



Forecasting skill supply and demand in Europe: New scenarios and better tools

SKILLSNET TECHNICAL WORKSHOP

25-26 October 2010, Bratislava Workshop summary and conclusions

The workshop was organised by the European Centre for the Development of Vocational Training (Cedefop), within its network of experts on early identification of skill needs 'Skillsnet'. Co-organising and hosting body was the Ministry of Labour, Social Affairs and Family, Slovak Republic.

Participants: 39 experts from 20 countries attended the workshop.

BACKGROUND TO THE WORKSHOP

This workshop is part of a series of workshops organised by Cedefop since 2005 to support the development of a system for regular pan-European skill needs forecasts. This system is now a reality, but there remains much work to be done to build on the foundations established over the past few years and to draw upon the wealth of knowledge and experience at national level.

Cedefop's ongoing programme of research has been entrusted to a team comprising the IER, CE, ROA and AM, with help from various others. The research being undertaken is building on the foundations established in the period since 2005, beginning to establish a robust system for projecting both skills demand and supply at a pan-European level, as well as exploring the implications of these for skill imbalances and mismatches.

WORKSHOP RATIONALE AND OBJECTIVES

This workshop aimed to take the process described above a further step forward, focusing on further improvement and developing new scenarios using the tools established so far. The workshop provided an opportunity for Skillsnet country experts to comment on the latest developments of methodology and model improvements, as well as helping to shape future work priorities.

The workshop:

- presented an overview of the work carried out by the research team to date in 2010, focusing on the new scenarios that have been developed, as well as the lessons learned from various technical modelling and related tasks;
- three working group sessions, as well as general plenary discussions, provided opportunities to discuss in detail these methodological developments and the likely scenarios facing Europe over the next few years;

- as in previous workshops the aim was to involve country experts closely in the process, drawing on their general knowledge and expertise, as well as obtaining additional country specific insights.

WORKSHOP STRUCTURE AND WORKING METHODS

This second workshop of 2010 followed a similar structure to that in June, giving opportunities to hear about all of the work being carried out in 2010 work programme. Papers summarising the latest work were circulated in advance. Participants were given an opportunity to comment on these in detail and to contribute in general to the methodological development of the project. As in June, a substantial part of the workshop was dedicated to small group sessions facilitated by Country Group Experts.

WORKSHOP SUMMARY

The workshop was opened by Ms Lucia Panikova – the director of Analytical centre in the Ministry of Labour and Social Affairs on behalf of Ms Lucia Nicholsonova – the State Secretary of the Ministry. She expressed her pleasure in hosting the latest Skillsnet technical workshop on the forecasting. After this welcoming address, Rob Wilson gave an overview on the work done in 2010, and short introduction to working methods.

Hector Pollit presented the overall development of the new baseline scenario. The main focus has been to add in the most recently available macroeconomic and sectoral data. The latest data confirm that the impact of the of global crisis on the labour market has been serious but not as negative as some commentators expected. The main impact to date has been recorded on the demand side. The impact of the crisis on the labour supply side has been more limited. New benchmark serves as the base for developing the a “quick update” of the detailed forecasts.

Tom Leney presented his input on the development of qualitative scenarios. He presented an overview on 100 trends important for education/training and the labour market in the near future. He combined these trends to produce three different possible qualitative scenarios, with two variants of each. These draw upon the quantitative results but also begin to explore their implications for policy makers in particular. The need for broader discussion on these trends amongst other Cedefop colleagues, as well as the other stakeholders and possible users, was expressed.

The second morning session was dedicated to presentation of the latest developments in modelling tools presented by Ben Kriechel and RobWilson. The presentation consisted of three parts. In the first part, the new development of the replacement demand modelling was presented. Two different methodologies were compared – the cohort component and cohort panel data. Cohort-component methods yield comparable results in the net flow estimates to those of cohort panel data. The panel data method is methodological superior and offers more possibilities to include underlying reasons for outflows. However, such data are not available on a pan-European level. The second part described the developments in incorporating skill upgrading to the modelling exercise. Skill upgrading is an important element and ideally should be incorporated into skill forecasting frameworks. On the other hand there are still major data problems in replicating this pilot exercise at a more detailed level across all countries. There are only few countries with sufficient data, and price indicators are still an unstable factor for many countries. The last part of Ben’s presentation was focussed on supply and demand interaction and imbalances. The methods for calculation the final labour market imbalances were discussed. The proposed indicators for measuring imbalances were described too. Rob Wilson also presented the results of modelling development of the demand for and supply of skills, focussing on the feasibility of using a stock-flow model of supply, based on European LFS data. The results suggest that this offers some advantages compared with the existing modelling based on trends in patterns in the

stocks. However there are (as usual) some concerns about data quality. These presentations were followed by Working groups session where individual country experts presented their view and opinions on the presented topics. The working groups were facilitated by Country Group Experts and team members.

