



VIEŠOSIOS POLITIKOS IR VADYBOS INSTITUTAS
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Forecasting skills demand and labour market dynamics in the Baltic States

Problem:

- Need to adjust E&T systems to labour market demand → high demand for forecasts;
- Relatively high supply of forecasts: in LT 2004 – 2009 more than 5 were developed;
- 2008 – 2010 crisis → forecasts became obsolete;
- How accurate are the CEDEFOP forecasts?

Success factors	The Baltics
Moderate economic cycles	GDP growth in 2009: EE - 13.9 %; LV -18 %; LT - 14.7 %
Historically strong competitive advantages	Large sectoral fluctuations
Reliable historical data	"Small country" syndrome
Absence of strong economic shocks	Very open economies
Enforceable labour market legislation	Rigid regulation, but highly flexible labour market.

Forecasting as walking in the dark under the guidance of yesterday sun.

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Logic of comparison

- ◀ • Compare CEDEFOP forecasts for 2008-2009 with yearly historical data from EUROSTAT;
- Assess the accuracy of forecasts (in %) by:
 - Sectors;
 - Occupation;
 - Qualification.
- Provide qualitative interpretation of findings.

No. of employed persons (thousands)			% difference between forecasts and actual data	
	2008	2009	2008	2009
Forecast EE	659.1	619.6	0.39 %	3.84 %
Actual EE	656.5	595.8		
Forecast LV	1.119.6	1.049.2	0.44 %	6.3 %
Actual LV	1.124.5	983.1		
Forecast LT	1.521.6	1.459.8	0.11 %	3.01%
Actual LT	1.520.0	1.415.9		

Forecasts by occupational group

- On average forecasts differ from actual data by 8 %.
- Largest discrepancies:
 - Technicians and associate professions in LT: large forecasted decline, but in fact considerable growth;
 - Elementary occupations were hit the hardest, forecasts too optimistic.

Country	AVG % difference between forecasts and actual developments
Estonia	6 %
Latvia	7 %
Lithuania	10 %

Forecasts by sector

- On average forecasts differ from actual data by 19% ▶
- Largest discrepancies:
 - Business & other services: forecasted fast growth, but in fact large (LV) or moderate (LT and EE) decline;
 - Manufacturing: rate of decline slower than forecasted;
 - Agriculture, etc.: stability or growth despite highly pessimistic forecasts.

Country	AVG % difference between forecasts and actual developments
Estonia	11.3 %
Latvia	32 %
Lithuania	12.5 %

Forecasts by qualification

- On average forecasts differ from actual data by 8.3%.
- Largest discrepancies:
 - Slower than forecasted growth of demand for highly qualified.

Country	AVG % difference between forecasts and actual developments
Estonia	4.6 %
Latvia	11 %
Lithuania	9.4 %

Summary of findings

- Despite the “unforeseeable impact” of the crisis, the forecasts are surprisingly accurate;
- The more detailed breakdown of demand, the less accurate are the forecasts;
- Growth of demand for highly qualified in high value-added service sectors seems to be overstated.