



**CEDEFOP**

European Centre for the Development  
of Vocational Training



# The role of forecasting models in skills and labour market policies

**Jiri Branka**

[jiri.branka@cedefop.europa.eu](mailto:jiri.branka@cedefop.europa.eu)



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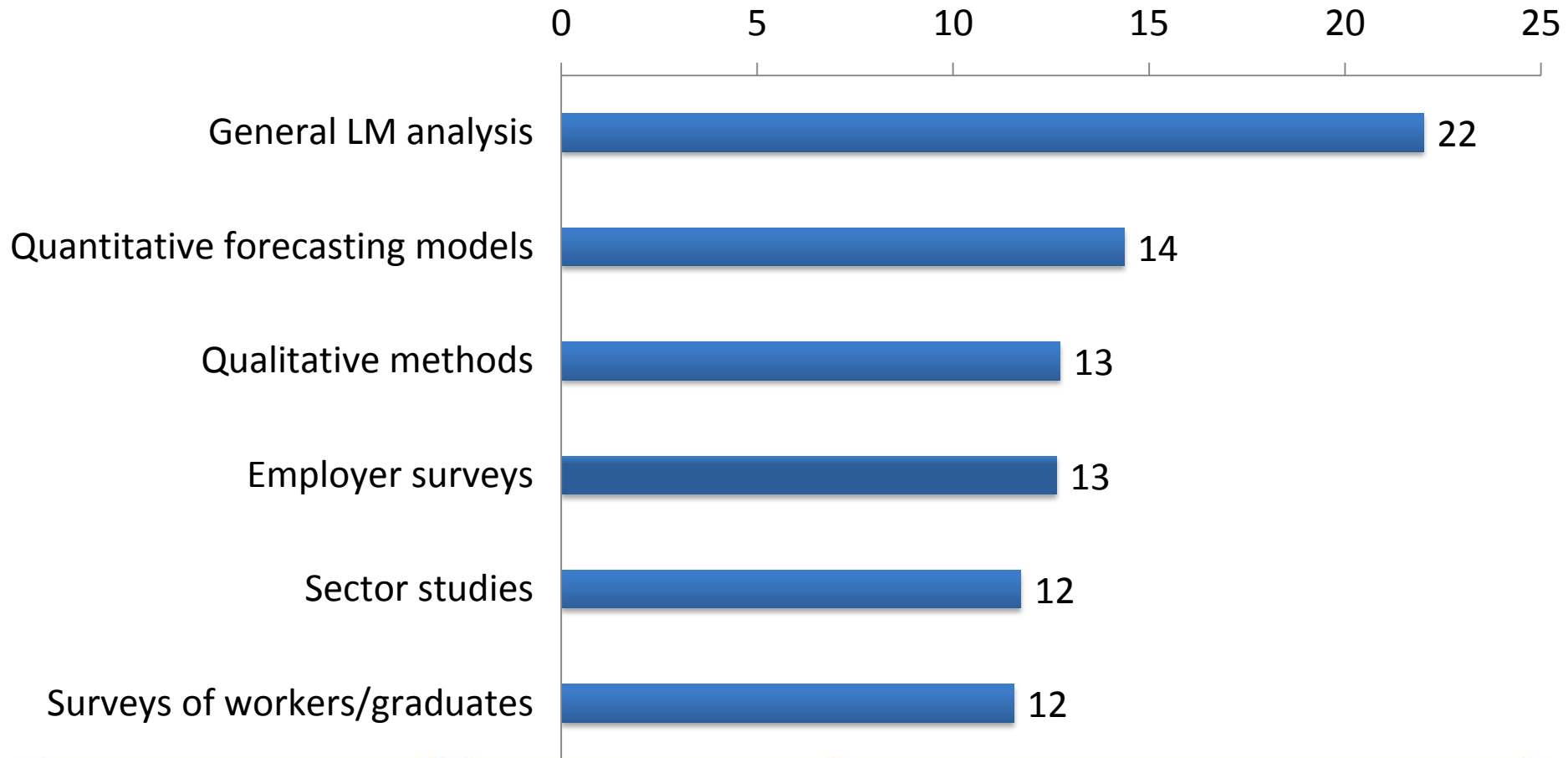


BoE forecasts 2% growth.

