

Chapter 2

Overview of the Flanders, Belgium case study areas

To better understand the role of the local level in contributing to job creation and productivity, this review examined local activities in two Flemish regions: Antwerp; and Limburg. This chapter provides a labour market and economic overview of each region as well as the results from an OECD LEED statistical tool which looks at the relationship between skills supply and demand at the sub-national level.

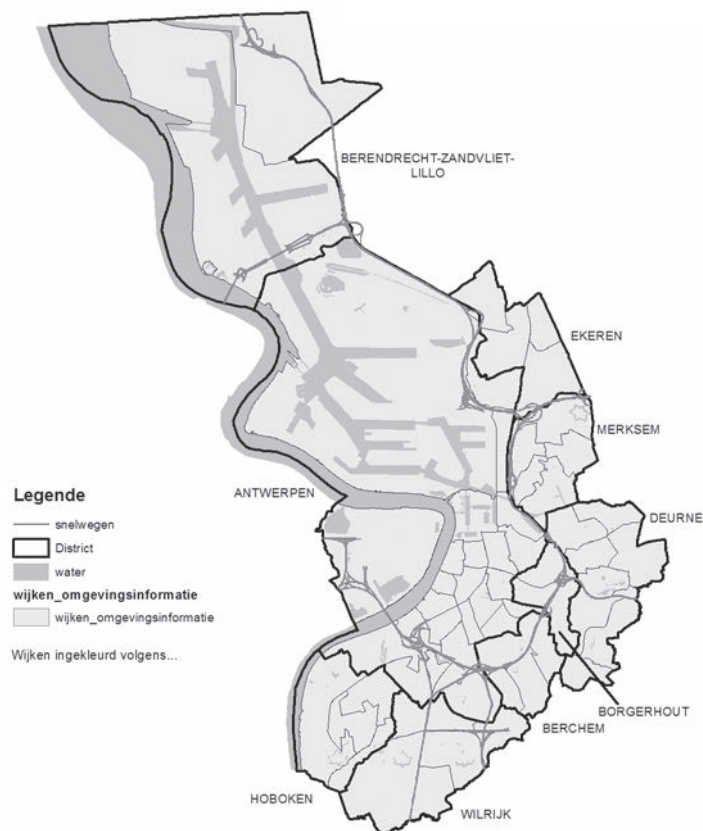
Overview of the case study areas

Flanders is one of the three regions in Belgium, having 6 280 000 inhabitants. Over 10 years, the population increased by 6% with about 65% of the inhabitants aged between 15-64 years old. The Flemish labour market is not homogeneous, with many sub-regional and local differences. The cities in particular are confronted with persistent high levels of unemployment.

City of Antwerp

Antwerp is the largest city in Flanders (more than 500 000 inhabitants), situated in the province of Antwerp. It is located a mere 40 km north of Brussels, the capital of Belgium. The city has an extensive road network, a high-speed train station and a business airport. The port of Antwerp, the second largest in Europe, is located inland and connected with the North Sea. Antwerp is affected by many demographic and labour market developments, such as increased migration, high youth unemployment, and rising long-term unemployment.

Figure 2.1. **Map of Antwerp**



Source: Stad Antwerpen – studiedienst stadsobservatie GIS (City of Antwerp engineering department observation).

Limburg

Limburg is one of five Flemish provinces, situated in the east, adjoining the Netherlands and located close to Germany. The area is 2 414 km². West of the province, it borders the provinces of Antwerp and Flemish-Brabant (enclosing the capital of Belgium, Brussels). South of the province lies the Walloon province Liège. The province is strongly influenced by its past as a mining region, having attracted many migrants mainly in the 1950s and 1960s. After the closure of the mines, mainly in the 1980s, the province went through a process of conversion.

Figure 2.2. **Map of the Limburg region**



Source: GIS Limburg – Provincie Limburg (Province of Limburg).

