

Skill mismatch

The European experience



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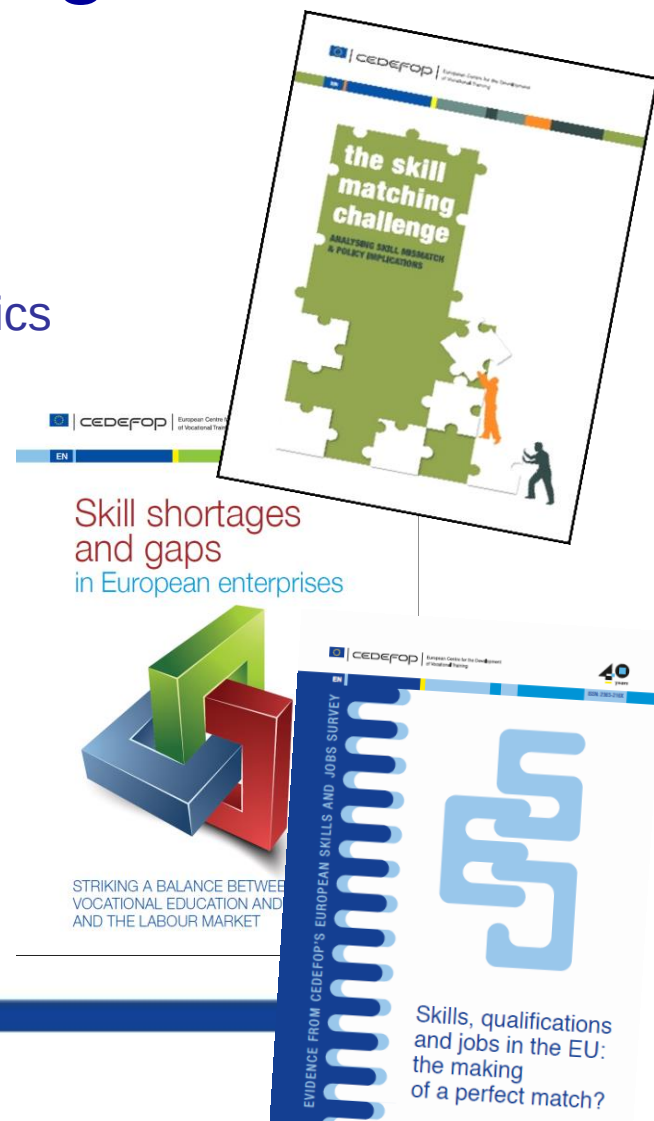
Cedefop skill mismatch agenda

Five priority areas (2008)

- ☐ Improve measurement of skills/skill mismatch
- ☐ Examine skill mismatch persistence and impacts
- ☐ Improve understanding of processes and dynamics
- ☐ Focus on skill mismatch of vulnerable groups
- ☐ Improve data availability and use

2009-2017

- ✓ Multiple reports and briefings
- ✓ Inputs to European Commission/WEF
- ✓ New EU-level data collection
(European skills and jobs survey)
- ✓ Online database of skill mismatch policies



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*Despite being the generation with the highest education attainment ever, today's young have paid the highest price for the crisis...However, high levels of unemployment co-exist with 2 million unfilled vacancies, an indicator that **some people lack the right skills or mobility.***

(Commissioner M. Thyssen, 'Avoiding a lost generation', 19 Jan 2015)

”



Skills shortages in EU

- About 4 in 10 employers in EU have difficulty filling vacancies with right skills (3rd European company survey)
 - Pronounced in Baltic states, AT, BE, HU, BG, MT, DE
 - Low in south-east Europe ES, EL, HR, CY
- Structural shifts in EU Beveridge curves (ECB, 2012)
- High- or medium-skilled bottleneck jobs e.g. ICT, health, green jobs, skilled trades
- Low skills/skill gaps of those out of work (OECD, 2013; Cedefop, 2015)
- Evidence of 70 million low-skilled EU individuals (OECD, 2013)



