



# **FUTURE SKILL SUPPLY IN EUROPE**



**MEDIUM-TERM FORECAST UP TO 2020**  
**KEY FINDINGS**

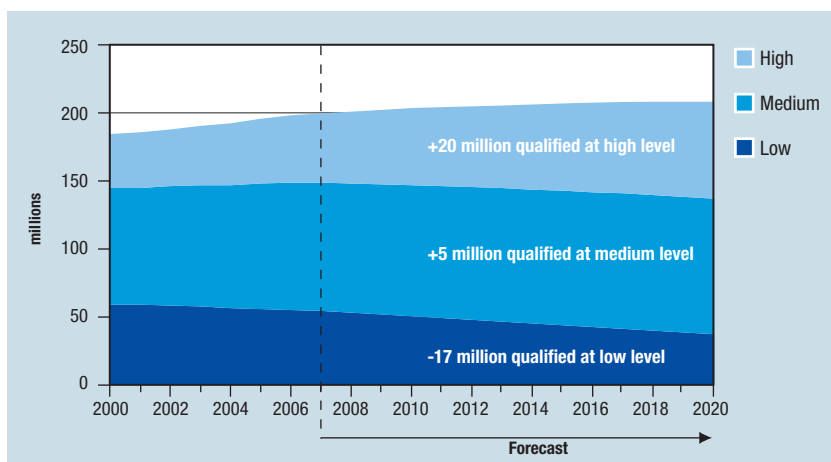
## Beyond Lisbon: towards a knowledge-based society

### Changing qualification structure

Cedefop's medium-term skill supply forecast for Europe up to 2020 suggests a substantial further increase in the proportion of the adult labour force with high- and medium-level qualifications. In contrast, the number of people with low-level qualifications is projected to decline in most European countries. These general trends are in line with the Lisbon goal of making Europe the most competitive and dynamic knowledge-based society in the world and will remain a key feature in the coming decade. However some variations between countries can be observed.

#### Supply trends, labour force aged 25 and over, EU-25 without Malta, plus Norway

Source: Cedefop, 2009.