The province has been seriously impacted by the crisis and by the announcement of the closure of the plant of Ford Genk where it is estimated that 8 000 jobs will be destroyed. This will in turn have significant impacts on employment, directly and indirectly through the impact on supply companies in the region. One of the aims of the conversion of the province is to make Limburg less dependent on a limited number of industries, and to develop new sectors, such as clean-tech, logistics and the care sector. Public transport is less developed in this region than in other parts of Flanders, and many businesses cannot be reached easily by the road or railway network.

Provision of education and presence of employment services

Vocational education and training is well developed in Flanders. However, in secondary education students (or their parents) tend to favour the general track over the technical and vocational tracks, leading often to hard-to-fill vacancies with regard to

technical and vocational professions. Antwerp has several adult education centres within the city while Limburg has 20 centres across the province. The public employment service (VDAB) has its own training centres (called competence centres), which are organised provincially and have several local establishments, including three in Antwerp and 13 across the province of Limburg.

Antwerp has one university with more than 12 000 students enrolled in 2012-13 and three university colleges with 28 000 students. Several knowledge centres are linked to the university or the colleges in the fields of management, sustainable development, logistics, and medicine. Limburg has one university with more than 9 000 students in 2011-12 and four university colleges with about 16 000 students.

In terms of employment services, assistance to unemployed people is provided through one-stop shops (*werkwinkels*). The one-stop shop of the city of Antwerp has 8 contact points while in Limburg there are 5 one-stop shops with more than 30 contact points across the province.

Comparison across the case study areas

Comparisons across the two case study areas include employment rates, unemployment rates, industry structure, demographics, and commuting patterns. These dimensions are important determinants of job creation. Personal characteristics and educational attainment are factors related to finding and retaining employment. A dynamic economy increases the creation of job opportunities and typically reflects a more resilient economy. Industry structure determines a region's employment prospects and wage levels.

Employment trends

Since 2010, the employment rate is calculated as the share of the total population of 20-64 year olds. In 2012, the Flemish employment rate was 71.5%. In the same year, the province of Limburg had the lowest employment rate of all Flemish provinces (69.2%). However, the differences between the communities within the province are significant. For example, Hasselt has an employment rate of 70.1%, while the employment rate of Genk is 61.2%.

In the City of Antwerp, the employment rate was 62.1% which contrasts starkly with employment rates as high as 70% in neighboring communities (Department of Work and Social Economy, 2013). The employment rate is lower for women compared to men, especially in regions with low employment rates. Furthermore, older workers and the disabled tend to have lower employment rates than the average.

Residents of the study areas vary in diversity and in educational attainment. Both the region of Limburg and the City of Antwerp have a highly trained workforce. In the province of Antwerp, 35% of the persons aged 25-64 have graduated from tertiary education. Typical for the Flemish labour force is the command of languages. Dutch is the native language, but most people also speak at least another language, such as English and French. Many also have a command of German, Spanish or other languages.

Unemployment

The unemployment rate is the share of unemployed jobseekers in the labour force between 15-64 years old. In 2012, unemployment in Flanders was 6.9%, which represents an increase of 25.2% compared to 2008. The province of Limburg has the highest unemployment rate of all Flemish provinces (7.4%), which will increase further following the closure of the Ford

factory. Antwerp demonstrates how unemployment can be concentrated in bigger cities in Flanders. In 2012, unemployment was 14.9%, which was one of the highest rates in Flanders.

Low skilled persons are over-represented in the group of unemployed jobseekers. Of all unemployed jobseekers, half are low skilled. Older workers (over 50), migrants, and disabled persons also represent a significant share of the unemployed. In Limburg, unemployment rates are especially high among youth and women.

Industry structure

In both Antwerp and Limburg, employment is concentrated mainly in two economic activities, namely public administration, defence, education, health care, and social work; and wholesale retail trade, transport, accommodation, and food services (see Table 2.1). In 2012, the former represented 28.7% of employment in the City of Antwerp and 32.7% in the region of Limburg and the latter was 25.7% in the City of Antwerp and 23.1% in the region of Limburg. Another important sector is industry, which represented 17.4% of employment in the Limburg region and 17% in the City of Antwerp.

