Overview

1. Why should policy makers be concerned with skill mismatch?
2. Rationales for a new research line
3. Identifying priorities for new research
4. A general overview: the skill matching challenge
5. Skill mismatch among ageing workers
6. Mismatch and migrants/ethnic minorities
7. Future work and tentative conclusions
1. Why should policy makers be concerned with skill mismatch?

- Ageing population and skill obsolescence
- Upgrading and increasing skill requirements
- The possibility of future skills shortages
- Skilled people working in elementary jobs
- Persistent skill mismatch imposing economic and social costs on society
2. Rationale for a new research line

Rationales

- Complementing Cedefop's macro analyses of discrepancies between skill demand and supply with additional evidence at meso and micro level
- Growing awareness/attention for skill mismatch among policy makers
3. Identifying research priorities

Identifying research priorities

- Brainstorming workshop in 2008 with international experts on skill mismatch issues
- The goal was to establish policy-relevant themes for new research on skill mismatch
- Presentations from the workshop and relevant literature were synthesized into 5 research priorities
Research priorities

1) Improve measurement of skills and skill mismatch
2) Examine the persistence of skill mismatch and its impacts
3) Improve understanding of skill mismatch processes, dynamics and consequences
4) Focus on skill mismatch for vulnerable groups on the labour market
5) Improve data availability and use

4. A general overview: the skill matching challenge
Questions

- What do we know about mismatch in Europe?
- What are the causes?
- What are the links between different types?
- What is the impact of business cycles?
- What are the implications?
- How to measure most appropriately?
- What types of data are needed?

The conclusions condensed

- (Apparent) overeducation is substantial and has negative wage impacts
- Evidence on mismatch persistence is scarce but some forms seem to be persistent
- Part of what we measure as mismatch reflects ability bias
- Different types of mismatch have distinct reasons and implications
- Some groups are disproportionally affected by mismatch
- Measurement remains a crucial issue, more focus on skills seems needed
5. Skill mismatch among ageing workers

The right skills for silver workers

- An empirical analysis of mismatch by different age groups in Europe
- Addresses several research priorities simultaneously
- Mismatch, determinants and impacts
- Based on Eurofound’s EWCS
- Initial understanding of mismatch
- Explorative analysis
Age groups and mismatch

- Ageing workers less susceptible to overskilling
- Overeducation affects them more
- For undereducation no significant differences between age groups, except for ageing women, who are more often undereducated
- Ability to work beyond 60 (skills obsolescence indicator) higher for ageing workers, for males and those with degree level qualifications
- Mismatch varies considerably between EU countries and differences in occupational and industrial structure are not the explanation

Training and mismatch

- Training does not appear to lead to less underskilling
- Overeducated workers generally receive more training, but to a lesser extent for ageing workers
Impacts of mismatch

- Overeducated earn less than their matched equivalents and undereducated earn significantly more; no wage effects of underskilling and overskilling
- Both over and underskilling lead to less job satisfaction, but educational mismatch no impact on job satisfaction
- Overskilling is positively related to shift work, demanding work and health problems and negatively related to learning new things and self-management
- Underskilling positively related to job learning and self-management, which emphasizes the need for training in challenging jobs
- Career prospects of ageing workers lower than those of younger workers
- Ageing workers no more likely than younger workers to report health problems (but healthy worker effect may play a role)
- For younger workers, health problems are linked to mismatch, but for ageing workers this is only the case for underskilling (stress)

Policy implications

- Overskilling should be of most concern to policymakers
- Reviewing the incidence of overskilling among employees can be worthwhile
- Avoiding skill underutilisation by:
  - Appropriate training promoting better use of skills
  - Changing job conditions
  - Making jobs more challenging
  - Providing self-management opportunities
6. Mismatch and migrants/ethnic minorities (in progress)

Skill mismatch, immigrants and ethnic minorities

- Limited literature, but country specific
- New analysis based on four waves from the European Social Survey (ESS)
- Descriptive analysis and probit estimations
- Questions:
  - What factors and circumstances contribute to over- and undereducation among migrants and ethnic minorities?
  - What impact do training and learning have?
  - What is the impact of mismatch for these groups?
Main findings: descriptives (1)

- Migrants generally experience higher rates of overeducation than natives, but this is not always the case for ethnic minorities.
- Migrants are overrepresented at both the lower and the higher end of the skill distribution.
- Migrants and ethnic minorities much more in elementary occupations than average.
- Limited differences in industrial distribution, but less migrants in government dominated sectors and more in hospitality and manufacturing.

Main findings: descriptives (2)

- Higher unemployment rates for migrants/EM except for UK and PT.
- Inactivity/undereducation rates for migrants/EM: no consistent pattern.
- EM more often report discrimination than migrants.
- Intergenerational mobility and skill improvements in line with overall country level averages.
Main findings: Multivariate analysis OE (1)

- Expected: Extra EU migrants more affected by overeducation
- OE is higher in countries with low rates of training, less skilled workers, more long term migrants, high discrimination and less favourable opinion about migration in general
- Migrant employees 5% more likely to be overeducated (3% domestic education, 6% foreign qualification); no such effect for EM
- Parental migration and educational status have no impact
- Country specific variations
- Looking at EM: inconsistent and patchy results

Country specific marginal effects on OE

<table>
<thead>
<tr>
<th>Country</th>
<th>OE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>10%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2%</td>
</tr>
<tr>
<td>Denmark</td>
<td>9%</td>
</tr>
<tr>
<td>Spain</td>
<td>12%</td>
</tr>
<tr>
<td>Finland</td>
<td>4%</td>
</tr>
<tr>
<td>Hungary</td>
<td>3%</td>
</tr>
<tr>
<td>UK</td>
<td>3%</td>
</tr>
<tr>
<td>France</td>
<td>10%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10%</td>
</tr>
<tr>
<td>Norway</td>
<td>6%</td>
</tr>
<tr>
<td>Portugal</td>
<td>23%</td>
</tr>
<tr>
<td>Sweden</td>
<td>8%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>-2%</td>
</tr>
<tr>
<td>Germany</td>
<td>0%</td>
</tr>
</tbody>
</table>
Main findings: Multivariate analysis UE (2)

- Expected: Undereducation falls with attainment and unemployment history
- UE higher for those with organisational responsibility and those in medium size enterprises
- Domestically educated migrants more likely to be undereducated; those with foreign qualifications lower probability of UE
- Ethnic minorities are 4-6% more likely to achieve intergenerational mobility

7. Future work and tentative conclusions
Cedefop skills obsolescence survey

Mismatch and unemployment

- New study to start in 2011
- In what way is mismatch related to transitions from employment to unemployment and vice versa
- European coverage
Tentative conclusions

- Progress in terms of making policy makers more aware of mismatch
- Focus on vulnerable groups carries a lot of policy relevance
- Data availability limits remain serious

Thank you for your attention!

Cedefop webportal
www.cedefop.europa.eu