THE IM(PERFECT) MATCH – ILO INTERNATIONAL CONFERENCE

REGIONAL VIEW: ARAB STATES AND CENTRAL ASIA

Patrick Daru (ILO) and Eduarda Castel-Branco (ETF)

Geneva, 11/05/2017
DO SKILLS MATTER IN THE MENA REGION?
THE SKILLS MISMATCH STORY IN THE ARAB STATES

USUAL STORYLINE

- Unfilled vacancies in context of unemployment
- Education and skills programmes not aligned with the market
- Short term training programme to compensate for the failures of education system

IN FACT

- Lack of datasets to analyze skills mismatch
- Sticky wages that do not allow market to reach equilibrium
- Segmented markets: migrants as a cheaper option
SKILLS MISMATCH NOT ALWAYS A PRIORITY FOR EMPLOYERS

Percentage of Firms Identifying Inadequately Educated Workforce as a Major Constraint in selected MENA Countries (%)

Based on: Enterprise Surveys (http://www.enterprisesurveys.org), The World Bank
Latest surveys available, 2015
ON THE EMPLOYERS’ SIDE

Employers complain about skills mismatch (not always), and do not train
  • 16% Arab Firms train new hires against 36% globally (WB Enterprise Survey)

Skills are not adequately valued
  • Wage differentials between most and least educated are the lowest in the world

Short term business vision
  • Benefit from labour surplus in a context of low skilled labour intensive production;
  • Longer term investment in business and skills difficult in the context of fragility

Lack of organization of employers
  • Impact capacity to structure voice on skills required
  • does not prevent the possible poaching by competitors
<table>
<thead>
<tr>
<th>Country</th>
<th>Latest Year Available</th>
<th>Source</th>
<th>% Over-qualified</th>
<th>% Under-qualified</th>
<th>Total % qualification mismatch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>2004</td>
<td>Labour Force Survey</td>
<td>13.15</td>
<td>40.03</td>
<td>53.18</td>
</tr>
<tr>
<td>Jordan</td>
<td>2013</td>
<td>Employment and Unemployment Survey</td>
<td>10.6</td>
<td>12.5</td>
<td>23.1</td>
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<tr>
<td>Morocco</td>
<td>2012</td>
<td>National Employment Survey</td>
<td>7.7</td>
<td>40.9</td>
<td>48.6</td>
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<tr>
<td>oPt</td>
<td>2012</td>
<td>School to Work Transition Survey</td>
<td>13.5</td>
<td>46.4</td>
<td>59.9</td>
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<tr>
<td>Qatar</td>
<td>2012</td>
<td>Labour Force Survey</td>
<td>14.1</td>
<td>38.09</td>
<td>52.19</td>
</tr>
<tr>
<td>Yemen</td>
<td>2013-2014</td>
<td>Labour Force Survey</td>
<td>3.35</td>
<td>76.12</td>
<td>83</td>
</tr>
</tbody>
</table>
FROM WORKERS / JOB SEEKERS PERSPECTIVE

“We take on education we did not choose, that do not match the market demand, and for jobs we will not get because of Wasta”.

WASTA – HIGHER ON LIST OF JOB SEEKERS ISSUES (NOT OF WORKERS)

WHAT SIGNALS? IN A CONTEXT OF LACK OF TRUSTED CERTIFICATES

INFORMATION ASYMMETRIES – AND CAREER GUIDANCE

LACK OF CHOICE > INADEQUATE BEHAVIOR / SOFT SKILLS

UNICEF Youth Consultation in Jordan, April 2017
JORDAN: REFUGEE CRISIS RESPONSE
SKILLS AS ONE ELEMENT ONLY OF JOB MISMATCH

Feb. 2016: Access of Syrian Refugee to Jordan Labour Market

From “Refugees take jobs” to “Refugees do not want to work”

“Replacement” of migrants by Syrian refugees requires a new business model.
EASTERN EUROPE AND CENTRAL ASIA
ETF Position Paper (2012) adopted the following definition of *skill mismatch*:

“…a broad term that encompasses various types of skill gaps and imbalances such as over-education, under-education, over-qualification, under-qualification, over-skilling, skill shortages and surpluses, skills obsolescence and so forth. Hence skill mismatch can be both qualitative and quantitative, thus referring to both situations where a person does not meet the job requirements and where there is a shortage or surplus of persons with a specific skill. Skills mismatch can be identified at the various levels: of the individual, the enterprise, the sector or the economy. Several different types of skill mismatch can coincide.”
### 1.2 SKILL MISMATCH MEASUREMENT IN ETF WORK

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Measures what</th>
<th>Strengths/Weaknesses</th>
<th>Explored in…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variance relative rates (ER, UR)</td>
<td>Dispersion skills. Magnitude</td>
<td>Macro. Data avail.</td>
<td>MOLD, KAZ, KYR,</td>
</tr>
<tr>
<td>Coefficient of variation</td>
<td>Dispersion skills. Magnitude</td>
<td>Macro. Data avail.</td>
<td></td>
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<tr>
<td>Proportion of unemployed vs employed</td>
<td>Direction mismatch: which educ levels in shortage / excess</td>
<td>Macro. Data avail</td>
<td>GEORGIA. MOLD, KAZ, KYR,</td>
</tr>
<tr>
<td>Mismatch by occupation</td>
<td>Ratio employed occup/educ: over-, under-qualificatio</td>
<td>Unemployed pop – not considered. Data avail</td>
<td>MOLD</td>
</tr>
</tbody>
</table>