If economic circumstances identical to today were to prevail on 100 occasions, the MPC's best collective judgment is that the mature estimate of GDP growth would lie above 2% on 50 occasions and below 2% on 50 occasions.

**MINOUCHE SHAFIK: [“Restoring Trust in Expertise”](#)**

# Skills anticipation methods in the EU





European Commission

# A NEW SKILLS AGENDA for Europe



XLSX PDF

PERIOD (FROM - TO):

2015 - 2025

COUNTRIES:

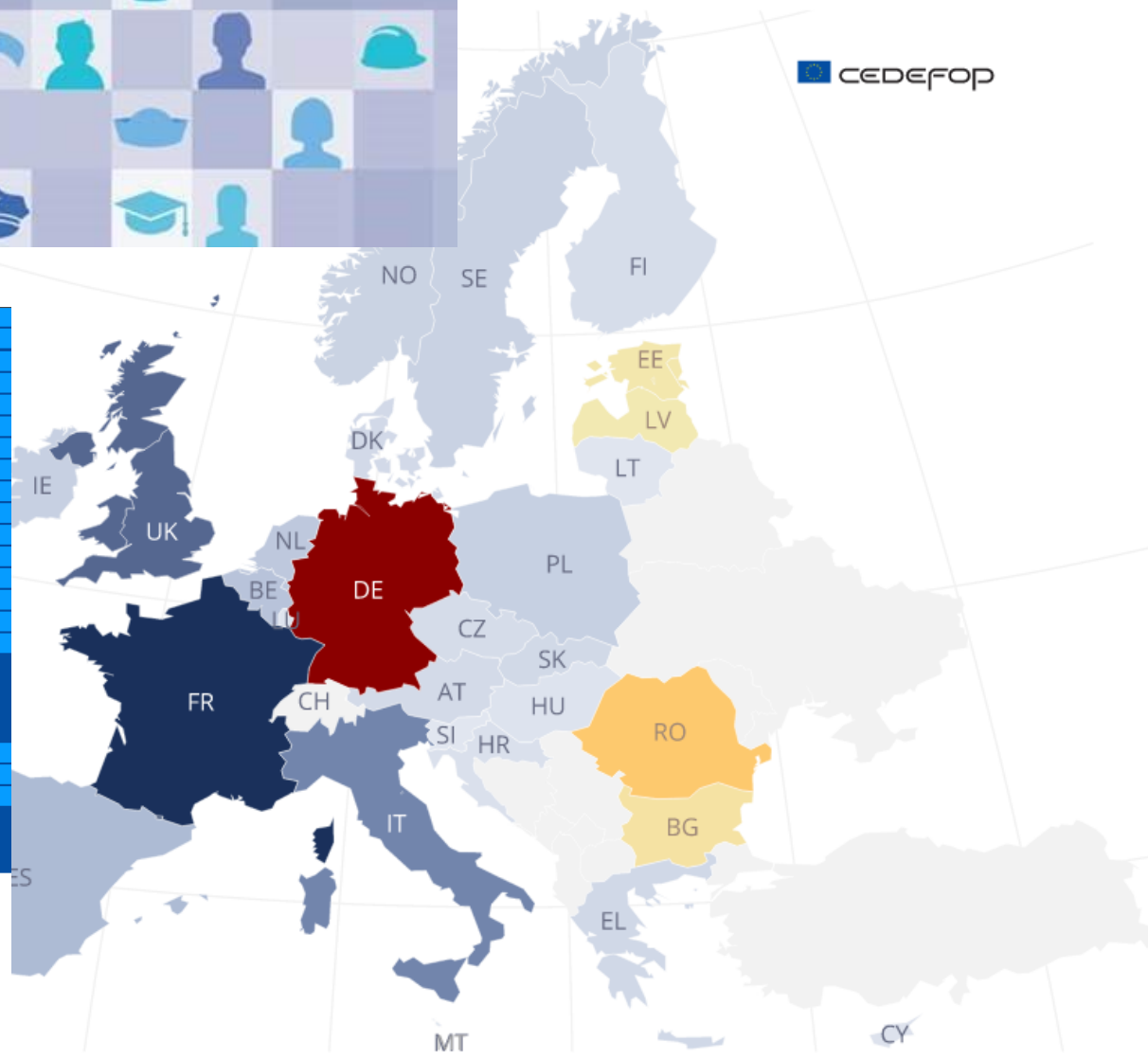
EU28+

CEDEFOP

RESEARCH PAPER

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## Future skill needs in Europe: critical labour force trends





