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REPORT ON SKILL MISMATCH, EDUCATION SYSTEMS, AND LABOUR MARKETS IN EU NEIGHBOURHOOD POLICY COUNTRIES

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OBJECTIVE

The paper explores the nature of skills mismatch in transition and developing countries of the ENP region. It identifies some of the features of transition and development that might lead to differences in the nature of skills mismatches compared to the developed economies. It argues that policy reforms are needed in the education systems and the labour market in ENP countries in order to improve matching effectiveness by making better use of the skills that are available. It also argues for the provision of improved information about the direction of skills needs in the future for individual job seekers, employees, employers, careers guidance professionals and public and private employment agencies.

MAIN RESULTS AND POLICY IMPLICATIONS

The major finding of the study is that there is a different pattern of skill matching across education qualifications between transition economies and emerging economies in the ENP region. In most countries there is a clear divide between mid-level educated workers with secondary education, who suffer high levels of positive mismatch, and more highly educated workers with university education who have a better experience in the labour market (as do workers with a very low level of education). This pattern is found in the transition economies such as Croatia and Moldova. It is similar in Ukraine although tertiary educated workers also suffer high levels of positive mismatch and only the post-graduate qualification ensures easy access to a job. The picture is rather similar in Turkey, with the exception that there is a huge gender bias with women facing far greater degree of mismatch than men at almost all levels of education qualifications. However, Egypt shows a completely different pattern, with high levels of mismatch among all education groups. Among workers with primary education or less, the level of negative mismatch is high, while among the more educated with secondary and tertiary levels of education the level of positive mismatch is high.

Policies are needed that address the high level of mismatch in the middle level of education achievement. This highlights the importance of reforming secondary schools. Policy makers need to make the necessary adjustments to education and training systems. To this end, vocational education systems need to adapt or be reformed to replace out-dated curricula and equipment and improve the efficiency of school systems. Appropriate changes need to be made in the curricula, in the reallocation of teachers between subjects, in teacher retraining and in school restructuring.

Higher education systems also need attention since there is a growing demand for highly skilled workers, evidenced by the high level of demand for university graduates relative to the number of unemployed graduates. Even though enrolment in universities has increased, there appears to be scope for further growth at the tertiary level. However, any further expansion of tertiary education also needs to be well regulated to ensure that the quality of the education experience does not decline.

At the same time, the capacity of the public administration to carry out labour market forecasts or skills forecasts is limited by budget cuts, caps on further public sector employment, and a lack of statisticians and labour market experts to carry out the analyses. Contracting out of services may to some extent overcome such limitations, but will not completely solve it. The first priority therefore is to carry out capacity building within the public administration to enable the appropriate staff carry out and use skill mismatch analyses and macroeconomic and sectoral skill forecasts.

Finally, the research has shown the substantial and significant common problems of mismatch in the labour markets of both the EU Enlargement and EU Neighbourhood countries. Some specific policy measures could help to lessen mismatch including (i) incentives to older less skilled workers to retrain and to firms to carry out more and better in-house training for workers of all skill levels; (ii) reform of the secondary and vocational education systems especially in transition countries; (iii) measures to improve the labour market matching for women workers such as provision of publicly provided nursery and kindergarten education for young children especially in the emerging market countries; (iv) encouragement to employers to take on younger skilled workers through job subsidies and internships; and (v) provision of improved skill forecasts to professionals in career and education guidance for adults as well as school leavers.