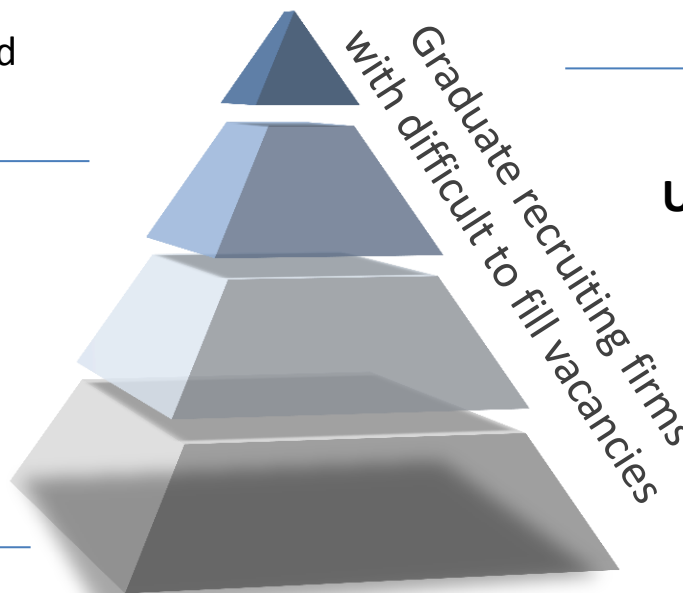
Few 'genuine' skill shortage vacancies

HRM inefficiency (13%)

No competitive graduate training program/slow hiring process/limited resources to market vacancies

'Apparent' skill shortage (46%)

- Lack of right skills
& inability to offer competitive wage (24%)
& HRM inefficiency (22%)



'Genuine' skill shortage (12%)

Lack of applicants with right skills and capabilities

Uncompetitive wages (29%)

Inability to offer a competitive salary



Skill shortages: more than meets the eye



Country-level

Skill supply

Business cycle

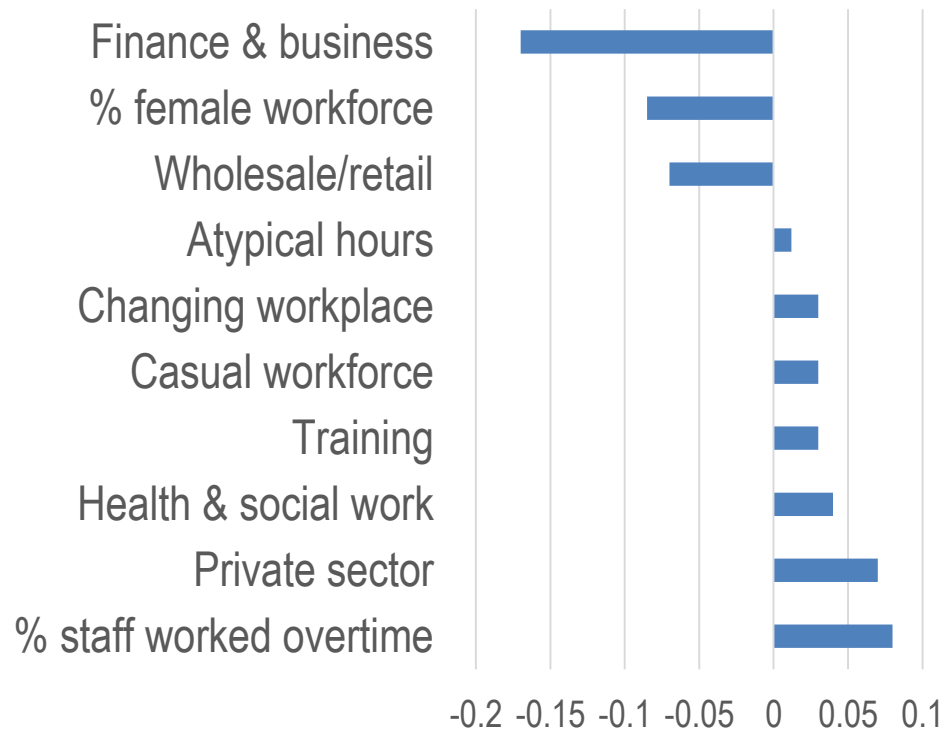
**Employer talent
management practices**

**Labour market
Institutions**



Enterprise-level

Probability of high-skill bottleneck, 2013, EU28



Skill mismatch, lifelong



Overskilled but
skill deficit?