# SKILLS PANORAMA

*Inspiring your choices on skills and jobs in Europe*



## Datasets

Find below an alphabetical list of all the different datasets currently included in the Skills Panorama with links to their corresponding indicators.

**Cedefop Skills Forecast**



**European Skills and Jobs Survey**



**Labour Force Survey**



**Making Skills Work Data**



**National Accounts**



**PIAAC**



**PISA**



## 2016: Forecasting models in EU Member States

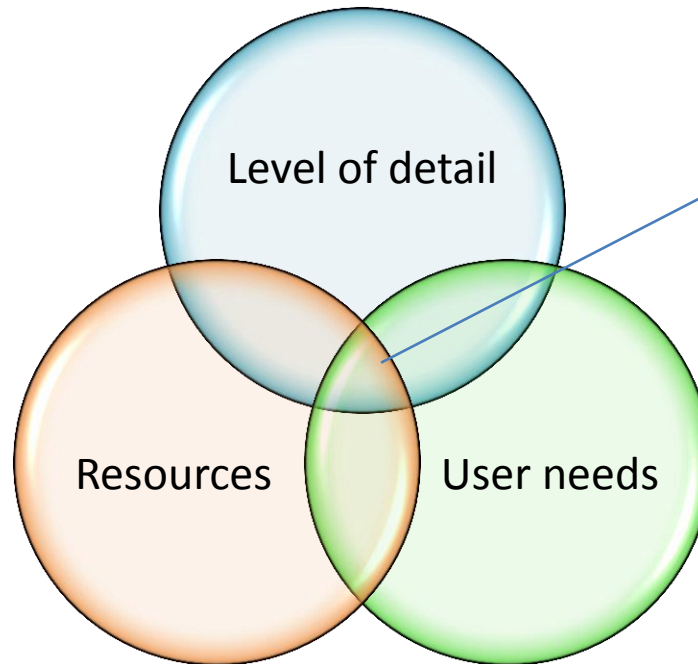
- Every country has a model or is developing one
- Mostly recurring activity
- Two countries use Cedefop forecasting model
- New EU Member States mostly rely on ESF funding





# What influences the role and impact of forecasting models?

**That uneasy intersection ...**



Is there anything inside?

