



# Forecasts of skill supply and demand

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Session 1: Forecasting skills supply and demand  
in Europe – Presentation of new projections -  
2013 Validation Workshop: Thessaloniki ,4<sup>th</sup>  
October 2013

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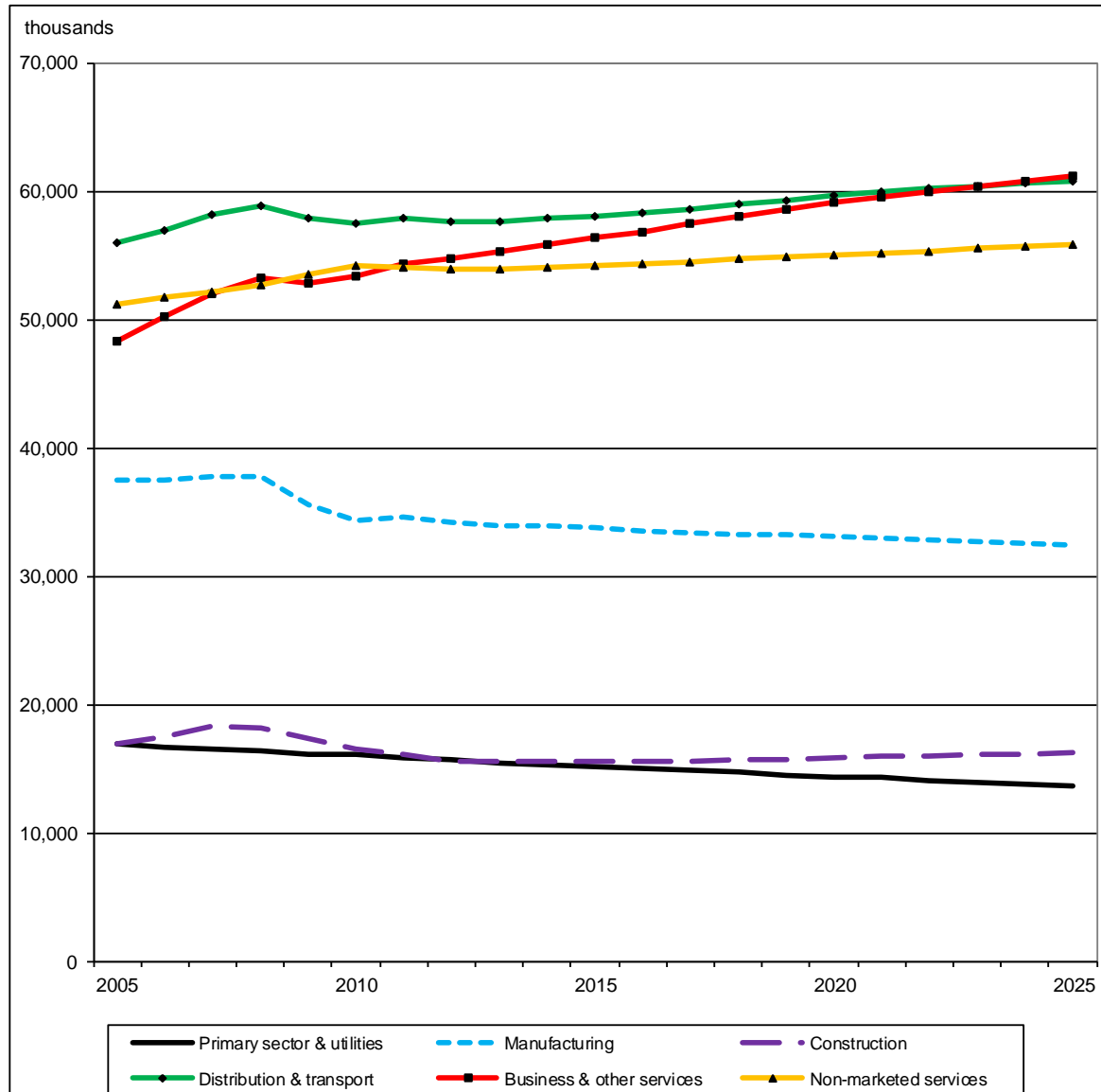
# Overview

- Measurement of skills supply and demand
- Sectoral change as a key driver
- Occupational change
- Replacement demands
- Qualifications supply
- Qualifications demand
- Reconciliation of the two
- Conclusions