Skills
obsolescence



Underskilled



Overqualified



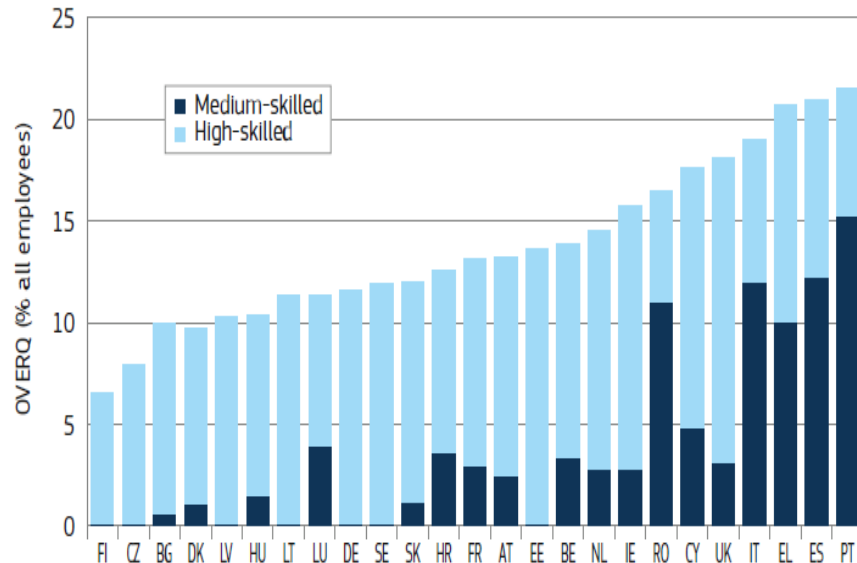
Skill gaps



Skill shortages



Chart 13: Percentage of over-qualified workers by country

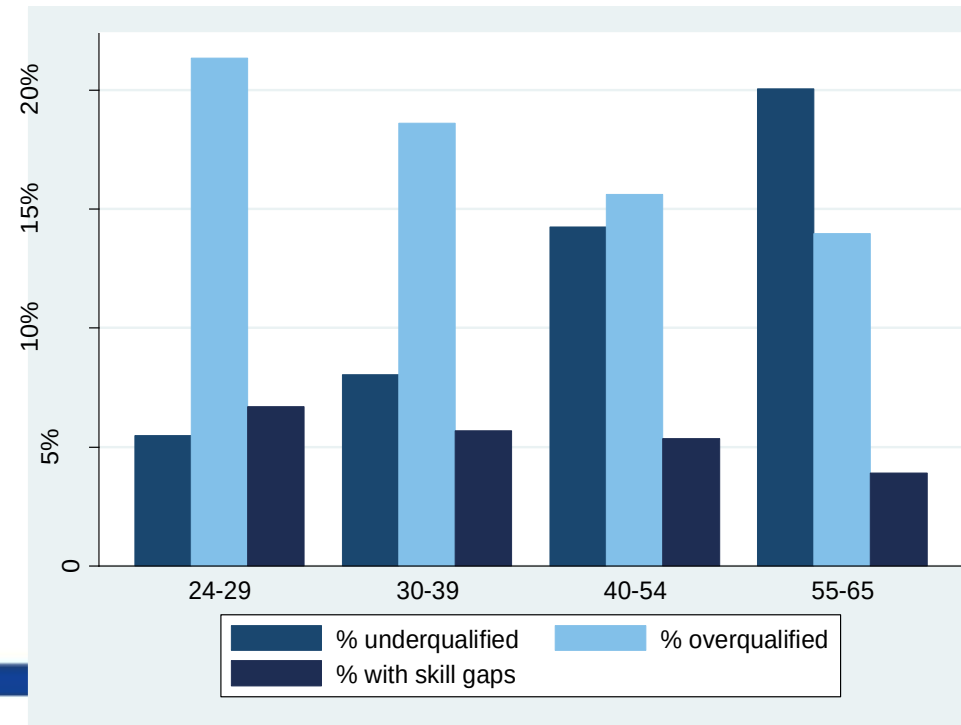


Reading note: Age group considered 15-64.