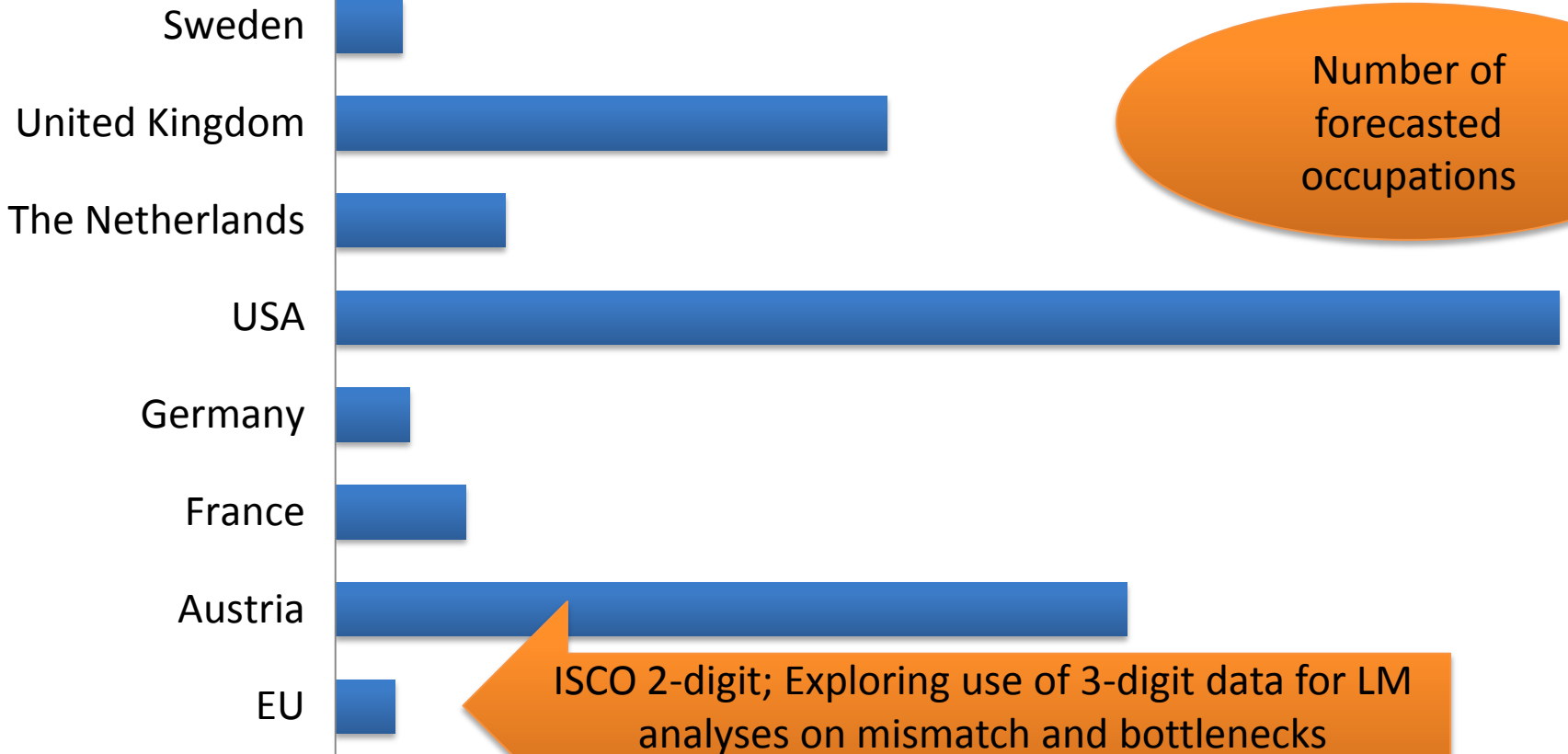
Level of detail

Resources

User needs

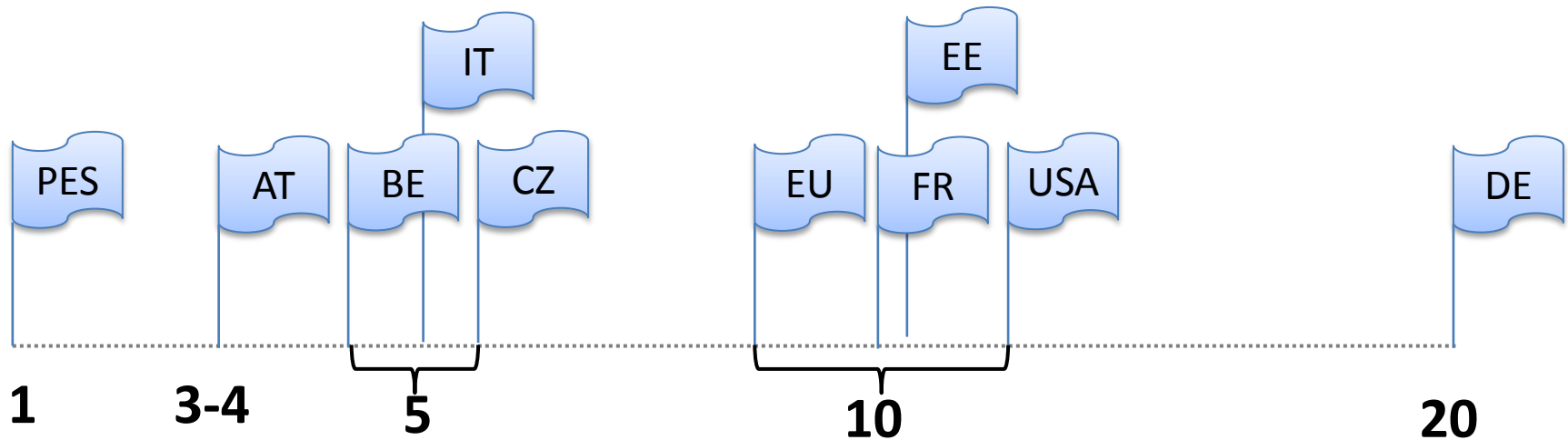
# How detailed can we be?

