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Qualitative Scenarios for policy makers: An approach for forecasting skills supply and demand in Europe 2020

Building on the skills forecasts: comparing methods and applications

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Task 04 Qualitative scenarios

Aim: To introduce method and results in order to engage with and gain your perspectives on its use.

- **Qualitative approach complementing econometric skills demand & supply forecasts**
- **Geared clearly to the perspective of education & training policy makers**
- **Clear methodology (Steps 1 to 10)**
- **Based on trends, uncertainties, drivers - consultation**

Step 1

- Define the problem

Step 2

- Identify the contexts and which are the key drivers

Step 3

- Gather data

Step 4

- Identify clear trends and those with uncertain outcomes

Step 5

- Decide on the most important developments whose outcome is uncertain

Step 6

- Construct the main scenario themes as matrix or grid

Step 7

- Develop provisional scenarios

Step 8

- Check out the scenarios for plausibility

Step 9

- Modify and polish, then present the scenarios. Test with prospective users

Step 10

- Introduce the scenarios into the decision-making process and keep under review

Main data sources

Labour market and wider trends

- **Cedefop (2010): Skills Supply and Demand in Europe - Medium-term Forecast up to 2020**
- **DG Employment sector skills analyses and scenarios (2008/09): 18 sector reports summarised and ‘filleted’**

Education and training trends

- **2008 European Commission DGE&C Progress towards the Lisbon objectives in E&T Indicators/benchmarks**

Consultation on draft scenarios

- **October Skillsnet seminar + 6 volunteers**
- **20 questionnaires to EU-level stakeholders**
- **Cedefop seminar**

100 trends

- **Exogenous (1-31)**

Population*; natural resources/technology;
globalisation/economy; social/political

- **Labour market demand (32-45)**

- **Labour market supply (48-57)**

- **Education outcomes, systems and policies (58-100)**

Overall performance; LLL; school; VET; HE; Key
competences; equity; employability; investment

Drivers acting on E&T policy makers

- 1 Global /economic shifts
- 2 Demand and supply pressures in the labour market
- 3 Companies review their structures continuously
- 4 Technological development
- 5 Unresolved and new challenges currently facing education and training systems
- 6 Company pressures to innovate and perform
- 7 European, regional, national policy regimes & networks
- 8 Effectiveness of links - government, companies and E&T providers
- 9 Demographic change

Some areas of key uncertainty for E&T policy makers

- 1 Success or otherwise in emerging from the recession
- 2 Sufficient well trained teachers and trainers?
- 3 Sustained models for increasing access to CVT?
- 4 Long-term vs. short term; more for less? Trade-offs?
- 5 Growing medium/high skills demands, but success in combating school drop out/inequalities?
- 6 Higher levels of formal qualifications, but what kinds of knowledge/skills, attitudes, competences?
- 7 How to meet both national and local/niche demands
- 8 Impacts of IT on E&T structures/business models
- 9 Job polarisation: limited or extensive?

The scenarios

Scenario 1

Strong economic growth: lessons learnt?

Scenario 2

Gradual growth: All to play for (Baseline)

Scenario 3

Double dip and down: a bumpy ride.

Each scenario has two variants (**1a/1b; 2a/2b; 3a/3b**), according to the role that government pursues

| | Scenario 1: Strong economic growth: Lessons learnt? | Scenario 2 (Baseline): Gradual growth: All to play for? | Scenario 3. Double Dip and down: a bumpy ride? |
|--------------------------------|--|--|---|
| GDP growth | | | |
| EU27 (+Switzerland, Norway) | 3% | 1.5% - 2% | 0% |
| EU15 | 2.9% | 1.9% | -0.1% |
| EU12 | 4.1% | 3% | 1.3% |
| Empl growth (EU27) | | | |
| Total job opportunities | 83m | 80m | 67m |
| New jobs (expansion demand) | 7.5m | 7m | 6m |
| Replacement demand | 75.5m | 73m | 61m |
| Largest growth (top 3) | Health & social work | Distr & transport | Chemicals |
| | Comp services | Bus & other services | Basic metals |
| | Food, Drink & tobacco | Non-marketed services | Elec Eng & Instr |
| Largest decline (top 3) | Mech eng | Primary sector & utilities | Construction |
| | Basic Metals | Manufacturing | Comp services |
| | Elec Eng & Instr | Construction | Mech eng |

1. Strong economic growth: Lessons learnt?

- EU competitive against BRIC countries
- Specialist manufacturing holds up, finance and services thrive
- Increased demand for managerial skills
- Limited job polarisation
- Challenge to match labour market supply & demand
- E&T providers tasked to equip graduates with appropriate combinations of specialist & generic skills

2. Gradual growth: all to play for?

- Drop in manufacturing.
- Increase in skills polarisation.
- Gender trends in labour market transitions can be harnessed to improve skills supply, but obstinate barriers to improving CVT remain.
- Disparities in labour market demand/supply.
- Education & training policy makers have to provide employability skills with less funding
- Shifting responsibility to employers and learners

3. Double dip and down: a bumpy ride

- Relative collapse of manufactured goods and services
- Job polarisation
- Little upscaling of innovation
- Increase of medium and highly qualified entrants to labour market
- Lack of funding limits government education & training reforms
- Shorter, more vocational qualifications become more attractive to learners.

Results of the consultation

1. Coherent & easy to understand – but link to EU 2020
2. Useful/somewhat useful for broad understanding & planning future skills demand & supply – but more nuance (sectors, migration, **country**)
3. Trends & drivers provide solid base – but (sometimes) jump to scenarios
4. Version A and B in each scenario helpful – but more detail (link E&T to strategies)

Conclusions and work for 2011

- Increase access to main conclusions of quantitative skill forecasting
- Tool to help policy makers decide on policy & strategy options
- Coherent links between trends, contexts & policies
- Work:
 - How to add more quantitative detail to the scenarios?
 - How to work with education & training policy makers to finesse a tool that they can find useful?
 - How to use at country level?