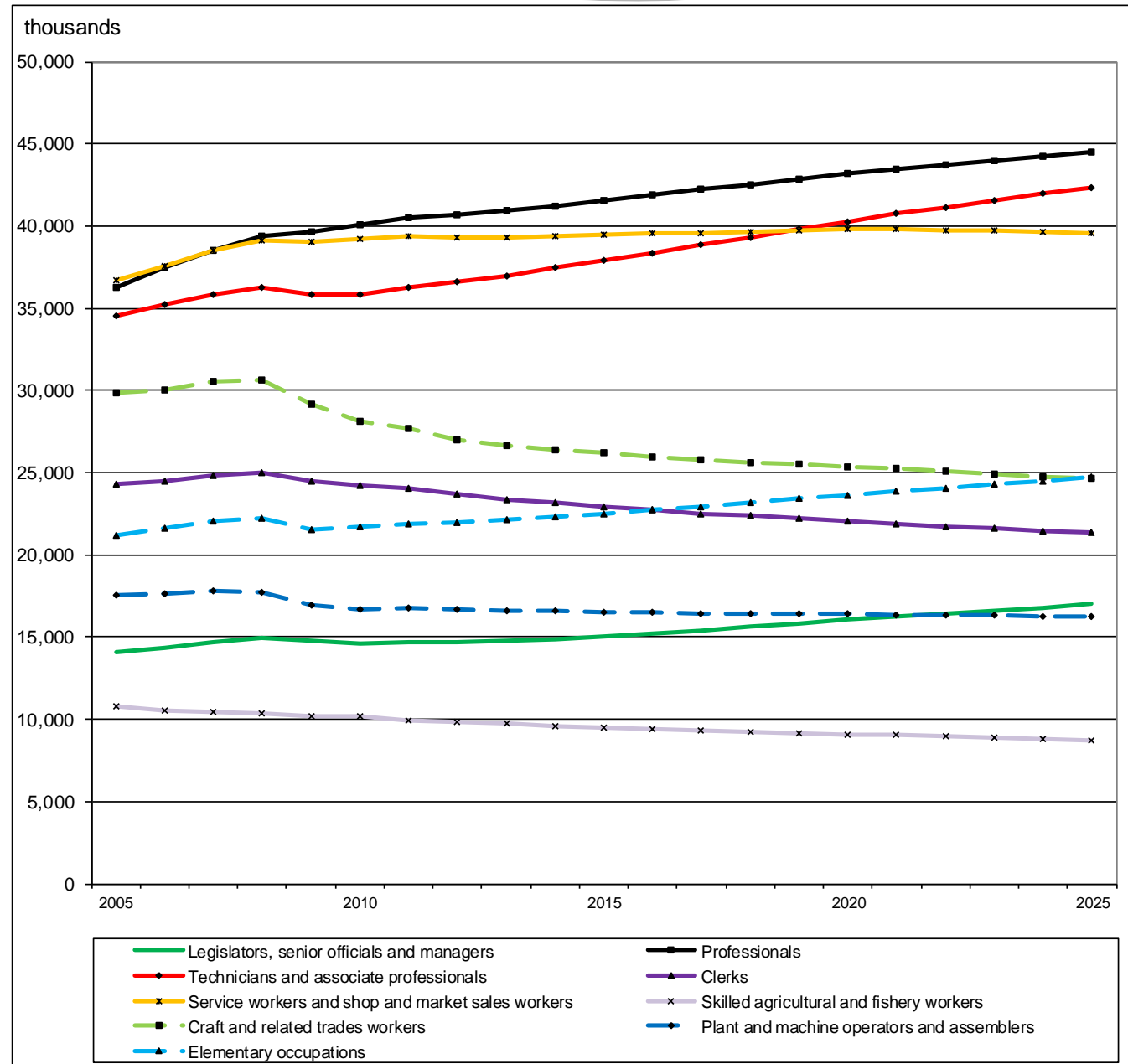
# Measurement of skills supply and demand

- Skills measured by occupation (ISCO) and qualification (ISCED)
- Demand proxied by employment
- Supply - economically active by highest qualification held (HQ, MQ, LQ)
- Shift to ISCO08 for classifying occupations

