

Thessaloniki, 21 September 2012  
ECVL/LZAH/2012/0090**THE CHANGING ROLES OF QUALIFICATIONS IN GOVERNING THE LABOUR MARKET****Thessaloniki, 27-28 September 2012****Workshop background document<sup>1</sup>**

Modernising lifelong learning (LLL) and especially vocational education and training (VET) is important for Europe to recover from the current economic crisis. In this respect an important challenge to be addressed is how to better coordinate and govern education and training in order to ensure quality, relevance and inclusion.

In recent years, Cedefop has increasingly focussed its activities on the changing role of qualifications and on how VET systems are governed and interact with other parts of the education and training system and the labour market. Using the insights gained through these activities Cedefop intends to launch a debate on VET governance in Europe.

The study on the role of qualifications in governing occupations and professions, that will be presented in the event, builds on comparative data from a number of countries and occupational sectors and provides an overview over the different forms of regulation, how these are changing in the current economic and political situation – also due to technological and labour market developments – and discuss the implications for the VET system. Another study on the cooperation between education and training and the labour market, delivers insights on how VET standards are defined and renewed focusing on the conditions for improving the relevance of VET qualifications and for ensuring that the needs of the labour market are reflected in education and training provisions. A third study, that will be launched in 2012, will look into the character and diversity of partnerships of education and training providers - at national, regional and local level - and how they can facilitate access and progression in VET and between VET and HE.

Parallel to this, Cedefop is working in the area of qualifications supporting developments related both to the European qualifications framework (EQF) and the European taxonomy on skills, competence, occupations and qualifications (ESCO). The work on international qualifications which is another theme presented in the workshop will provide a major contribution to the development of the ESCO qualifications pillar, with a particular reference to the direct link to the EQF and NQF developments.

The purpose of the event is to present Cedefop's work on governance, and discuss the role of qualifications (with a specific interest to international) in the dynamic relationship between education and training and the labour market as well as areas that require future research.

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<sup>1</sup> The note has been drafted by Loukas Zahilas, Cedefop

## Setting the scene

Qualifications<sup>2</sup> play important roles in modern societies as carriers of information and value (currencies) and extensively influencing the way the occupations<sup>3</sup> and professions<sup>4</sup> are defined and regulated. By defining the minimum level of knowledge, skills and competence required by somebody holding a particular position, qualifications are used to regulate access to and conduct of an occupation or profession. Indirectly and/or directly they also define the status and/or entitlements of the existing members of the occupation or profession. Qualifications can thus be seen as an important instrument of governance, attributing substantial influence and power to those stakeholder(s) controlling them.

There may be many reasons for using qualifications as regulatory instruments; health and safety reasons are probably the most common. The professional conduct of pilots and medical doctors may easily affect the lives of their passengers and patients and it is widely accepted that regulation<sup>5</sup> is needed. In other areas where health and safety issues are less pronounced, concerns regarding the overall quality of products and services are common, frequently presented as being in the interest of consumers and customers. Sometimes we can observe that this concern for the general good is mixed with the more limited interests of particular stakeholders. This is an issue much discussed in relation to the (relative) monopoly of some public sector professions to regulate and control access to and conduct of particular tasks.

The use of qualifications to govern occupations and professions is thus a highly politicised area with high levels of stakeholder involvement and potential conflict. This gate-keeping function has traditionally been upheld by national governments strictly regulating the award of qualifications through delegation to designated institutions and systems. This delegation of authority implies that professional associations (for example in medicine, psychology and aviation) and social partners (in vocational education and training) are given substantial influence over design and awarding of qualifications. This has been (and still is) the normal way of guaranteeing the value of a qualification – the way their

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<sup>2</sup> Qualification is here understood as the formal outcome of an assessment and validation process which is obtained when a competent body determines that an individual has achieved learning outcomes to given standards (Source: EQF Recommendation, 2008)

<sup>3</sup> Occupation is here understood as a job or grouping of jobs involving similar content in terms of tasks and which require similar types of skills and competences. (Source: adapted from Skillsbase - Labour market information Database).

<sup>4</sup> Profession is here understood as a professional activity or group of professional activities, access to which, the pursuit of which, or one of the modes of pursuit of which is subject, directly or indirectly, by virtue of legislative, regulatory or administrative provisions to the possession of specific professional qualifications.

(Source: Directive 2005/36 EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications). The term profession has been the starting point for important research addressing the relationship between education and training and the labour market, notably Parsons (1970), Freidson (1994), Le Grand and Robinson (1990), Terum and Molander (2008).