Source: LFS 2013.

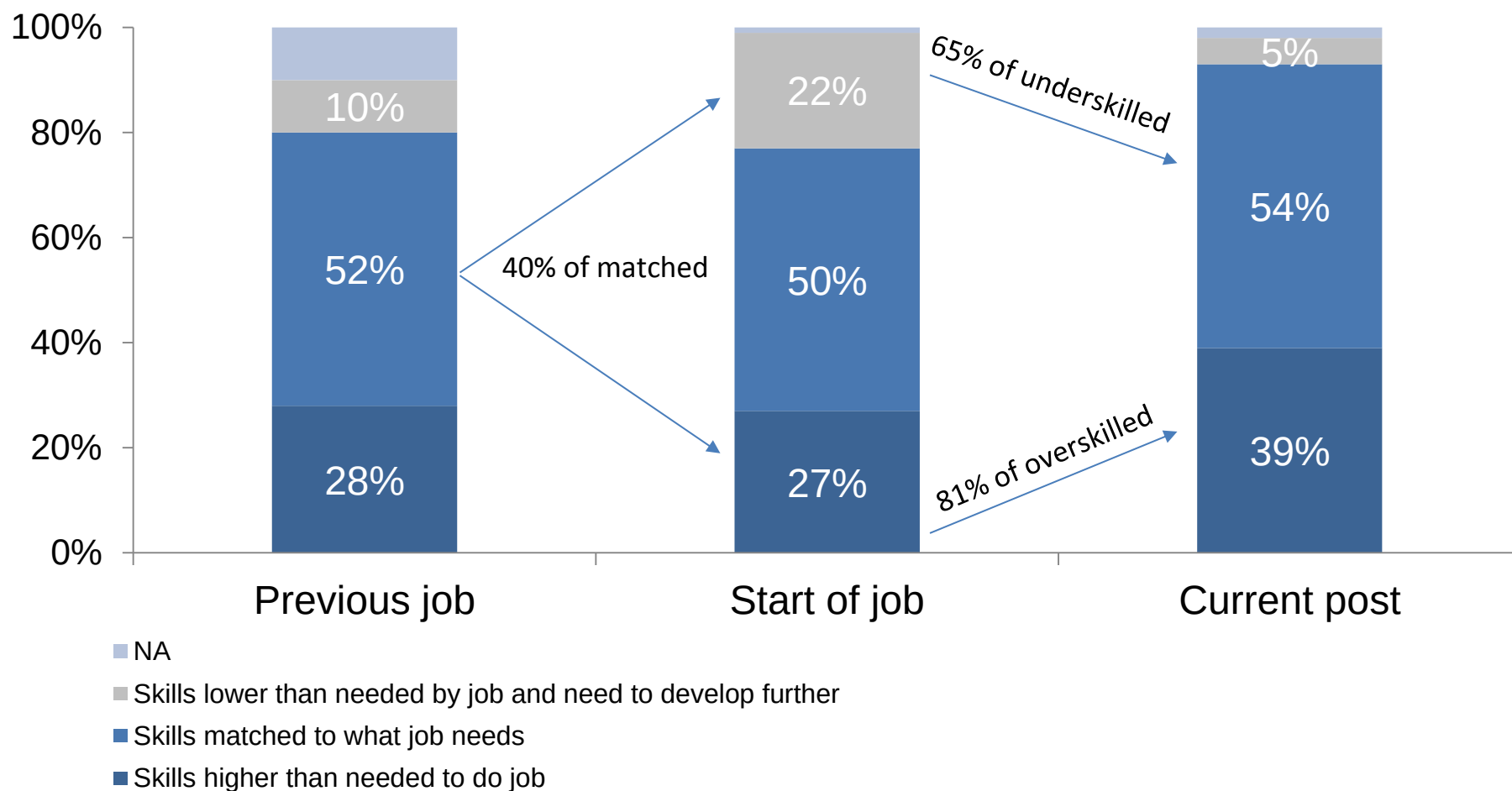
- ❖ 29% qualification mismatch
- ❖ ~16-17% overqualified; 29% tertiary
- ❖ ~ 45% skill mismatch
- ❖ Young: qualifications, low skills
- ❖ Older: skilled, low qualifications

