

utilisation of skills and competences is certainly a potential problem for individuals, employers and society as a whole ⁽⁴⁾.

Implications

The results of Cedefop's forecast show that the occupational structure of Europe is moving towards knowledge and skill-intensive jobs. Policy-makers clearly need to ensure the best use of currently available skills. For instance, as women will be more qualified than men, measures should help to use their potential and provide better opportunities to reconcile work and family.

We also need to know more about what people really know and are able to do in particular jobs. Greater use of validation of non-formal and informal learning as well as lifelong guidance could support a better match of skills and jobs.

Europe needs to make sure its human resources can respond to the economy's needs. Policy must enable people to raise and broaden their skills. Upskilling is not just something that allows people to get a better job: it is also what enables them to shape the jobs of the future, and thus to actively contribute to an innovative economy.

Fast-developing nations such as Brazil, Russia, India, China (the so-called BRIC countries) are also aiming to increase their shares of high-level jobs. Europe has no room for complacency.

Skills forecasting just the beginning

Until recently, there was no system for making consistent skills projections at European level. Cedefop has put in place a firm foundation for such forecasts which will be updated every two years.

Anticipation of changing skill needs lies at the heart of Europe's New Skill for New Jobs agenda. The new Cedefop forecast of changing skill demand and supply up to 2020 updates the forecasts carried out in 2007/08. It applies new data and improved methods to estimate the medium-term impact of the financial crisis of 2008, and the subsequent recession.

The forecasts can be further improved in many ways. There is a need to improve data sources, develop new surveys and to study occupational requirements in more depth. Cedefop will continue to improve the forecasts through research into skill mismatch, sectoral skill needs, in particular the demand for green jobs and by developing and piloting a new European employer survey on skill needs.

More data, analysis and information can be found in: Cedefop. *Skill supply and demand in Europe: medium-term forecast up to 2020*. Luxembourg: Publications Office (forthcoming spring 2010)

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⁽⁴⁾ Cedefop. *The skill matching challenge – analysing skill mismatch and policy implications* (forthcoming 2010).

Jobs in Europe to become more knowledge- and skills-intensive

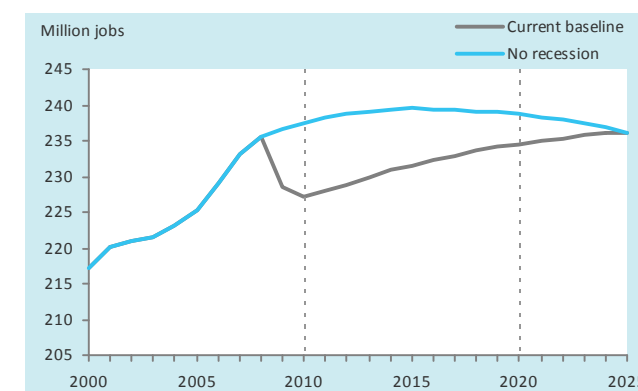
Europe needs to make better use of people's potential

The economic crisis has had a dramatic impact on the European labour market. Even in the best case, it is likely that employment growth in Europe will only recover gradually over the next decade.

But there is also good news for Europe's employment prospects. According to Cedefop's latest forecast of the skills demand and supply ⁽¹⁾ in Europe ⁽²⁾, around seven million more jobs will be generated by 2020 (new jobs created less jobs lost elsewhere) than there are today – despite the recession. In addition it is estimated that another 73 million job opportunities will be created due to the need to replace workers who, for example, retire or change jobs. Consequently, the total number of job opportunities over the next decade is projected to rise to around 80 million.

The question is, do we have the right skills to fill them?

Table 1: Impact of the recession on employment (EU-27+) ⁽³⁾



⁽¹⁾ The project is supported financially from the Progress programme – European community programme for employment and social solidarity (2007-13), managed by the Directorate General for Employment, Social Affairs and Equal Opportunities of the European Commission.

⁽²⁾ The new forecast covers 29 European countries (EU-27, Norway and Switzerland); it is referred to as EU-27+.

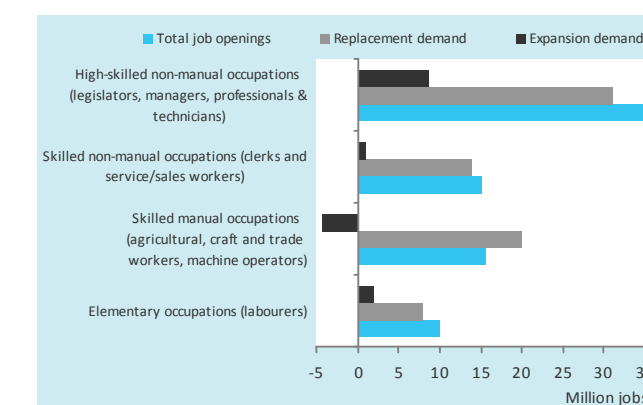
⁽³⁾ Figures for 2008 and 2009 are estimates.

Even though new jobs will be created, it is estimated that today there are 10 million fewer jobs than were expected before the crisis. Assuming a modest recovery, employment in 2020 may reach just below its peak of around 235 million in 2008 (Table 1).