<sup>5</sup> Regulation at its broadest means actions taken on behalf of governments in the public interest to steer events and behaviour, rather than to provide or distribute goods or services, Kogan and Unt (2008)

currency is underwritten. The extent to which qualifications directly govern and regulate occupations and professions is demonstrated by the EU Directive on recognition of professional qualifications (2005/36)(6). This Directive covers more than 800 professions which Member States regulate and which can be pursued only if certain professional qualifications have been acquired(7).

## **Qualifications and the labour market**

In order to understand the way in which the relationship between qualifications and the labour market is changing, Cedefop carried out a study on the role of qualifications in governing the access to and practice within occupations and occupations. This study examined the situation in ten European countries and five sectors to come to an overarching view of the current state of affairs.

The main role of qualifications is that of an instrument of communication, signing a person's knowledge, skills and competences in a particular field and with regard to a specific occupation. By setting up functional qualification systems linked to trusted educational structures in which labour market relevance is guaranteed by using instruments such as occupational profiles set up by social partners, countries can facilitate the processes which lead to a good balance of qualitative and quantitative supply and demand of labour. In addition to this general system, qualifications are used as regulatory instruments. In a number of occupations, strict entry requirements are set to determine that only people who have acquired the specific qualification (including diplomas, certificates, and licenses) may work in this occupation. In these cases, qualifications are seen as necessary, though not always sufficient criteria for employers' selection of employees at micro level and therefore do determine a minimum level of competence of all occupational practitioners. Where the license to practice is also connected to obligations with respect to continuing professional development, the qualifications connected to this aspect of the training can also play the role of ensuring the continued relevance of the skills present in the work force.

Qualifications can only fulfil this role on the labour market if the institutional structure supporting them elicits trust amongst the end users. In some situations, qualifications are trusted to such an extent that the labour market actors actively support strong licensing systems, as they see these systems as providing the basis for a strong professional environment. In situations where the strict regulation is combined with weak institutional structures, qualifications might be seen as legally necessary, but practically irrelevant and requirements may be disregarded after all. In situations where the trust in qualifications is high however, strict licensing is not even necessary for micro level actors

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<sup>6</sup> [http://ec.europa.eu/internal\\_market/qualifications/future\\_en.htm](http://ec.europa.eu/internal_market/qualifications/future_en.htm)

<sup>7</sup> The Directive deems that a profession is regulated if the pursuit of the profession in question is subject - by virtue of law, regulations or administrative provisions - to the possession of evidence of education and training (or an attestation of competence).

to acknowledge the importance of qualifications for assuring the quality of staff and services.

Overall it can be said that there is no alternative to the use of qualifications in the specific role they play in translating occupational activities into learning outcomes and the other way around. Two reservations should however be added to this conclusions. Firstly, the role of qualifications as instruments of governance in contributing to the qualitative and quantitative balance of supply and demand in occupations and professions can, in all the different governance systems, only be of practical relevance when it is embedded in trusted institutional structures and used in conjunction with other instruments such as occupational profiles, learning outcomes and qualifications frameworks. Secondly, although qualifications can be identified as crucial practical linking pins between the different actors and essential conceptual connectors between educational and labour market, this does not mean that policy makers, social partner organisations or educational institutes actually classify them as such. Such a purposeful use of qualifications is possible, however not a necessary requirement for them to fulfil the role as communication vessel after all.

Working Group 1: “Qualifications and the labour market” will discuss these issues and will provide an opportunity for the participants to gain an overview of current Cedefop’s work. The findings of the study on “how qualifications govern occupations and professions” will be presented followed by a report on the interim findings of the study on the “cooperation between education and training and the labour market in renewing VET”. The country example of Germany and the sectoral cases of welding and sports will provide additional input for the discussion on the future challenges and perspectives.

In particular the workshop will focus on the following questions:

- How important are qualifications in linking labour market and education, both as an instrument of governance and as actual currency on the ground?
- How will the constant redefinition of occupational and professional content and requirements influence the use of qualifications by countries and sectors for regulation and governance?
- Which models<sup>8</sup> of governance of professions and occupations can be identified in the different countries and sectors and how can these be described in terms of principles and practical applications?

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<sup>8</sup> According to the study four different models of governance in using qualifications as regulatory instruments exist:

- Traditional sector-based licensing;
- International sector-based licensing
- Generic national governance
- Independent sectoral governance

## International qualifications

More and more qualifications – certificates and diplomas - are awarded at international level, outside national authorities' jurisdiction. These 'non-State' qualifications have been developed and awarded by a wide range of bodies, organisations and companies addressing various purposes. This trend goes against our traditional understanding of qualifications, as 'papers of value' guaranteed by national authorities and can be seen as a direct reflection of globalisation of economies and labour markets.

