional setting. The interest in the process of enactment is grounded in the assumption that the outcomes of national skill formation regimes are influenced by the way in which actors enact the regulatory framework in their daily practices (Ball et al., 2012). This process is affected not only by the characteristics, motivations and rationalities of actors that are enacting the policy, but also by the context in which they develop their activity. Overall, the policy enactment framework allows us to overcome the limitations of traditional policy implementation approaches, which focus on policy design and outcomes. In contrast, policy enactment focuses on how actors interpret and strategically react to the policy within their own professional context. Hence, it is important to keep in mind that regulatory frameworks do not necessarily determine actors' responses but establish and restrict

the options available, giving them boundaries within which to develop their response to the policy (Ball, 1994).

In order to understand how different skill formation regimes are enacted by regional actors, we draw on the evidence gathered by the EU Horizon 2020 project YOUNG_ADULLT. We have selected three European countries, each one corresponding to one type of skill formation regime (Busemeyer & Trampusch, 2012): Austria (Collective model), Finland (Statist model) and Scotland (Liberal Market model). In order to incorporate sub-national variation in labour markets and socioeconomic conditions – and the potential influence it might have on youth transitions –, the study included two contrasting functional regions per country[2]. Functional Region (FR) as unit of analysis tries to capture the spatial configuration of labour markets beyond administrative jurisdictions (Klapka et al., 2013). It goes beyond the geographical, historical and administrative boundaries (static) that usually characterise other units of analysis (e.g. province, municipality) and it considers the organisation of social and economic activities (functional) in a territory and the interactions among actors (dynamic).

To identify key regional actors in the coordination of skill supply and demand we follow the model proposed by Francis Green (2013). He suggests thinking the two social domains of education and work as two markets (skill formation and skill utilisation markets). In each market we can identify a supply and a demand side, a good or service that is distributed (learning, skilled labour), and a set of key actors involved with potentially conflicting interests. In the first phase of study, each national team in the project selected key regional intermediaries based on a desk review of government websites, policy documents and research reports in the selected regions (36 documents in total, 6 per region on average). These actors were mapped out depending on their main activity being carried out either in the skill formation or the skill utilisation market, or both. In order to understand their role in the enactment of the skill formation regime, each team conducted semi-structured interviews with representatives of these regional organisations/actors (29 in total, 5 per region on average). The intention of the interviews was to confirm/edit the mapping of actors and further understand the objectives and tasks that they carried out, as well as their own perceptions on the effects of their coordination efforts on the transitions of disadvantaged young people from education to employment.

[2] Upper Austria and Vienna in Austria, Kainuu and Southwest Finland in Finland, and Glasgow City Region and Aberdeen City & Aberdeenshire in Scotland.

Interviews were conducted mainly face-to-face between March and July 2017, but telephone/videoconference interviews were also conducted upon request of the interviewee.

Statist model: Finland

In Finland the degree of public commitment to skill formation is high. The traditional idea of the skill formation in Finland is that publicly funded and governed upper secondary vocational institutes prepare young people for the labour market, and employers receive skilled labour from them that is ready to be deployed. Conversely, employers' involvement in the skill formation of young people is low and mainly limited to the provision of apprenticeships (Mazenod, 2016). The Finnish statist model has been questioned in the recent decades because of its rigidity and inflexibility in meeting the rapidly changing needs of the labour market. Since the global financial crisis, the government has pushed for a higher involvement of employers in skill formation, an education provision more oriented towards the labour market and stronger outcomes-based accountabilities for VET institutes. This agenda has been resisted by defendants of the public model because of the potential negative effects it may have on low skilled youth who were already struggling to complete their studies in VET, and because it coincided in time with austerity cuts to the public sector.

The country has a long experience of tripartite cooperation between the labour administration (Ministry of Economic Affairs and Employment-MEAE), employer organizations and trade unions in the development of labour market legislation. Public employment (TE) services are offered across the country by TE offices with the objectives of ensuring the availability of skilled workforce and improving job seekers' employment prospects and employability. TE offices also provide information about vacancies and occupational trends in different sectors, career advice and coaching services, as well as a range of skill training courses for job seekers, organizations and companies. They also manage the payment of the Labour Market Subsidy, which is a means-tested benefit attached to certain conditionalities (e.g., enrolling in vocational programmes that are not always aligned with the preferences of the unemployed). The provision of labour market training operates as a quasi-market where the MEAE sets the standards and tenders out the different schemes for a myriad of training providers (e.g. adult education centres, private suppliers, vocational institutes) to compete on the basis of the quality-price ratio of their services (Temmes & Melkas, 2020). This model has been strongly

criticised because of the poor quality of the training and its low impact on the employment prospects of participants[3].

