How to anticipate skill and training needs by 2020: a regional point of view. A model to help decision-making

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Research question
How to anticipate skill and training needs by 2020 and allow helping decision-making that is shared collectively?

Projections leaning on collective knowledge

The ORFE has developed a model to anticipate skill and training needs by 2020, which can be defined as a model to help decision-making. It aims at presenting a method that can be understood by all stakeholders, so that the results do not seem like ‘expert works’ and can be used as basis for a collective reflection: each stakeholder taking part to the working group (Regional Council, public administration (education, labour, employment, ...), social partners, sectors, training organizations, ...) must be able to understand how the model is built and to quickly appropriate the results.

That is why the method to calculate employment projections is simple: we put on the employment in 2007 an annual average growth rate until 2020.

The central hypothesis of this forecasting model is that ‘all things being equal, the trends go on, except for the events that could diminish, accentuate or reverse them’.

We built from this hypothesis three projections based on three hypotheses:

1. A trend hypothesis that continues the long-term trend observed between 1999-2007, it is the most favourable hypothesis for the region

2. A central hypothesis, from the growth observed between 2001-05, scenario of stability

3. A crisis hypothesis that continues the trend observed between 2007 and 2009.

The fact that we continue the trends observed in the recent times allow us to think on the impact of crisis and boosts on the employment volume and training needs, but also to be a base to make stakeholders think together. They all have memories of what happened before, their own analysis of the causes and consequences that they all need to share to build an analysis of the process that occur during cyclical changes and the impact of such changes on long periods.

The first phase is about estimating employment. Then we calculate net job creations (difference between employment estimated in 2020 and employment in 2007) and we add retirement estimations in 2020 (2 hypothesis: retirement at 62 years old or 65 because of the French reform on retirement), in order to obtain net recruitment needs.
A model that allows a monitoring of decisions

Each decision needs time to produce effects and as soon that it products it, it contributes to modify the initial context: this model gives the possibility to follow the impact of decisions, in order to be able to modify them in case it would be needed.

We can indeed estimate at any time according to the same method employment for a given year and compare it with the level really observed that particular year. We keep the same hypothesis ‘all things being equal, the trends continue’ and what changed can be linked to the measures that are taken, and therefore we can evaluate the results and how the objectives have evolved. But unexpected events can happen and create perverse effects that we identify. This then allows correcting the measures to keep a same objective or change objective.

We therefore managed to validate our model by projecting employment in 2005 and 2007 and by comparing with the results actually observed. We observed that all things being equal, the results meet the forecasts. When differences appear, they are either linked to cycles, either to certain measures taken by stakeholders.

The results

Employment projections show an increase of the impact of growth and no-growth on employment. Variations are stronger, which increase difficulties, given that job suppressions are more and more important in crisis period, whereas recruitment needs are also very strong as soon as growth comes back, because job creations are added to retirements that are more and more important, linked to the active population ageing.

Thereby the results show few differences with the Cedefop results:

1. An increase of the high and medium-skilled active population,
2. A decrease of the low-skilled active population,
3. An increase rate of the active population that is higher for women than for men, women are more skilled than men.
4. Gaps between recruitment needs and school leavers,
5. Persistent tensions.

Our results show that the impact of cyclical variations is very important. Tensions on some jobs can indeed seriously handicap the ability of boosting in some sectors, especially for industrial sectors, that are crucial in the Centre region because we are the 6th industrial region in France.

The issues at stake in terms of training are not neutral: how to organize long-life learning for higher qualifications, in order to ensure the ‘safety’ of paths for young school leavers? It appears indeed more and more certain that they will go through a succession of employment and non-employment periods according to cyclical phases.