- ❖ Some ongoing convergence among EU countries/generations (Chlon-Dominczak et al., 2016; McGuinness et al., 2017)
- ❖ Country differences: unemployment, VET, female participation, EPL?, product market/housing regulations



Source: Cedefop European skills and jobs survey (ESJS)

Skill mismatch: churn between & within jobs



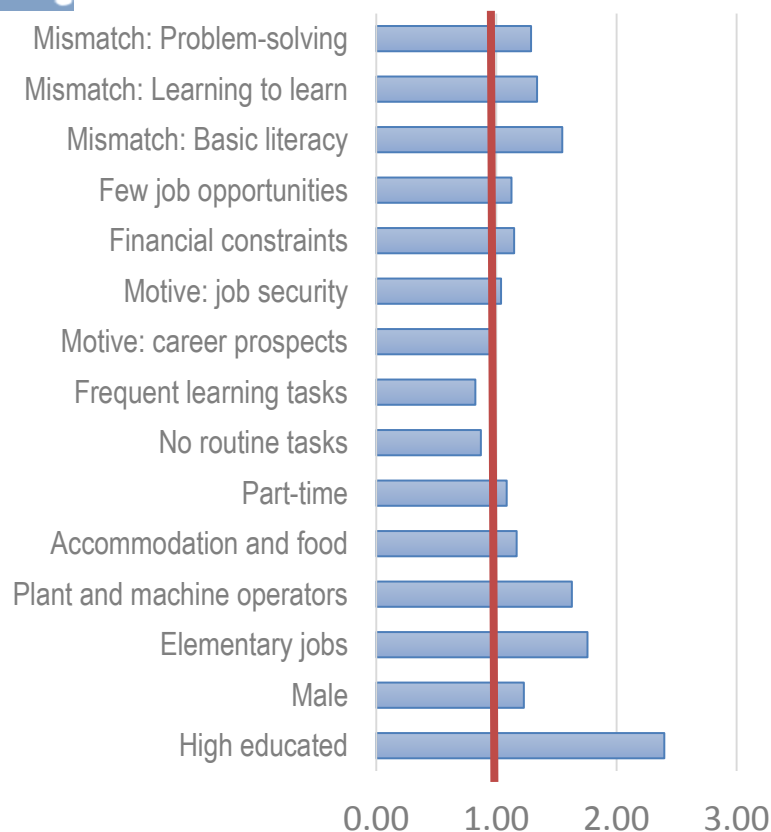
Source: Cedefop European skills and jobs survey (ESJS)

<http://www.cedefop.europa.eu/en/events-and-projects/projects/european-skills-and-jobs-esj-survey>

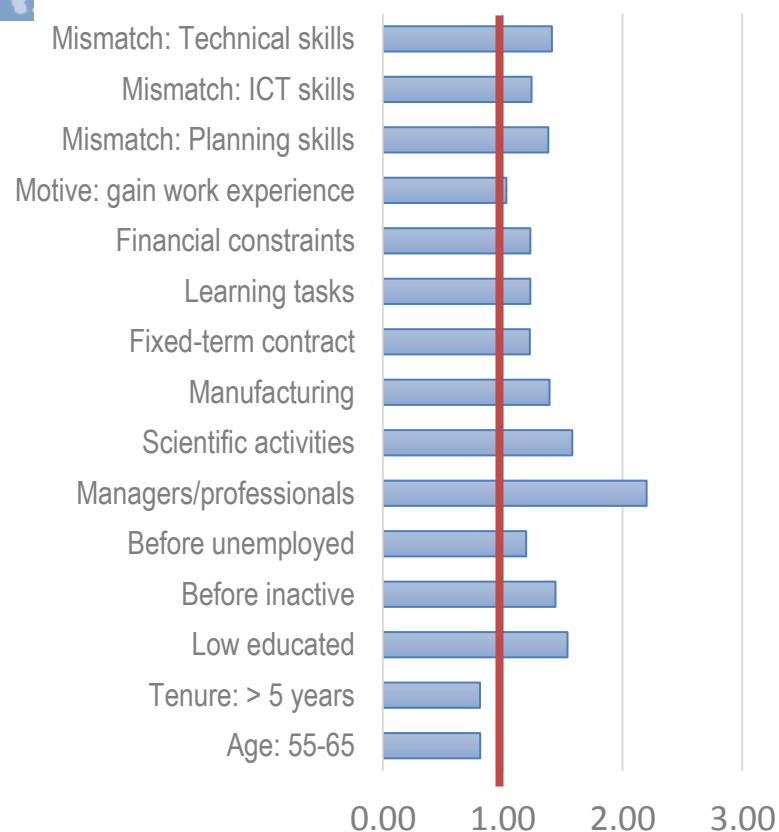
Who are the mismatched workers?