Table 2.1. **Employment by economic activity, 2012**

	Belgium	Antwerp	Limburg
Agriculture, forestry and fishing	1.2	0.7	0.9
Industry (except construction)	14.6	17.0	17.4
Construction	7.2	6.7	7.7
Wholesale retail trade, transport, accommodation, food service	22.5	25.7	23.1
Information and communications	3.3	3.4	2.2
Financial and insurance	3.5	3.7	2.4
Real estate	0.6	0.4	0.4
Professional, scientific, technical, administrative, support service	9.9	10.1	9.4
Public administration, defence, education, human health, social work	32.6	28.7	32.7
Arts, entertainment, recreation	4.8	3.4	3.8

Demographics

In 2012, the city of Antwerp had 502 604 inhabitants. In 10 years, the population has increased by 12%. The province of Limburg has 849 404 inhabitants (a 6 % increase in 10 years) (ADSEI, 2012). It is clear that Flanders is confronted with an ageing population. In 2000, there were 112 persons between 15-25 years old for every 100 persons aged 55-64 years. It is expected that this ratio will decrease and will be 78 in 2020.

Commuting patterns

A recent study of labour force mobility shows that Flanders contains 14 local labour markets which are areas where people live as well as work, or where they work in a limited number of identifiable communities (Vanderbiesen, Herremans & Sels, 2013). Antwerp forms a local labour market together with the city of Sint-Niklaas and surrounding communities totalling 51 communalities and more than 500 000 employed persons. This is quite exceptional as most local labour markets do not cross provincial borders, and Sint-Niklaas is situated in the province of East-Flanders.

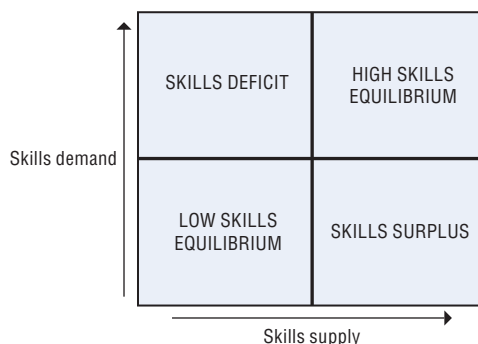
This local labour market has an employment self-containment ratio of 75%. This means that 75% of the employed persons in this region live and work there. In the

province of Limburg, three local labour markets can be distinguished: the region adjoining the Netherlands (ratio: 56.7%), Hasselt-Sint-Truiden (ratio: 54.3%) and Genk (ratio: 50.2%). With regard to Genk, 16% of the employed work in Hasselt, the others work mainly in other Limburg communalities. It is questioned whether the area of Genk will remain a so-called local labour market after the closure of the Ford plant. This will depend on the success of the conversion and job creation measures. However, considering the province as a whole, more inhabitants work outside the province (e.g. in the province of Antwerp or in the province of Flemish-Brabant (Brussels and Leuven, or even the Netherlands) (VDAB, 2013).

Balance between skills supply and demand at the sub-national level

The LEED Programme has developed a statistical tool to understand the balance between skills supply and demand within local labour markets (Froy, Giguère and Meghnagi, 2012). In the Flemish context, this tool can help to provide policy makers with an understanding of skills mismatches, which may occur at the sub-national level. It can inform place-based policy approaches at the local level.

Figure 2.3. **Understanding the relationship between skills supply and demand**



Source: Froy, F. and S. Giguère (2010), "Putting in Place Jobs that Last: A Guide to Rebuilding Quality Employment at Local Level", *OECD Local Economic and Employment Development (LEED) Working Papers*, No. 2010/13, OECD Publishing, <http://dx.doi.org/10.1787/5km7jf7qtk9p-en>.