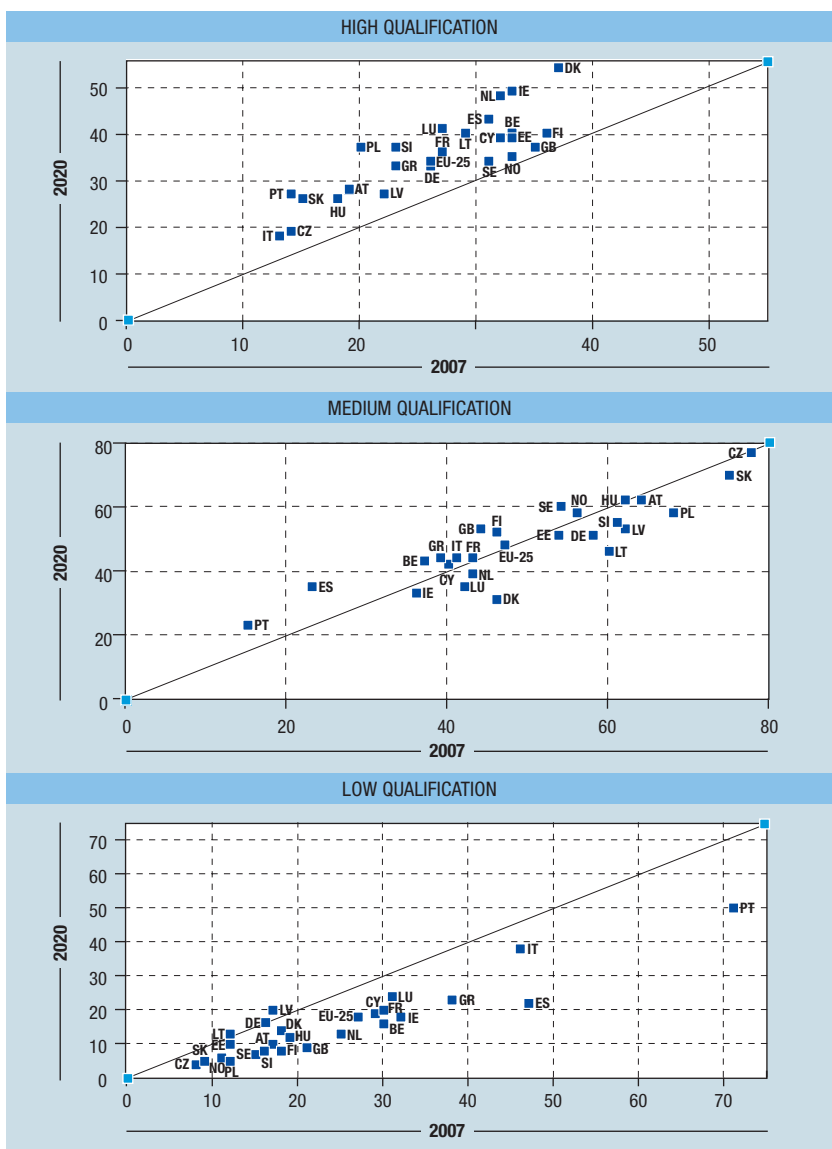


### Technical details

The forecast covers 25 European countries (EU-25 without Malta but plus Norway). Three different scenarios were calculated. The results presented are for the baseline scenario (unless otherwise specified) and refer to the labour force (sum of employed and unemployed people) aged 25 and over, thus taking into account only those likely to have completed most of their studies. The forecast is also available for the whole population aged 15 and over. Figures are broken down by age, gender and formal qualification, so allowing calculation of participation (activity) rates. Note that the results of this forecast cannot be compared with those of the skill-needs forecast published in 2008 (Cedefop, 2008) owing to the different data vintages and the use of the most recent population projection.

**Changing qualification structure of the labour force aged 25 and over at national level, shares in %, EU-25 without Malta, plus Norway**

Source: Cedefop, 2009.



**High-level qualifications rise steadily**

The proportion of people with high levels of qualification (ISCED 5 and 6) has risen steadily in recent years in most countries. The baseline scenario projects that between 2007 and 2020 the European labour force (EU-25 without Malta, plus Norway) aged 25 and over with a high level of qualification will increase by 20 million people and will represent 34 % of the entire labour force in 2020, as against 26 % in 2007.

**Medium-level qualifications remain key**

The European labour force with medium-level qualifications (ISCED 3 and 4) is projected to increase by more than 5 million in the projection period. This group will continue to constitute the biggest proportion of the labour force (48 %) in 2020 (47 % in 2007).

**Low-level qualifications decline**

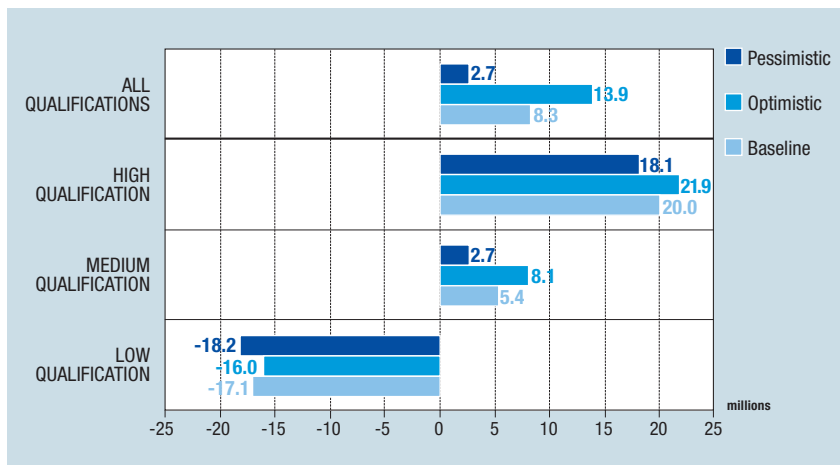
The number of people with low-level qualifications (ISCED 0 to 2) is falling steadily in absolute and relative terms. Between 2007 and 2020 the European labour force with low-level qualifications is projected to contract by more than 17 million. In 2020, the proportion of the low-skilled labour force is expected to be 17.7 %, compared with 27 % in 2007.