In terms of administrative organization, Finland is a typical unitary state without any federal elements. Until the decentralization reforms adopted in the 1990s, the regional level of the public administration was weak. Since then, municipal governments have gained great importance in areas like education and a series of regional bodies have been created. These regional bodies are supposed to facilitate the adaptation of national policy guidelines to regional realities (vertically) and to strategically coordinate the initiatives implemented by the territorial offices of national government departments (horizontally). National ministries and departments directly control the political orientations of educational and labour market policies, command how these policy programmes have to be implemented, and monitor from above to make sure that the original policy aims are met by regional and local implementers. From this vertical perspective, the main role of regional intermediaries is to provide information on the local reality to the government agencies responsible for executing national plans. This strong vertical accountability makes extremely difficult for regional intermediaries the horizontal coordination of government agencies in the territory around specific social problems (e.g. TE offices, Apprenticeship training offices), as these agencies are constantly reporting on the degree of achievement of the centrally set goals. As a result, government programmes in a given region are not very well informed of each other's' performance and are mostly concentrated on carrying out their own function without interacting with the others.

The regions are governed by Regional Councils, which serve as a cooperation forum for the municipalities within their territory. They also bring together public (e.g. TE offices, education providers) and private actors (e.g. regional chambers of commerce, training providers) around the development plans of the region. Although they do not have direct competence on education and labour market policy, local and national government authorities must take the councils' plans and programmes into consideration. Councils also have the capacity to design and launch their own lifelong learning initiatives for young people, which tend to be implemented in cooperation with regional industries, civic organisations and the third sector. These initiatives are usually funded through European Social Funds (ESF) and seek to build

[3] In 2015, of those having completed labour market training, 49 per cent were employed two months after the end of training (MEAE, 2016).

and articulate concrete measures for young people with difficulties in acquiring qualifications or employment. While these programmes are well-adapted to the needs of the region, their main limitation is that the education and training that they provide does not usually lead to the formal qualifications regulated by the Ministry of Education.

Another important regional intermediary in the coordination of skill supply and demand are the Centres for Economic Development, Transport and the Environment (ELY Centres). ELY Centres are strategic in the generation of labour market intelligence in the regions. They are in charge of systematizing and analysing data on regional labour market dynamics and supply this information to coordination fora like the Regional Council. TE offices also contribute to this evidence base through the Occupational Barometer, which is carried out twice a year, and publishes data on open vacancies in different occupational sectors, employers' perceptions on the current and future skill demands, and the future employment prospects of different occupations. All this statistical information is made available not only to MEAE for the planning of labour market training policies but also to the public through various websites and online platforms (e.g. ForeAmmatti).

The two study regions presented very different educational and labour market dynamics. The Southwest of Finland is a strong educational region with 75 post-compulsory education institutions and a very dynamic economy thanks to the marine industry, metal construction, research and development in biosciences and food industry. Despite the recent economic growth, key sectors like marine and metal suffered from a shortage of skilled labour. On the supply side, the main problem was with young people who had not completed post-compulsory education and did not have a vocational qualification. Some of them, in order to access unemployment benefits, were forced to take vocational courses in fields that did not match their occupational aspirations. At the same time that job vacancies in local industries were not filled, almost 30% of the youth population was considered to be at risk of social exclusion. Regional actors responded to this problem with youth guarantee programmes, aiming at expanding the qualifications of young people and improving their links with the labour market. They also designed regional campaigns involving local industries with the intention to increase the attractiveness of certain occupations among the youth population, but their perception was that they had not been very effective. In fact, some of these actors put their hopes on an education reform that increased the presence of VET studies in the national curriculum combined with the adoption of institutional incentives for expanding the apprenticeship offer.