The afternoon session was focused on presenting the results of some other tasks which represent important inputs to the general modelling framework. Simonas Gausas (PPMI) presented an input on migration and its impact to European skills mobility. He presented the results of the first pilot study on four selected countries focusing on migration with different aspects. One of them was expected impact of global crisis to the migration flows from and to particular countries. However, future exploratory work is needed for possible integration to the general modelling framework.

The input on occupational profiles and international comparison of skills classification was presented by Martin Lepic (EPC). In the first part, a comparison of results and overlaps with the forecasts of Cedefop, Prognos and BLS were presented. The potential for translation of the Cedefop forecast to generic skills and *occupational skills profiles* was presented in second part. Complete country workbooks with direct links to generic skills and occupational profiles will be delivered to Cedefop by the end of 2010.

A crucially important task of the project is dealing with different data sets and creating a single database usable for the purpose of the modelling exercise. This task has been the responsibility of Alphametrics (AM). Results were presented by Robert Stehrer (AM). His presentation was focussed on difficulties of setting up a single database. The possibility of incorporating the fields of study and interconnection with the occupations, fields of study and qualification levels were presented too. It was concluded that relative supply is important determinant for demand structures even for detailed occupations, however correlation varies across occupations. A similar relation appears when looking at field of study (education/training programmes) The final part of the day one was dedicated to a second working groups session, facilitated by Country Group Experts, which discussed these issues in greater detail.

The first morning session of the second day started with presentation of quantitative and qualitative assessment of our work. The key message from quantitative evaluation is that crisis dominates this exercise, both as an input and in the modelling. The main impact of the crisis is considered on the short term, and due to lack of data the evaluation is rather complicated. The most important message is probably, the fact, that the long run trends remain broadly unchanged, with a few exceptions in particular sectors. To better understand the long term effect, the trends should be under permanent investigation and the exercise will need be revisited as further data become available on the evolving situation. The qualitative evaluation was based on a survey which was organised by ROA on behalf of Cedefop. The different aspects of usability of the forecast as well as reports were investigated. In general the forecasts and supporting documents and data provided are enjoying considerable interest from the general public and from policy makers, as well as the research community. Further research based on the detailed results was reported by most of the respondents as a key way in which our outputs are used. This was followed by use in helping to develop policy recommendations and cross country analyses. The current evaluation exercise is limited by the sample of responses, which some participants considered as rather low. The idea of repeating this exercise in the future was discussed. The presentations on evaluation were then followed by the last working groups session, which discussed these matters in further detail.

The final part of the workshop was focused on the presentations of some initial thoughts on the key findings from the working groups sessions, presented by four country group experts. The main results from the breakout sessions are summarised in separate country group reports.

The workshop concluded with a presentation and general discussion on completing the 2010 work programme and looking forward to 2011.

Expected timeframe for finalising this 2010 work programme:

- 15th November: Final feedback from Workshop participants
- 30th November: Final feedback from Cedefop to project team
- 18th December: Completion of Final drafts
- Early 2011: Final feedback from Cedefop and completion of reports, etc ready for general circulation
- Full set of reports and revised workbooks available in early 2011 (to be launched at expert conference organised by Cedefop in Thessaloniki on 17/18 February 2011).

WORKSHOP ASSESSMENT: SUGGESTIONS FOR IMPROVEMENTS

Overall the participants appreciated the workshop, its content and organisation. Amongst the most relevant issues the following were mentioned: migration, generic skills, both quantitative and especially new policy qualitative scenarios. Networking, discussions and input from country experts were also mentioned.

Based on the workshop assessment forms, the following suggestions for future were made by participants:

- to distribute all the workshop materials well in advance (at least one week before the meeting) to allow participants to get familiar with them;
- to provide updated country workbooks when available and, if possible, prior to the meeting;
- to re-think working group sessions - although they are very useful and appreciated - they might be better formed based on area of interest and expertise of the country experts rather than country location;
- to distribute country group reports to other workshop participants;
- to put more emphasis on reliability of data and attention to small countries;
- to always explain in various tasks the link to the main model of projection;
- to provide to experts better feedback on how their feedback was used;
- to enlarge the network of country experts (also for evaluation purposes)
- to circulate results (such as briefing notes) to wider government sector as they seem to be unaware of our work.

Cedefop is very grateful for this feedback and will seek improvements for future workshops based on the suggestions provided above. Some ideas can be implemented rather easily but others might need to be discussed in the next workshop with all participants.