

ROA's labour market forecasting approach: Beyond manpower planning

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Presentation at Skillsnet workshop 'Anticipating Europe's skill needs'
2-3 November 2006, University of Warwick





**ROA
congratulates
IER**



The traditional manpowerplanning approach

- ☞ Parnes manpower requirement model (Parnes, OECD, 1962)

- ☞ Objections:

Mechanical concept (no substitution and adjustments; see Blaug, *Econ. Journal*, 1967)

Poor datasets for estimating the model

Planning is instrumental in a command economy



ROA approach (1)

See: Cörvers, Heijke, de Grip, in Neugart, Schömann (eds), 2002

General points of departure:

A transparent labour market is instrumental in a competitive economy

A scientific approach in a scientific environment

Regular innovation of models

Publication of methods and models

Regular evaluation of forecasts (Dupuy, *ROA-W-2005/1E*)



ROA approach (2)

Methodological aspects

Types of occupation and types of education classified by 'distance' (see for occupation: de Grip, Groot, Heijke, *Environment and planning A*, 1991, and for education: Heijke, Matheeuwsen, Willems, *Educ. Economics*, 2002)

Allocation of types of education to occupations is driven by relative scarcities and comparative advantages (see: Borghans, Heijke, *Labour*, 1996, and: van Eijs, Heijke, in Heijke, Muysken (eds), 2000)



ROA approach (3)

Technological innovations change the occupational structure of industries and the up- and downgrading of education

Replacement demand has to be distinguished beside expansion demand (see: Willems, de Grip, *Intern. Journ. of Forecasting*, 1993)



ROA approach (4)

The discrepancy concept:

A proxy for the intensity of the adjustments to be made to balance expected supply and demand (see: Wieling, Borghans, *Labour*, 2001)

A useful concept as long as type and intensity of adjustments by occupational mobility, wage change, working time change etc. cannot explicitly taken into account (see: Cörvers, Heijke, *ROA-W-2004/4*)