The governance challenges posed by the national institutional setting were similar in the case of Kainuu. Kainuu is a region with 21 post-compulsory institutions (only one major VET institute) where many young people were forced to leave their hometowns to continue their studies due to the scarcity of educational opportunities. With a youth unemployment rate above the national average and a higher share of temporary jobs, occupations in trades with high demand of labour (metal and forest industries) were not seen as attractive by young people, especially women, and could not fill vacancies. In the case of Kainuu regional actors described a high degree of cooperation among them and a strong alignment in lifelong learning policy orientations. It is important to note that the region pioneered the adoption of what was called the Kainuu model (2004-12), in which all its municipalities were combined under one governing body, which was elected by direct regional elections. They integrated all the health, welfare, social and part of educational services under the coordination of regional authorities. This allowed programmes targeted to young people, and often funded as youth guarantees by the EU, to offer a more holistic approach based on the needs and life plans of the beneficiaries. Despite the more coordinated and comprehensive response of regional actors in Kainuu, the region suffered from the same lack of vocational qualifications that could be seen in the Southwest, aggravated by the lack of diversification of labour market opportunities.

Liberal market model: Scotland

Scotland is an atypical example of the liberal market model of skill formation. Since the devolution of education powers to the Scottish Parliament in 1999, the Scottish Government (SG) has purposely differentiated itself from the traditional market model in England (Keep, 2015) by strengthening the role of the state in a centrally-managed coordination of skill supply and demand (Keep, 2017). From an institutional perspective, school-based VET in Scotland is funded by the state through the Scottish Funding Council (SFC) and delivered by independent and self-governed colleges and universities. The content of the VET offer in Colleges is accredited by the Scottish Qualification Authority (SQA), which certifies that the knowledge and skills acquired in these courses correspond to a qualification from the Scottish Qualification Framework. Private involvement in skill formation is low and mainly channelled through the apprenticeship system. Skill Development Scotland (SDS) is the public skill agency and is responsible for the management of apprenticeships and their quality assurance.

Individual companies bear the cost of apprentices training at the workplace, and SDS commissions the provision of theoretical knowledge to independent training providers.

Since Scotland has not devolved powers in labour market policy, services to the unemployed are governed by the UK Department of Work and Pensions (DWP), which manages the access to unemployment benefits, employability training and intermediation job services through its Job Centres across the country. However, SDS also plays an important role as provider of career information advice and guidance to workers. SDS uses labour market intelligence to detect the skills gaps and needs in the labour market and encourage workers to take courses that may fit their interests and facilitate their employability. Adult education is governed by Education Scotland, the state agency for education, and mainly provided by local Community Learning and Development Departments and charities, but this non-formal offer of learning tends to be more oriented to wider community development rather than just labour market integration.

In the aftermath of the global financial crisis, and in response to the increase of youth unemployment rates, the Department of Fair Work, Skills and Pensions of the SG decided to launch a national strategy (Developing the Young Workforce – DYW) to increase the attractiveness of vocational routes into employment through the greater involvement of employers in skill formation. The comparatively low levels of youth unemployment in Germanic countries during and after the recession were read by the SG as an indication that a more vocationally oriented education, i.e. apprenticeships, was the best protection against youth unemployment (Scottish Government, 2014, p. 4). DYW created a set of regional employer-led groups that would coordinate the collaboration between schools, colleges and local employers to attract more students from the senior phase of secondary education to VET routes. Regional Chambers of Commerce would lead these groups and be assisted by SDS, which would provide statistical data on skill supply and demand dynamics in the region through its Regional Skills Assessments.

The Scottish Government had been putting in place several governance technologies to control that the different actors involved in skill formation followed the policy priorities set at national level. At regional and local level, a partnership approach guided coordination between the different government agencies and their relationship with central government. This partnership approach (Scottish Government, 2011) entailed policy actors working in collaboration to facilitate better sharing of information, more effective deployment of services and resources,

and reductions in duplication of effort. Public data systems were used to monitor the performance of these local actors and partnerships against key performance indicators based on national strategic targets. As described by regional policy actors, these performance-based indicators were effective to ensure compliance with national orientations (vertically) and coordination between regional public actors (horizontally), but much less effective to drive the coordination with employers.

City Region Deals played an important intermediary role in the two study regions. These are agreements between the UK, the Scottish and the local governments to bring about long-term strategic approaches to improving regional economies. These agreements are implemented by regional partners and typically create coordination projects and initiatives that are participated by all the key actors in the region. For example, the 'Youth Gateway' project of the Glasgow City Region Deal coordinates suppliers of training, employment services and the Glasgow Chamber of Commerce in supporting youth aged 16-24 into sustained work. The funding behind these projects promoted strong collaboration between actors to achieve the project goals but, when the project ended, these actors moved to other coordination initiatives focused on different regional priorities. Several regional boards also allowed actors responsible for the skill supply and demand to meet frequently and share information. In the case of Aberdeen/Aberdeenshire, the 'Opportunities North East' board brings together local authorities, Scottish Enterprise, SDS, and the regional DYW group led by the Aberdeen & Grampian Chamber of Commerce, among others. The role of SDS is crucial in all these boards, as regional actors recognized that the main source of evidence for all the coordination initiatives was the data on skills systematized and shared by this agency.