Overskilled

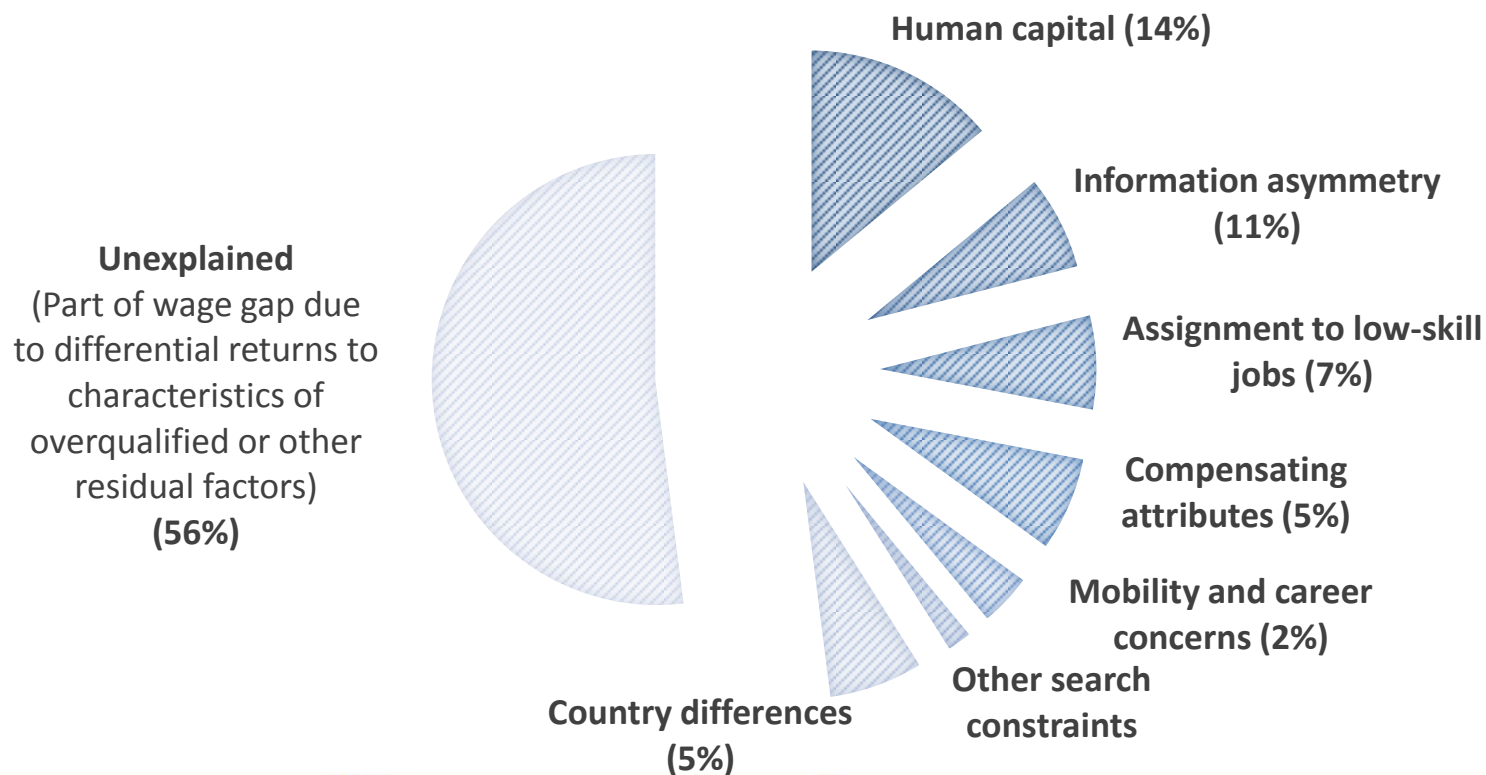


Underskilled



Overqualified wage penalty: low work skills, information gaps, bad job quality

Decomposition of raw wage gap between