0 100 200 300 400 500 600 700 800 900





# Short-term vs. long-term



# What can models say?

- Expansion demand and replacement demand =
- Estimates of net requirements
- Top growing jobs & industries
- School leavers outlook
- Skills mismatch outlook or labour market imbalances
- Regional forecasts
- Scenarios



# Potential users

**STRATEGIC  
RESPONSIBILITY**

**POLICY MAKING  
MANDATE**

**SOCIAL  
PARTNERS**

**LEARNING  
PROVIDERS**

**LABOUR MARKET  
INTERMEDIARIES**

**INDIVIDUALS &  
EMPLOYERS**



# How can be outcomes used?

## TO SUPPORT LABOUR MARKET INTELLIGENCE

- Provision of information to actors / users
- Limited interpretation or involvement in decision making
- “Helping users to make better choices”



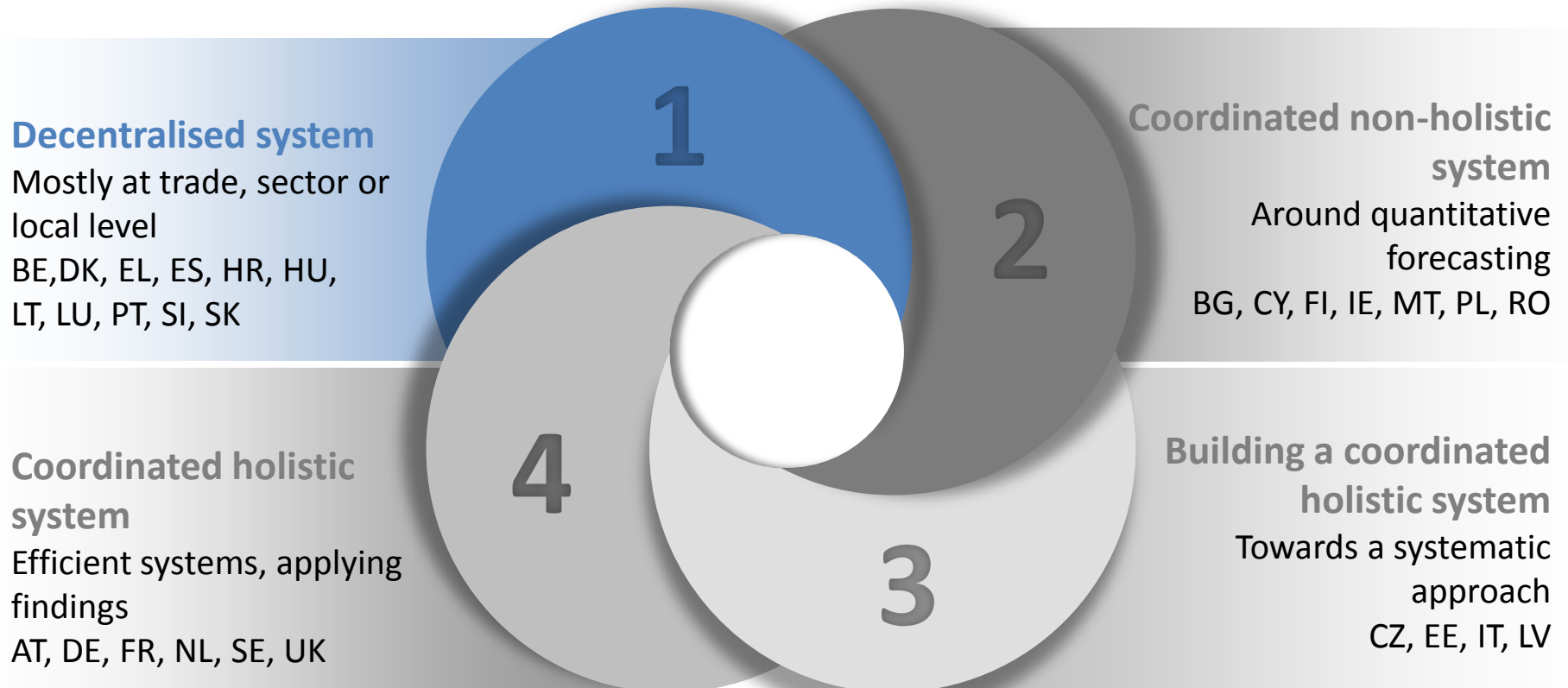
## TO LEAD DIRECTLY TO DECISIONS IN EDUCATION / LABOUR MARKET POLICIES

- Directly feeding into discussions on curriculum content, capacity of VET courses etc.
- Directing people towards development of identified priority skills



**EXTENT OF THIS INFLUENCE MOSTLY UNCLEAR THOUGH!**

# Role of forecasting in anticipation systems



Disclaimer: Only rough indication of mainstream types of systems based on available information.

# Identified challenges



**CLINTON**  
**98.0%**

**TRUMP**  
**1.7%**



We simulated a Nov. 8 election 10 million times using our [state-by-state averages](#). In **9.8 million** simulations, Hillary Clinton ended up with at least 270 electoral votes. Therefore, we say Clinton has a **98.0 percent** chance of becoming president.

“Overconfidence of forecasters”

A need to pass a simple message dwarfs uncertainties of modelling

# Identified challenges

Involvement of stakeholders in development and validation of forecasts  