Cedefop's report on international qualifications is a first effort to increase transparency, notably by pointing to existing sources and clarifying the concepts to be used for mapping and analysis. Individuals need to be able to use their qualifications in more than one country and employers need to be able to judge the level of skills and competences held by potential employees. This trend is particularly visible in sectors like ICT and transport where international organisations, sectoral bodies as well as multinational companies already play a key role in defining and awarding qualifications and thus, in setting the requirements for skills and competences.

Working on international qualifications is complicated considering the diversity and complexity of the concept. For the purposes of Cedefop's report an international qualification is a certificate, diploma, degree or title developed, awarded and recognised in more than one country. International qualifications can be issued in the framework of an international, national, regional or sectoral qualification system. There is big diversity in the companies, organisations and other bodies involved in developing and awarding international qualifications. Quality assurance is the crucial dimension regarding value and recognition by the labour market. Types of international qualifications become highly important when considering the effect of licensing and certification as licensing intervenes further in the market process.

Discussion on the real value of international qualifications can be very complex due to different social, economic and sectoral elements. Flexibility and tailor-made solutions offered to the labour market is in many cases counterbalanced by complications created due to the many international certifications on offer. Geographical and institutional coverage are key points and will have to be considered for each qualification as, although coverage is frequently clearly indicated, in several sector-based certificates limited coverage exists in practical terms.

What unites this extreme variety of qualifications is the fact that they are not restricted to a particular national system or territory. They are all 'non-state' qualifications whose exchange value is defined outside the traditional national qualifications systems. This raises some key-questions and challenges relevant to policy-makers as well as to users – be these individual citizens or employers.

An interesting general observation is that transparency of national qualifications is improving as it is becoming easier to review which qualifications exist, by whom they have been awarded and where they can be used. The reason is the introduction of national qualifications frameworks and the development of more sophisticated

databases that have reduced some of the complexity traditionally faced by users. The opposite applies to international qualifications.

Gaining importance of qualifications awarded outside national jurisdiction has increased intricacy and lack of transparency. There is currently no single institution or body, at national or international levels, with an overview of or fully understanding developments. For users, individuals or employers, the situation is deteriorating rather than improving. The situation points to a need to deepen mapping of international qualifications and gradually come up with a system making it easier for users to review developments.

Quality issues are of fundamental importance as although in national qualifications quality is a central issue systematically involving a broad range of stakeholders and attracting considerable political attention, in international qualifications quality is still crucial but far more difficult to comprehend fully. While market forces are important (the role played by certificates from multinational companies is a direct reflection of their market position), individuals increasingly face a problem of how to distinguish 'rogue' and 'fake' qualifications from 'serious' qualifications reflecting high levels of learning.

While ISO and EN standards have played a role, future developments will require a much more systematic effort to understand and address quality of international qualifications. To some extent, those awarding qualifications must become more accountable and willing to be open about the processes leading to award of a certificate or diploma.

Future work lies at the crossroads of transparency and quality. Overall relevance of international qualifications requires that they are trusted by potential users. This can only be achieved by systematically creating an overview of what exists and emerges, and by systematically addressing the need for accountability and openness regarding the process leading to a particular qualification. International and national qualifications are both value papers which require trust if they are to fulfil their roles in the labour market and society. Without this trust they will fail and in the worst case mislead individuals and employers.

Working Group 2: "International qualifications" will discuss these issues and will provide an opportunity for the participants to contribute to identifying future needs.

The recent Cedefop's publication on "international qualifications" will be presented followed by presentations on the role of international qualifications in the context of ESCO and EQF. The cases of the welding and agriculture sector will provide input on the challenges and future perspectives.

In particular the workshop will focus on the following questions:

- Which are the necessary data-categories when developing an overview of what exists and emerges in the area of international qualifications?<sup>9</sup>
- Which are the quality issues related to the accountability and openness of the processes leading to international qualifications?
- There is a strong relation between the type of international qualification and the sector, occupation or profession it relates to. Which can be the role of sectors in promoting the required trust and the labour market value?

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(1) <sup>9</sup> We can distinguish five broad differentiating elements according to the “international qualifications” report: purpose – what is the qualification for; type – how complete and which is the duration of the qualification; coverage – where is the qualification used (geographical dimension); competent body – which body awards the qualification; currency – what can the qualification be exchanged into.