overqualified and matched tertiary graduates, 2014, EU28

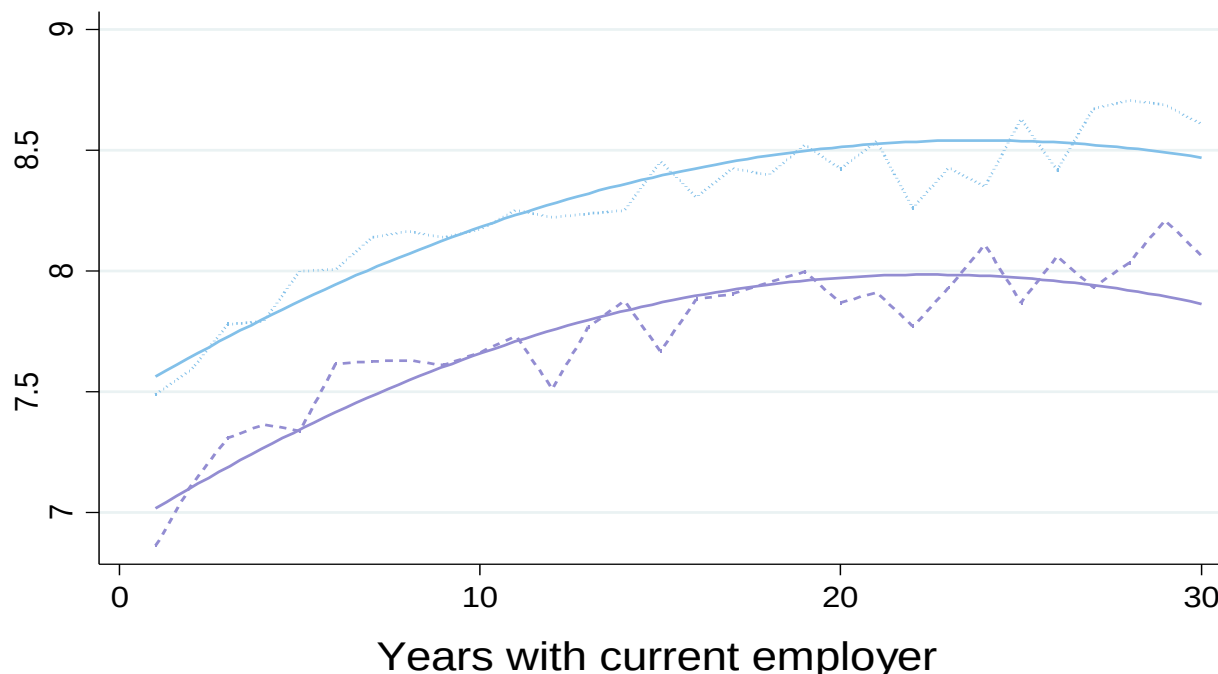


Sustained skills matching is intertwined with high informal learning in good jobs