Looking at the figure above, in the top-left corner (skills gaps and shortages), demand for high skills is met by a supply of low skills, a situation that results in reported skills gaps and shortages. In the top-right corner, demand for high skills is met by an equal supply of high skills resulting in a high-skill equilibrium. This is the most desired destination of all high performing local economies. At the bottom-left corner the demand for low skills is met by a supply of low skills resulting in a low-skill equilibrium. The challenge facing policymakers is to get the economy moving in a north-easterly direction towards the top-right corner. Lastly, in the bottom-right corner, demand for low skills is met by a supply of high skills resulting in an economy where what high skills are available are not utilised. This leads to the out migration of talent, underemployment, skill under-utilisation, and attrition of human capital, all of which signal missed opportunities for creating prosperity.

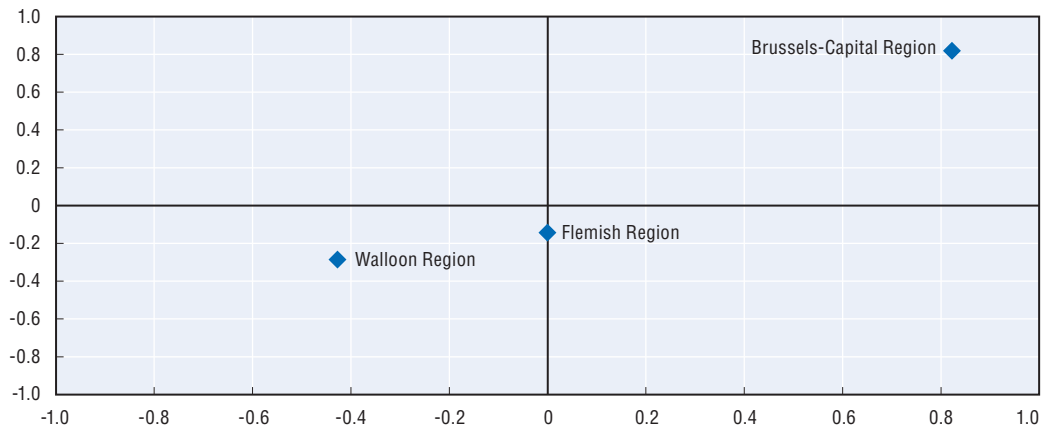
This typology was applied to Belgium and the region of Flanders, including the case study regions of Antwerp and Limburg – see Figures 2.4-2.6 below. The analysis positions regions relative to each other and does not compare with other regions within the OECD.

Box 2.1. Explaining the diagnostic tool

The analysis is carried out at Territorial Level 3 regions (regions with populations ranging between 150 000-800 000). The supply of skills was measured by the percentage of the population with post-secondary education. The demand for skills was measured by the percentage of the population employed in medium-high skilled occupations. Regions are also classified in relation to the average state unemployment rate. The indices are standardised using the inter-decile method and are compared with the national median. Further explanations on the methodology can be found in Froy, Giguère and Meghnagi, 2012.