More knowledge- and skill-intensive occupations

Although there will be job openings for all types of occupations, in line with recent trends, most new jobs, projected to be around 8.5 million, will be in knowledge- and skill-intensive occupations, such as high level managerial and technical jobs (Table 2).

Table 2: Future job opportunities (EU-27+)

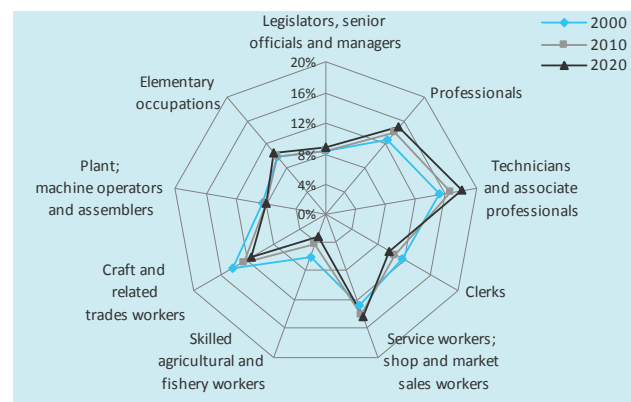


The number of skilled non-manual workers is not expected to increase significantly, but the structure of jobs within this group is expected to change. While demand for occupations such as office clerks is estimated to fall by around a million, demand for occupations in service activities such as sales, security, catering and caring may increase by more than two million.

At the lower end of the skill spectrum, demand for elementary occupations is expected to increase by around two million. But over four million job losses are forecast for skilled manual workers. Many of these are

likely to be routine jobs replaced by new technologies. These changes signal a risk of job polarisation, with increased demand at the upper and lower ends of occupations, and decreases or stagnation in the middle (Table 3).

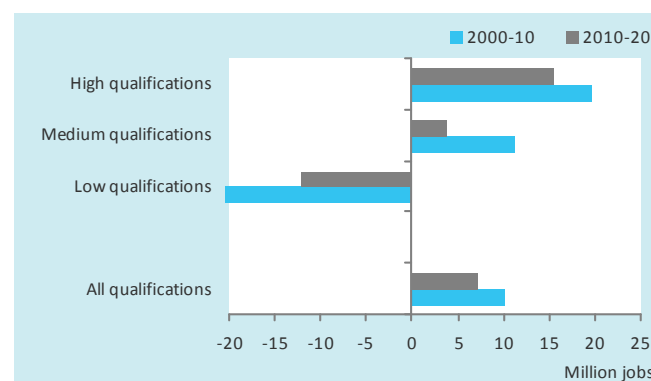
Table 3: Changing occupational structure (EU-27+)



A higher demand for qualifications

The projections suggest that the demand for skills (as measured by formal qualifications) is likely to continue rising. The nature of industrial and technological change is increasing the demand for the highly- and medium-qualified groups, but at the expense of the low-qualified (Table 4).

Table 4: Demand for qualifications, net change (EU-27+)



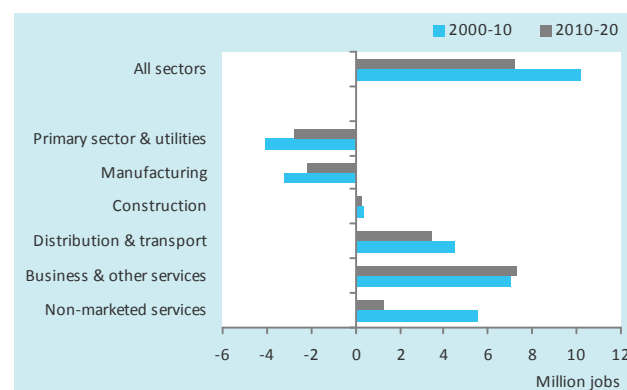
In practice, the supply of skills also affects employment patterns. The projections of employment by qualification assume that historical trends will largely continue. This means that demand continues to grow for highly- and medium-qualified people even in lower-level occupations, while the demand for those with low (or no) formal qualifications continues to fall. This also leads to upskilling in many jobs previously occupied by low-qualified people.

As a result, demand for highly-qualified people is projected to rise by over 16 million, while demand for low-skilled workers is expected to decline by around 12 million. The share of jobs requiring high-level qualifications will rise from 29 % in 2010 to about 35 % in 2020, while the number of jobs employing those with low qualifications will fall from 20 % to 15 %. The share of jobs employing those with medium level qualifications will remain significant, at around 50 %.

A continuing trend towards jobs in services

Recessions usually hasten sectoral change. However, the move towards a service economy and away from primary and basic manufacturing activities is projected to be similar to pre-crisis trends.