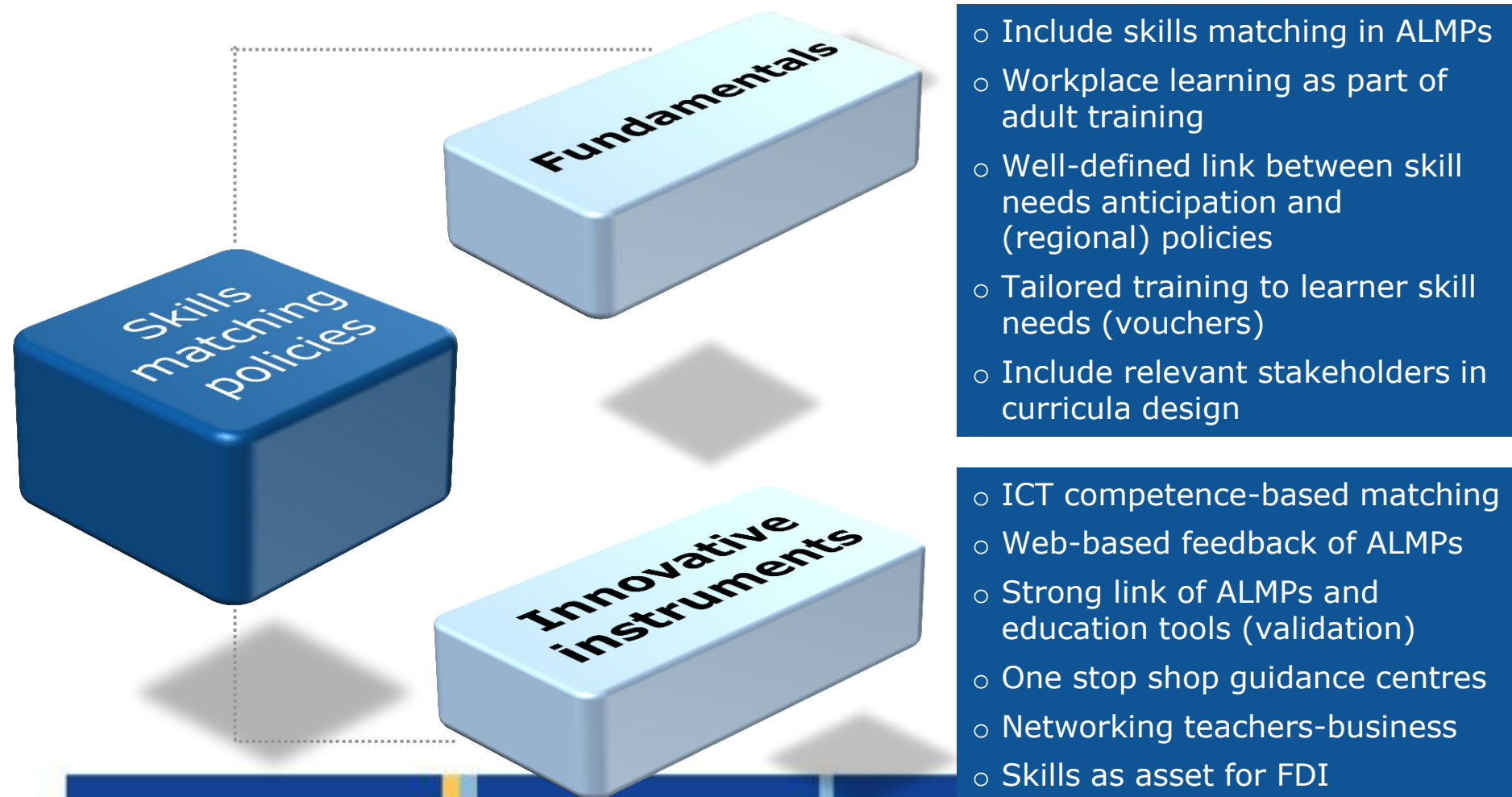
❖ 22% of EU adult workers have not developed their skills further in their jobs

Drivers of skill growth

- ☐ 69% interacting with colleagues at work
- ☐ 63% attended training courses
- ☐ 59% trial and error
- ☐ 51% self-training
- ☐ 40% supervisor taught on the job



Elements of EU skills matching policies



EU skills matching policies

Road ahead

- ✓ Improve skills matching activation services
- ✓ Improve skills intelligence and information for better guidance and career choices
- ✓ Improve skills governance – partnerships between multiple stakeholders (education, industry, social partners)
- ✓ Incentive local development or industrial policies in close alignment with skills policies
- ✓ Combine skills, activation, employment and mobility policies with product market, housing & other social policies

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