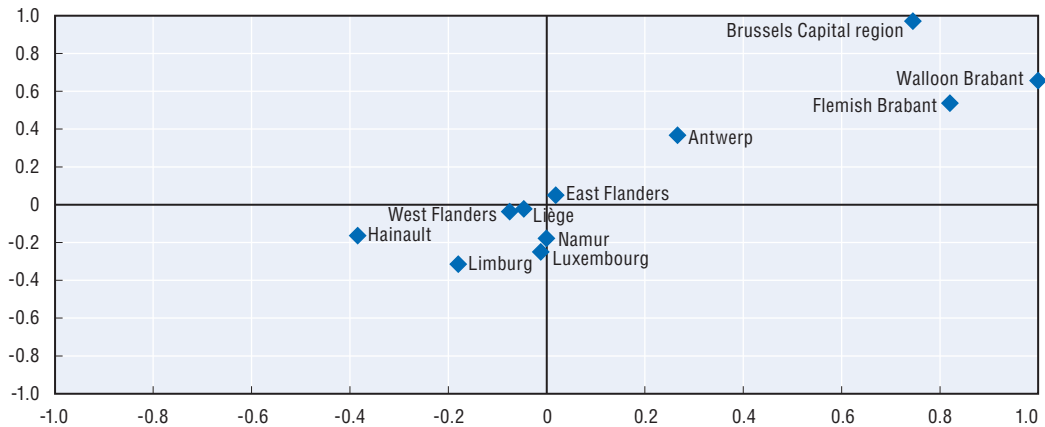
Source: Froy, F., S. Giguère and M. Meghnagi (2012), "Skills for Competitiveness: A Synthesis Report", OECD Local Economic and Employment Development (LEED) Working Papers, No. 2012/09, OECD Publishing, <http://dx.doi.org/10.1787/5k98xwskmur6-en>.

Figure 2.4. Skills supply and demand in Belgium, TL2 regions, 2010



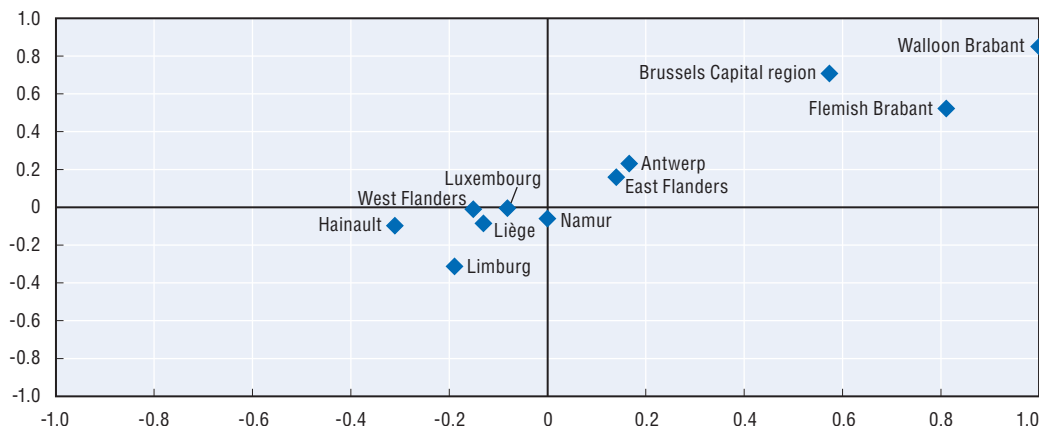
Source: Author's calculations based on Labour Force Survey, Statistics Belgium and Bank of Belgium.

Figure 2.5. Skills supply and demand in Belgium, TL3 regions, 2001



Source: Author's calculations Labour Force Survey, Statistics Belgium and Bank of Belgium.

Figure 2.6. Skills supply and demand in Belgium, TL3 regions, 2010



Source: Author's calculations Labour Force Survey, Statistics Belgium and Bank of Belgium.

Results from the data mapping exercise

Looking at the results from data analysed at the TL2 level, one can see that the Brussels-Capital region falls into the high-skills equilibrium, whereas Wallonia falls into the low skills equilibrium quadrant. The Flemish region sits on the axis between the low-skills equilibrium and skills surplus quadrant. As this analysis compares regions to each other, the result may be attributable to the presence of a high number of public sector offices in the Brussels-Capital region.

When further disaggregated to the TL3 level, one can see that within Flanders, Antwerp and Flemish Brabant were in a high-skills equilibrium in 2001. In 2010, Flemish Brabant maintains its position in the high-skills equilibrium, while Antwerp shows a decrease in both skills supply and demand which suggests a relative loss of competitiveness in the province. In both 2001 and 2010, Limburg falls into the low-skills equilibrium, which means relatively low levels of both skills supply and demand relative to other regions in the province.

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