(low stakeholders' buy-in)

Weak assessment of needs of potential users – why and how should they use forecasts?

Mistrust in forecasts in the light of prediction failures  
(2008 crisis, Brexit, Trump)

Assessment of forecast impact on users' actions mostly not carried out

# Identified challenges

Role of skills intelligence in career guidance often limited

“Current prospects of local jobs more valuable than future prospects of national occupations”

Training providers refuse to change their offer on the basis of forecast because of costs associated with the change

Assessment of forecast accuracy not possible – economy forecasters “makers of the future”





# How are models misunderstood?

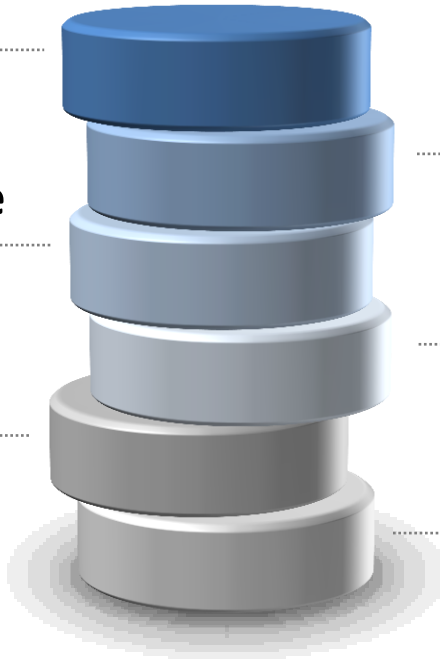
- Forecasted employment growth is not equal to great job opportunities ...
- ... and vice versa. How users understand replacement demand?
- Forecast is not a tool of manpower planning
- Net requirements difficult to assess on the basis of stock model
- Education – occupation linkage may be quite weak

# What influences the role and impact of forecasting models?

Target groups

Skills anticipation governance

Funding and resources



Role of stakeholders

Skills anticipation aims

Quality of the data



# How to improve impact of forecasts?

Deep understanding of users and their needs

Involvement of stakeholders in development and validation

Managing of expectations and educating of users

Proper delivery of the message

Using forecasts in combination with other tools



**For more information:**

[jiri.branka@cedefop.europa.eu](mailto:jiri.branka@cedefop.europa.eu)

[www.cedefop.europa.eu](http://www.cedefop.europa.eu)

<http://skillspanorama.cedefop.europa.eu>