Other measures used in ETF analysis: Beveridge curve, relative wages by educational levels
EASTERN EUROPE

ARMENIA
AZERBAIJAN
BELARUS
GEORGIA
MOLDOVA
UKRAINE

SOME FIGURES INCLUDE RUSSIAN FEDERATION
2. EDUCATIONAL ATTAINMENT POPULATION (2015)

Armenia (15-75)
- High: 23%
- Low: 8%
- Medium: 69%

Azerbaijan (15-64)-2013
- High: 22%
- Low: 13%
- Medium: 65%

Ukraine (15-70)
- High: 44%
- Low: 7%
- Medium: 49%

Georgia (25-64)
- High: 35%
- Low: 4%
- Medium: 61%

Sources: DB Torino process 2016
EE: YOUTH UNEMPLOYMENT RATE AND PARTICIPATION IN VET (UPPER-SECONDARY LEVEL)

Youth unemployment rate (15-24) and % VET students in upper sec education - 2014

- Armenia
- Azerbaijan
- Georgia
- Republic of Moldova
- Russian Federation
- Ukraine

VET stud % upper sec  Youth UR (15-24)
### Unemployment Rate by Sex (age group +15) and Youth Unemployment Rates (15-24), %

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>Youth UR</th>
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<tbody>
<tr>
<td><strong>Armenia</strong></td>
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<td>2010</td>
<td>38.9</td>
<td>32.5</td>
<td>46.9</td>
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<td>2015</td>
<td>36.4</td>
<td>30.8</td>
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<td><strong>Azerbaijan</strong></td>
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<td>12.8</td>
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### NEETs Rates (15-24) by Sex (%) - 2013 and 2015

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
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<th>Female</th>
<th>2013</th>
<th>2015</th>
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</table>
Based: World Bank Enterprise Surveys

% firms identifying and inadequately educated workforce as a major constraint
EE SKILL MISMATCH: OVER-QUALIFICATION YOUTH

Source: ILO SWTS 2012-2013
EE SKILL MISMATCH: VARIANCE UR AND ER - MOLDOVA

Variance relative unemployment rates - Mold

Variance relative employment rates - Mold

Variance relative employment and unemployment rates (F+M) - Moldova
MOLDOVA: PROPORTION OF UNEMPLOYED VS EMPLOYED BY EDUCATIONAL LEVEL

Proportional mismatch - Moldova

- Excess supply of low skilled labour
- Persisting shortage highly educated but matched in last 2 years
- Medium level qualifications (VET): matched; trend towards shortage

Levels education - LOW: ISCED 0-2; MED: ISCED 3-4; HIGH: ISCED 5-8
MOLDOVA: OCCUPATIONAL MISMATCH (ISCO)

Mismatch by occupation of employed population - trend (Moldova)

Levels education - LOW: ISCED 0-2; MED: ISCED 3-4; HIGH: ISCED 5-8
GEORGIA: PROPORTION OF UNEMPLOYED VS EMPLOYED BY EDUCATIONAL LEVEL

Proportional mismatch - (Men) - Georgia

Proportional mismatch (Women) - Georgia
CENTRAL ASIA

KAZAKHSTAN
KYRGYZSTAN

TAJIKISTAN
TURKMENISTAN
UZBEKISTAN

Sources: World Bank
CENTRAL ASIA: EDUCATIONAL ATTAINMENT (25-64)

Educational attainment adult population (25-64), %

<table>
<thead>
<tr>
<th>Year</th>
<th>Kazakhstan</th>
<th>Kyrgyzstan</th>
<th>Tajikistan</th>
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<tbody>
<tr>
<td>2010</td>
<td></td>
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<tr>
<td>2015</td>
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</table>

- Low
- Medium
- High
CENTRAL ASIA: A) EMPLOYMENT RATES BY SEX (20-64); B) UNEMPLOYMENT RATES (+15) AND YOUTH UR (15-24)
CENTRAL ASIA: VET STUDENTS AS % UPPER-SECONDARY BY SEX

Students in VET as % upper sec students by sex - 2010, 2015
KYRGYZSTAN: VARIANCE UR AND ER (+15)

Variance relative unemployment rate (Ui/U) - Kyrg

Variance relative employment rate (Ei/E) - Kyrg

Variance relative employment and unemployment rates (F+M) - Kyrgyzstan

VET graduates: ETF tracer study 2015 – ¾ agree: skills not matching employers’ needs hamper job search
KYRGYZSTAN: PROPORTION OF UNEMPLOYED VS EMPLOYED BY EDUCATIONAL LEVEL

Proportional mismatch (M+F) - Kyr

Proportional mismatch (F) - Kyrg

Proportional mismatch (M) - Kyrg
CONCLUSIONS

✧ Concepts and methodologies for skill mismatch measurement: need for shared views

✧ Better use of available data (in particular: statistical; special surveys; more qualitative information) to analyse/measure skill mismatch. Data inconsistencies to be addressed (e.g.: education)

✧ A simple indicator-based approach to quantifying on-the-job skills mismatch across countries is likely to be unreliable. Combined analysis results different methodologies – complementarity angles.

✧ Instead, more careful country-specific analysis is needed to verify the extent of "genuine" skills mismatch and its drivers to devise adequate policies.

✧ Difficult solely on the basis of employer survey data, to gauge the extent of genuine skills shortages
THANK YOU