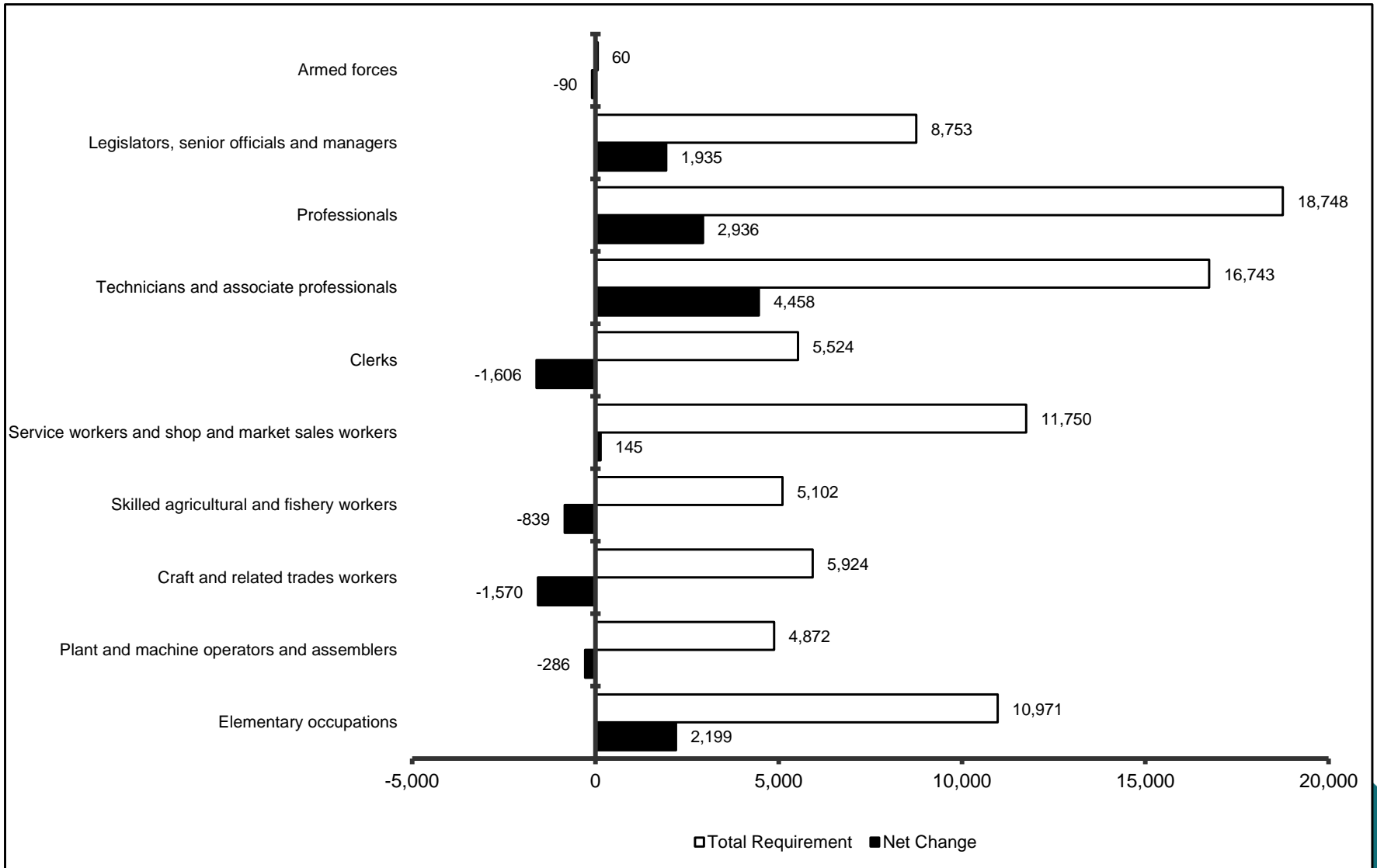
# Sectoral change as a key driver - Past and likely future sectoral employment structure (EU28+3)