**Alternative scenarios**

In addition to the baseline scenario referred to above, two alternative scenarios – one optimistic and one pessimistic – have been calculated to provide margins for the projections. All scenarios indicate that changes in the labour force across qualifications will follow the same general trends. The pessimistic scenario, even though it does not yet fully take the current crisis into account, forecasts the smallest increase in the labour force, for all qualifications, namely 2.7 million between 2007 and 2020. In contrast, the baseline and the optimistic scenarios forecast increases of 8.3 million and almost 14 million respectively. All scenarios expect increases in the medium and high qualification levels, with the high qualification levels projected to experience the biggest increases. All scenarios forecast a decline in the total numbers of low-skilled people, with numbers ranging between 16 million and 18.2 million.

**Different scenarios for the labour force aged 25 and over, projected change in millions, 2007-20, EU-25 without Malta, plus Norway**

Source: Cedefop, 2009.



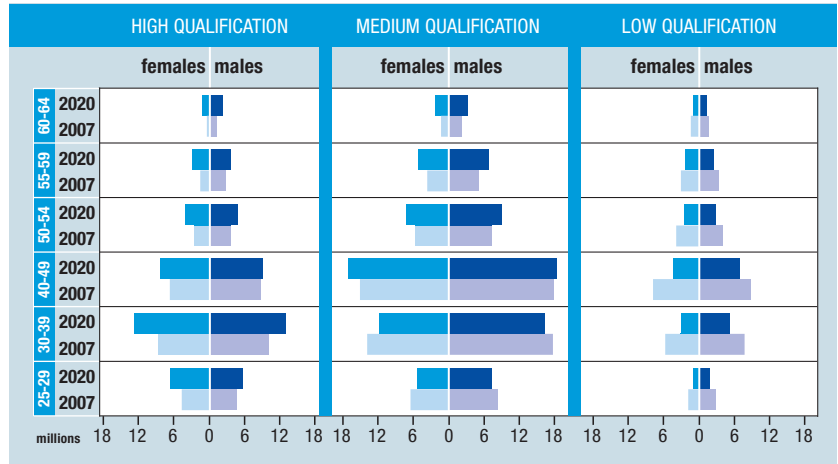
## Future labour force by age and gender

### Women likely to progress faster than men

The results for the whole labour force aged 25-64 confirm the general trends. The rates of increase are generally higher for women than for men, implying that women will generally have higher-level formal qualifications than men in the future. The European benchmark for 2010, namely that Member States should ensure that 80 % or more of 25-64 year olds in the EU have completed at least upper secondary education, may be reached only by 2020, when it is projected to reach almost 82 %.

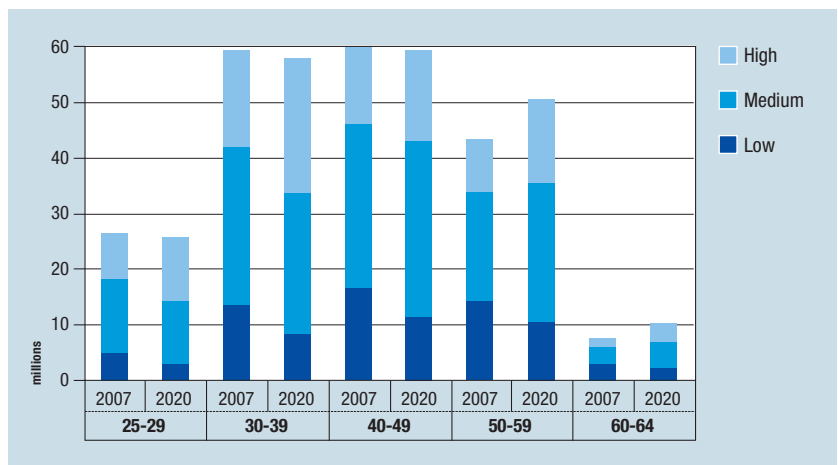
### Labour force by age, gender and qualifications, EU-25 without Malta, plus Norway

Source: Cedefop, 2009.



### Changing qualifications of the labour force in different age groups, EU-25 without Malta, plus Norway

Source: Cedefop, 2009.