The two study regions presented quite significant differences in educational and labour market terms. One of the differential characteristics of Glasgow City is the larger share of socially disadvantaged people among its population. The proportion of 16-17 year olds in education was below the national average (74.4% and 79.8%) and the youth unemployment rate among 16-24 year olds was almost of a 28%. The main challenge for the region in terms of skill formation was to ensure that young people did not leave education or training after compulsory school. The combination of different forms of disadvantage among this young population made necessary a holistic approach in the interventions that could only be achieved through intersectoral collaboration. On the other hand, the Region of Aberdeen/Aberdeenshire is one of the most affluent of the country thanks to the significant presence of the oil and gas industry.

In terms of education, the proportion of population with no qualification was low (20.2%) but the unemployment rate among 16-24 year olds was of a 30%. The drop in the oil price associated to the crisis created some social pressure in regional and local services that were not ready to support young people who fell into unemployment or who had difficulties in getting a first-entry level job. Another associated challenge mentioned by interviewees was adjusting the expectations and preferences of young people, who were traditionally oriented towards the oil and gas sector and had now to consider other less attractive sectors in terms of working conditions, such as construction.

The main social challenge for young people in the two regions is the large group that leaves school without a post-compulsory education. This is a structural problem of the liberal market of skill formation that Scottish authorities are trying to address through the establishment of vocational pathways at school, especially through apprenticeships. Despite these political efforts from the public administration, new regional spaces of collaboration with employers are project-based (DYW), being difficult to assure that they will sustain over time. Also, changing perceptions of the prestige of VET among students and employers are cultural transformations that will take time. While regional actors are fed with data from SDS to coordinate their actions, they still remain accountable towards their centralised services instead of regional bodies. The lack of planning capacity of these regional fora reduces them to spaces of information sharing, where regional actors can partially compensate for the fragmentation of many programmes by moving the beneficiary population from one scheme to another once the funding ends.

Collective model: Austria

In Austria, a high public commitment in skill formation is combined with high involvement of employers. The education system is predominantly funded by the state, and this includes upper secondary schools, vocational colleges and public universities. After completing lower secondary education, around 80% of young people opt for a VET learning track. They split between those that enrol in an intermediate VET school (*Berufsbildende mittlere Schule*, BMS), a college for higher VET (*Berufsbildende höhere Schule*, BHS) and those that access dual apprenticeship training. The direct costs for in-company apprenticeship training are mainly covered by the respective companies, but they can apply for public funding to support

the recruitment of apprentices and their insurance costs. The Ministry of Science, Research and Economic Affairs (BMWFW) administers the dual apprenticeship system in close cooperation with the Austrian Chamber of Commerce (HK). Social partners (Confederation of Trade Unions, ÖGB; Federation of Industries, IV) participate in national and regional boards of the apprenticeship system, negotiating and influencing the revision of occupational profiles and the development of the respective curricula.

Tripartite cooperation is also a key component of the governance of labour market policy. Social partners are represented in the board of the Public Employment Service (PES), which is responsible for the placement of jobless people in vacant positions, the disbursement of unemployment benefits and supporting the upskilling or reskilling of unemployed people. The PES commissions and funds labour market training and assigns learners to courses that are generally carried out by adult education providers. Adult Education providers can be for profit or non-profit, including the Chambers of Commerce and the Chambers of Labour that both have an affiliated adult education institution. Courses funded by the PES range from basic education to very specific vocational education, foreign language learning and arts. The PES also works together with social enterprises that offer a combination of employment, on-the-job vocational training and social assistance. In addition to the labour market training funded through the PES, the Ministries of Education (BMB) and Labour (BMASK) have their own lifelong learning programmes for young people.