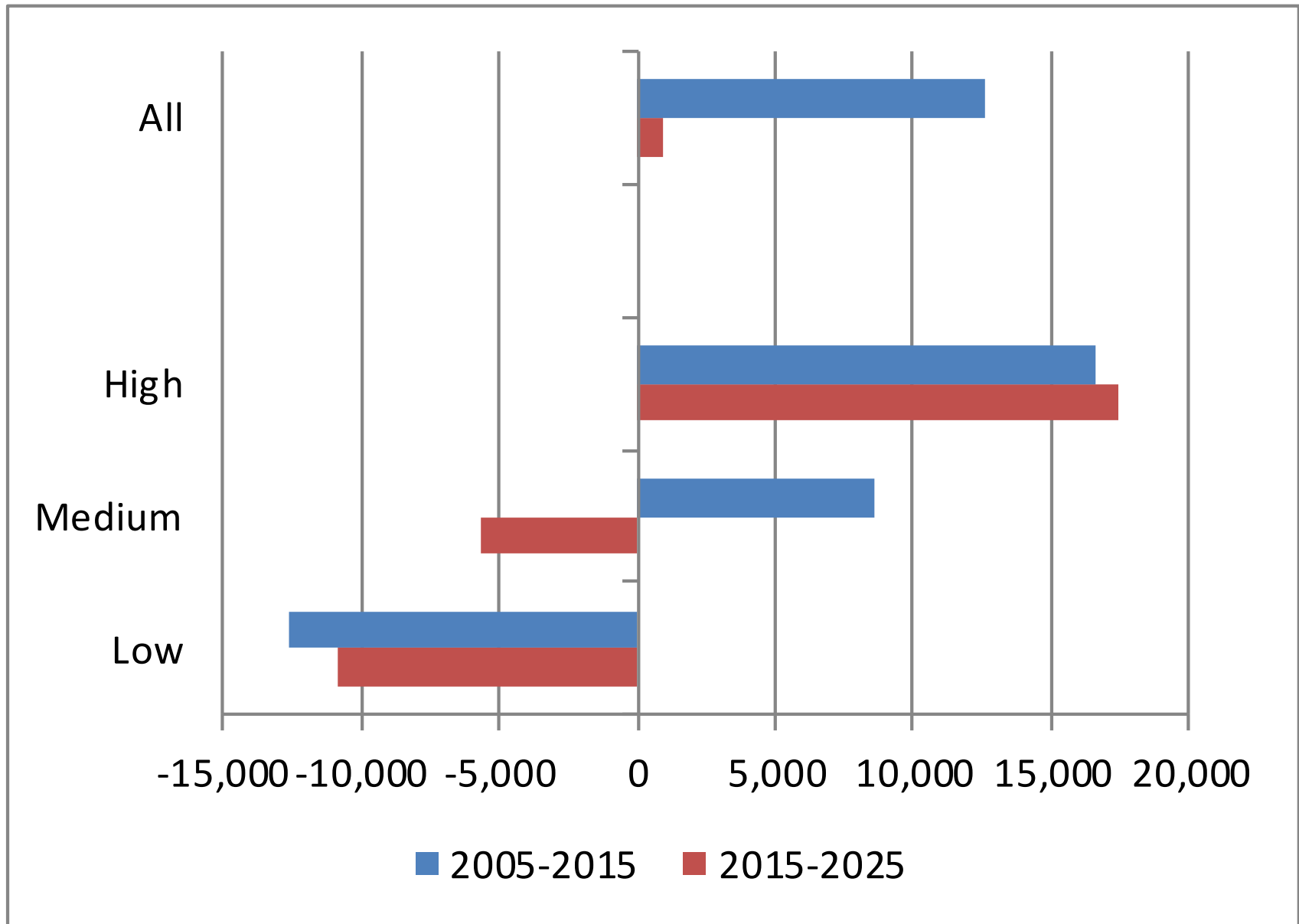
# Occupational change



# Replacement demands



# Qualifications supply



# Qualifications demand (unconstrained)

	Base Year <b>2010</b>	Projected Year <b>2025</b>	Net Change	Replacement Demand <b>2010-2025</b>	Total Requirement
<b>Levels (000s)</b>					
Low qualification	53,333	39,081	-14,251	17,374	3,123
Medium qualification	110,549	114,385	3,836	36,332	40,168
High qualification	68,069	86,615	18,546	27,460	46,006
All qualifications	231,951	240,082	8,131	81,166	89,297
				as a proportion of base year (%)	
			change (%)		
<b>Shares (per cent)</b>					
Low qualification	23.0	16.3	-26.7	32.6	5.9
Medium qualification	47.7	47.6	3.5	32.9	36.3
High qualification	29.3	36.1	27.2	40.3	67.6
All qualifications	100.0	100.0	3.5	35.0	38.5



# Reconciliation of the two

	Base Year <b>2010</b>	Projected Year <b>2025</b>	Net Change	Replacement Demand <b>2010-2025</b>	Total Requirement
<b>Levels (000s)</b>					
Low qualification	49,752	40,877	-8,874	17,374	8,500
Medium qualification	115,482	114,423	-1,058	36,332	35,274
High qualification	66,717	81,718	15,001	27,460	42,461
All qualifications	231,951	237,019	5,068	81,166	86,234
			change (%)	as a proportion of base year (%)	
<b>Shares (per cent)</b>					
Low qualification	21.4	17.0	-17.8	34.9	17.1
Medium qualification	49.8	47.7	-0.9	31.5	30.5
High qualification	28.8	34.0	22.5	41.2	63.6
All qualifications	100.0	98.7	2.2	35.0	37.2

# Conclusions & Key results

- Possible to produce useful results using ISCO08
- *Labour supply*: expanding but also ageing
- *Employment*: rising slowly, constrained by supply
- *Unemployment*: falling slowly but persistent in some parts
- *Macroeconomic uncertainties*: will austerity restore Eurozone stability?
- *Sectoral change*: significant change but in line with past trends (relentless shift from primary and manufacturing towards services)
- *Skill Supply*: increasing numbers with formal qualifications
- *Skill demands*: rising demand for skills but some polarisation
- These changing patterns are common across most countries, with common drivers
- *Replacement needs*: Even in areas where employment levels are falling
- *Imbalances and mismatches*: problems remain but markets will adjust if allowed to operate freely

# Further information

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