**Cohort effect:  
higher qualification  
levels of younger  
people**

Notable variations can be observed among the different age groups: among 25-29 year olds, the increase in the number of people with high-level qualifications is much more marked, especially for women. The largest increase at high level is forecast for those in the 30-39 age group. While the number of people with a medium qualification level as their highest level is projected to decline for all groups aged up to 39, it is expected to increase for the groups aged 40+. This is a result of cohort effects as people age and the fact that younger people are nowadays generally better qualified than older people, mainly because countries have introduced longer periods of compulsory education and training or have granted young people the right to complete upper secondary level.

## **Increasing labour-market participation**

**Female participation  
rates rising rapidly**

The main goals of the Lisbon strategy and the Employment guidelines 2008-10 are to reduce unemployment, increase activity rates as well as the demand for and supply of labour. As the forecast shows, a general increase in activity (participation) rates is expected. Most countries show slight positive trends over time, but the patterns vary according to age group and gender. The activity rate for men is generally higher than for women. Continuing variations between the sexes also reflects differing family commitments. Although historically activity rates for women have tended to be lower, they have been increasing rapidly in almost all age groups apart from the youngest women, who have been investing more in education and consequently (still) have low participation rates. Activity rates for men in many age groups have fallen over the past 20 to 30 years.

**Participation rates  
increasing for  
older workers**

Promoting a lifecycle approach to work and supporting active ageing helps to retain older people in employment. Some of the steepest increases in activity rates are for those aged 50+. This reflects the general trend towards longer working lives and perhaps concerns about pensions and the need to work longer.

## **General trends identified, background knowledge essential**

**Possible impact  
of economic crisis**

Although the overall results provide a relatively encouraging picture, there are concerns about whether the current economic crisis will disturb the historical trends anticipated. This may jeopardise the steady improvement in qualification

profiles observed in recent decades. One short-term impact of the crisis may be increasing participation in education and qualification acquisition: individuals may be delaying entry into a depressed labour market and may be expecting their higher-level qualifications to provide them with brighter prospects after the recovery. In the longer term, however, financial constraints may discourage investment in human capital. Policy-makers need to take steps to ensure that the continuing improvements in qualifications are not disrupted and that investment will continue in initial education, continuing training and adult education. Reskilling or upskilling of adults will become even more important due to the ageing of the population.

#### **Analysis and context information needed**

These results set out the general trends. To be more useful to policy-makers and labour-market participants, they need to be fleshed out with more research, contextual information and detailed analysis. This requires, in particular, an improvement in the underlying data, especially that provided by national statistical authorities to Eurostat. More effort needs to be made in Europe to ensure that data are more consistent both over time and across countries. More qualitative information is also needed to reflect related issues, such as the current high rates of early school leavers.

### **Towards a European skills forecasting system**

#### **One step closer**

This skill-supply forecast, together with the earlier skill-needs forecast, is an important component of a comprehensive system of regular forecasts of skill demand and supply, as foreseen by the 'new skills for new jobs' initiative launched by the European Council and the European Commission in 2008. Cedefop continues its work on the challenging task of developing such a European forecasting system. Starting in 2010, Cedefop will regularly publish the results of updated and synchronised forecasts of skill demand and supply in Europe.

#### **Matching skills and jobs**

In keeping with the 'new skills for new jobs' initiative, Cedefop will continue its research and development activities in the early identification and anticipation of skill developments. To complement regular assessments of the demand and supply of skills, work on analysing potential labour-market imbalances and research into skill mismatch will continue. To broaden and validate the knowledge base, Cedefop will also explore the feasibility of employer surveys as a tool for identifying skill and competence needs in enterprises and for revealing new and emerging skill needs in key sectors of the economy.

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## Sources

- Cedefop. *Future skill supply in Europe. Medium-term forecast up to 2020: synthesis report*. Luxembourg: Publications Office, 2009.
- Cedefop. *Future skill needs in Europe. Medium-term forecast: synthesis report*. Luxembourg: Publications Office, 2008.

## Further information

[www.cedefop.europa.eu/skillsnet](http://www.cedefop.europa.eu/skillsnet)

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