European Commission

THE SHORT-TERM LABOUR FORECAST PROVIDES PES STAFF, PARTNERS AND CLIENTS WITH INFORMATION ON THE SHORT-TERM DEMAND TENDENCIES OF THE LABOUR MARKET, WHICH ARE USED FOR PLANNING TRAINING PROGRAMMES FOR THE UNEMPLOYED, CAREER CONSULTATIONS AND OTHER LABOUR MARKET-RELATED ACTIVITIES.

Short-term labour market forecasting

LATVIA

One of the goals of the forecast is to determine the training and education areas, as well as the profession groups, in which, according to the demand of the labour market and the development tendency of the overall national economy, the PES organises training for the unemployed and job seekers.

Name of the PES	State Employment Agency of Latvia (SEA)
Scope of measure	According to legislation, one of the functions of the PES is to perform short-term labour market forecasts. In addition, the PES provides quality assistance for the unemployed, job seekers and those at the risk of unemployment, to increase their competitiveness in the labour market, as well as to prepare suggestions for the creation and implementation of state policy for unemployment reduction, and support of the unemployed, those looking for work and those at risk of unemployment. To professionally and qualitatively carry out these functions, the PES forecasts labour market trends and carries out surveys among employers.
When was the practice implemented?	Since 2013, the SEA labour demand short-term forecast is made using an econometric model. In 2018 the model was improved.
What was the driver for introducing the practice? Was it internal or external?	Legislative regulations and mandate of the PES.
Which organisation was involved in its implementation?	▸ Latvian Ministry of economics (EM): added value forecast ▸ State revenue service (VID): data on registered employed ▸ Central statistics bureau (CSP): labour force research data ▸ NVA employer surveys
Which groups were targeted by the practice?	NVA workers, partners and clients.
What were the practice's main objectives?	To identify labour market needs which then form the basis for targeted training.
What activities were carried out?	In 2018 when the model was improved: the labour force short-term demand forecast was divided into two components, a growth demand component and a replacement demand component. ▸ The growth demand is closely linked to the development of the economy – as the economy grows, higher added value is created, and to create higher added value more employees are generally needed; ▸ The replacement demand is closely linked to employees leaving their profession groups, which can be caused by several reasons, such as inability to work, migration, retirement, professional mobility. Demand forecasts are also prepared for skill cluster demand fluctuations in the labour market. The skill cluster demand fluctuations are calculated mathematically multiplying the total demand forecast with the skill cluster matrix value within the corresponding profession group.

What resources and other relevant organisational aspects were involved?	ESF Project "Developments of the labour market forecasting system".
What were the source(s) of funding?	European Social Fund.
What were the outputs of the practice: people reached and products?	Improved labour market forecasting tool.
What outcomes have been identified?	The improved short-term labour market forecasting tool provides SEA and users of the forecast results with more accurate forecasts, and forecasts results are available for a wider range of occupations.
What are the lessons learnt and success factors?	Information and methodology should be revised and adapted in time in order to ensure that the results are as accurate as possible and all possible data are used in the appropriate way.

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