The collective model of skill formation institutionalizes the involvement of social partners in the governance of apprenticeships and labour market training. That does not preclude the existence of conflict between worker's and employers' representatives around the decision of how broad the curriculum of VET should be. In fact, in the recent years, workers' representatives have voiced their concerns about the narrowing of the curriculum and the political pressure from employers to expand the training of occupational skills at the expense of general education. Similarly, the strong alignment between lifelong learning programmes with labour market needs has been denounced as problematic for adult education centres and disadvantaged young people. Adult education centres used to serve the social democratic ideal of providing popular education for the masses, but this is rapidly changing due to their financial reliance on PES funds. Similarly, lifelong learning policies for disadvantaged young people tend to be oriented towards a quick labour market insertion, paying little consideration to the

life plans, the specific social needs of these groups, and other social aims as personal development and democratic participation.

Public administration in Austria is organized as a federal system that reflects in the organizational structure of the actors involved in the skills system. Almost all institutional actors – public authorities, interest representatives, the PES and adult education providers – have strong organizational structures at the federal, regional and local level. The federal government, in cooperation with social partners, leads policy development in skill formation. However, regional actors have the capacity to adapt these policy guidelines to their own needs and realities. This is especially true for the dual apprenticeship system and labour market training. For example, the occupational profiles for the apprenticeships are jointly revised by the BMWFW and the chamber but their content is adapted to the regional labour markets by equivalent state level structures[4] that are also participated by social partners. Regional actors are the ones directly engaging with local providers and reporting back to the federal level. This institutional architecture makes the coordination across levels (vertically) smoother, but the perception of regional actors is that the coordination between them (horizontally) is problematic.

The main regional intermediary initiatives in our study regions are the Upper Austrian Pact for Work and Qualifications (PWQ), and the Viennese Qualifications Plan (VQP). The PWQ of Upper Austria is coordinated by the state administration and brings together the state offices of the PES, of the Ministry of Labour, of the Chambers of Commerce and Labour, of the Federation of Industries, and of the Confederation of Trade Unions. The main objective of the PWQ is to coordinate these actors in efforts of upskilling the working age population, with an especial focus on young adults with low-level skills and qualifications. The VQP is coordinated by the Employment Protection Fund (WAFF) of Vienna's regional administration and brings together all the regional offices of the relevant ministries and social partners, as well as the municipality of Vienna and the City School Council. The WAFF launched this initiative as a response to the lack of information flows between the different training programmes in Vienna. Key actors in the two regions explained how one of the major problems concerning training programmes for young adults was their huge variety and high degree of fragmentation, and they expressed the need for standardization and better coordination between programmes.

[4] Bundesberufsausbildungsbeirat (BBAB), Landesberufsausbildungsbeirat (LBAB)

The two regions in our study present large socioeconomic but also administrative differences, given the special characteristics of the city capital of Vienna. Upper Austria is one of the major centres of industrial production in the country, particularly steel and automotive production. In Upper Austria, VET and the dual apprenticeship system play a prominent role in facilitating the transition of young people from school to work, with youth unemployment levels below 10% among 15-24 year olds. Despite the low number of young people without post-compulsory education, the labour market prospects for these groups had deteriorated. Entering the labour market with a low qualification not only implied accessing unqualified jobs, it also limited the opportunities for these young people to upskill and move to better jobs (Schneeberger et al., 2012). We can say that the problems connected to low skills had decreased in quantitative terms in the region, but their social implications for those affected had increased in qualitative terms. The educational and labour market dynamics in Vienna are very different from Upper Austria. The presence of industrial production in the region was very low (14%) and most of the population were employed in the service sector (85%). The educational level of young people was highly polarised between those with higher education (49%) and the low educated (17%). The low qualified were facing higher risk of social exclusion in a region where youth unemployment was above the rest of the country (Schneeberger & Petanovitsch, 2010). The main challenge for intermediary actors in the region was to find ways of engaging the low qualified youth, into different forms of continuing education as a way of acquiring a higher qualification.

The collective skill formation system shows great strengths in coordinating the skill supply and demand particularly in industrial regions like Upper Austria. However, its rigid institutional structure and requirements of access make the model particularly ineffective when trying to accommodate the needs of low qualified youth from a lifelong perspective. Many of the programmes for young adults are strongly connected with the formal dual VET system, in the sense that they try to prepare disadvantaged youth for the access to a dual apprenticeship, preventing dropouts from dual apprenticeships, or just making the dual offer more accessible by designing shortened apprenticeships (e.g. publicly funded supra-company apprenticeships[5]). The problem with these wide variety of programmes is that they are too diverse and partly too narrow concerning their target group definitions (e.g. refugees, single

[5] Überbetriebliche Berufsausbildung (ÜBA)

parents, etc.). While the offer in general has been classified as broad and extensive, it is also much dispersed, leaving regional actors unaware of the entire range of already existing programmes. This parallelization of programmes makes necessary the emergence of regional intermediary spaces where the different actors can share information and potentially develop more holistic interventions for the different target groups. In these spaces, regional actors shared information about their activities but actual cooperation in the running of programmes was blocked because some of them perceived that their sphere of influence may be threatened.