Table 5: Sectoral employment change (EU-27+)



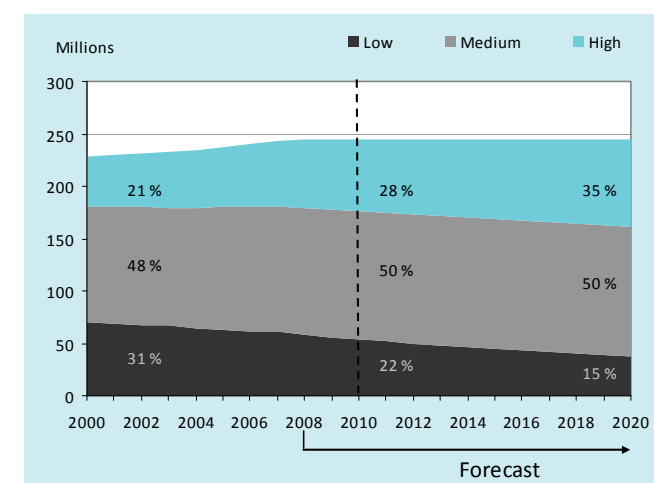
A further substantial decline in employment in primary industries is forecast, with a loss of around 2.5 million jobs, especially in agriculture. Another two million job losses are expected in manufacturing and production. The main areas of employment growth with around seven million jobs are services, especially marketed services. Significant increases are also expected in distribution and transport. Employment growth in nonmarket services such as health care and education will be offset by reduced labour demand in public administration due to public budget constraints (Table 5).

Will Europeans have the right skills?

Labour supply by qualification level is largely predetermined by demography and educational and training decisions already made. Most people aged 15 and 24 are still acquiring qualifications.

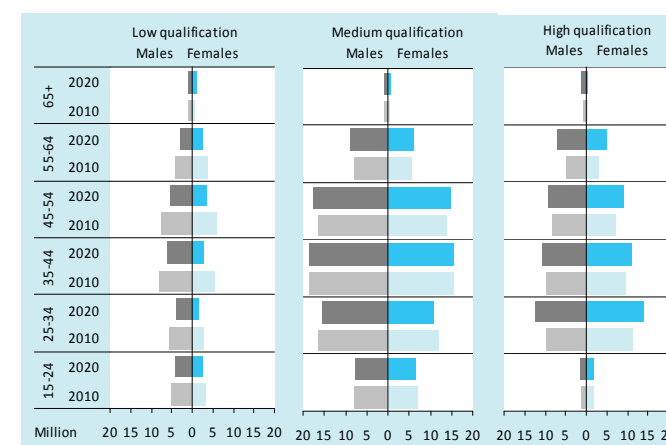
The number of people in the working population aged over 15 with high- and medium-level qualifications is to rise, with around 16 million more people expected to hold a university degree or equivalent. The supply of those with medium-level qualifications, mainly vocational, is expected to increase by much less, around one million – but they will still account for 50 % of the labour force. The low-qualified are projected to fall by around 15 million, as higher-qualified young people enter the labour market and many less well qualified older people leave it (Table 6).

Table 6: Supply trends by qualifications, labour force aged 15+ (EU-27+)



On average, women are expected to be better qualified than men in the future, although at medium qualification level the rates of increase are higher for men than women (Table 7). The fall in the number of people with low-level qualifications is expected to be sharper among women than men.

Table 7: Labour force by age, gender and qualifications (EU-27+)



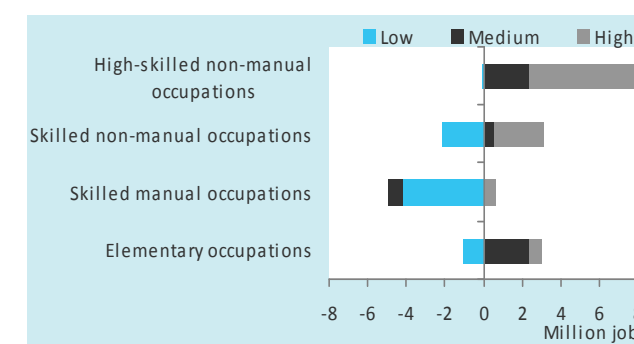
For those aged 25 and older, the numbers with high-level qualifications will rise sharply, with those aged between 25 and 34 experiencing the largest increase. The number of people having only a medium-level qualification is projected to decline for those up to 34 years old, but to increase for those aged 35+. This reflects the ageing of the labour force and the fact that younger people are generally better qualified. Those aged 55+ in 2020 will be more highly qualified than the same cohort today. Labour market participation rates among older age groups are expected to increase as the need, ability, or desire to work increases and working lives become longer.

The right skills for the right jobs?

Despite the recession, high- and medium-qualified workers still have more chance of finding better jobs than those with low qualifications. But forecast results also suggest that many people with higher- and medium-level qualifications will work in lower-level jobs. For some, this may be a temporary phenomenon (e.g. graduates taking up jobs in restaurants and bars); the longer it lasts, however, the more frustration it causes to those affected.

On the other hand, such mismatches can allow individuals to enrich their job in ways that employers may not have anticipated. Imbalances may also reflect increasing job requirements for many occupations which are not yet captured in traditional classifications.

Table 8: Demand change by occupational groups and qualifications, 2010-20 (EU-27+)



Results on imbalances should not be interpreted too literally. Trends in supply (towards a more highly educated workforce) and in demand (towards greater use of such people in employment) are hard to predict precisely, and interact in complex ways. In any case, other Cedefop research suggests that formal over-qualification is not a problem *per se*. But under-