Discussion and conclusions

The comparative literature on skill formation regimes has allowed us to understand how institutional governance modes of coordinating skill supply and demand vary in relation to the level of public commitment and employer's involvement in skill formation. By investigating how these different skill regimes are enacted at regional level, we have shown that the effects of these institutional designs are far from mechanic and need to be problematized by paying attention to the roles and logics of action of regional actors across different socioeconomic contexts. Also, the comparative analysis of the enactment of these skill regimes offers some interesting insights for future research on the regional governance of skill supply and demand and its effects on youth transitions. We outline three main comparative insights below.

The first insight is that *the very institutional design of a skill formation regime creates its own governance challenges for the coordination of skill supply and demand, which results into different forms of social exclusion and interruption of youth transitions*. The statist model shows great capacity to get young people to complete upper-secondary education. However, those that do not complete their education and the ones that only acquire a general education do not possess the necessary vocational qualifications to get inserted in the labour market. On the other hand, the liberal market model has facilitated the permeability of the post-compulsory educational offer, but the absence of clear vocational routes in secondary education is causing that many young people leave the school with no further education and very poor labour market prospects. Finally, the collective model has certainly achieved a high degree of coordination between young people expectations and the skill demands from employers through the dual apprenticeship system, but those young people that do not meet the requirements of dual

apprenticeships are left behind with little capacity to improve their position in the labour market.

The second insight from the comparison is that *the effectiveness of skill formation regimes in the coordination of skill supply and demand varies largely depending on regional labour markets*. The high labour market expectations of young people in Finland are more easily managed in a diversified economy like the Southwest than in regions like Kainuu where opportunities are limited to mid-qualified jobs in traditional industries. The liberal market version of apprenticeships in Scotland certainly shows great capacity to meet the expectations of young people in places like Aberdeen with a strong presence of the oil and gas industry, but this is not the case in a more service-oriented city region like Glasgow. Similarly, the dual apprenticeship model achieves its greater effectiveness in industrial regions like Upper Austria, but it requires a completely different institutional design to get employers involved in skill formation in the city region of Vienna.

The third and final insight is that *regional actors try to respond to the coordination challenges created by the skill regime through remedial lifelong learning policies usually funded through the ESF, but these responses tend to be undermined by institutional factors that are beyond their control*. The tight vertical steering from central powers in centrally governed skill systems like Finland and Scotland deprives regional actors from the ability to engage in more intense coordination with other stakeholders. Regional coordination in the governance of dual apprenticeships is favoured by the decentralized federal administration in Austria, but the parallel structures and the high level of fragmentation of lifelong learning programmes targeting young people is a common trait across the three countries. EU lifelong learning funding has created incentives for the coordination of regional actors in the support to youth transitions. However, the temporary character of this funding and the lack of recognition of potential conflicts of interests between them has not allowed to strengthen the institutional capacity of these regions to coordinate skill supply and demand in the long run.

Looking forward, it is important to say that these skill formation regimes are in constant revision, contestation and transformation, although the scope of these institutional transformations may not be so wide and deep as many would desire. The reform of the VET system in Finland is trying to get employers more involved in skill formation but this is becoming polemic in a context of austerity cuts in public VET provision. The Scottish

Government has made significant steps to increase the commitment of the State in skill formation, but it is dubious that these efforts will be equally paralleled by employers. In Austria, the diversification of dual schemes is trying to accommodate the higher educational aspirations of young people and changes in the labour market but the thin equilibrium between competing interests is not always easy to balance when the bargaining power of employers has increased over the years. The lifelong learning agenda of the EU has focused in funding the coordination between public and private actors at regional level in an incremental way without further consideration of the institutional requirements for this coordination to be sustainable over time. Given the challenges that young people will face in their transition to work in the upcoming years, it may be a good time to start thinking how the effectiveness of this strategy can be significantly improved.

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