

## Skills Lab Network of Experts Live Event – 13/14 June 2022

### CHALLENGE 2 – MINIMIZING SKILLS MISMATCH

**Vision statement:** The country of Qualiland develops an integrated, dynamic, incentivizing and recognizable system that facilitates relevant learning at all levels of education.

**Challenge to be tackled:** ensuring everyone to acquire right skills at all levels of education, in line with specific labour market needs and capable of flexibly adapting to rapidly changing conditions and contexts.

### Context

Despite the continuous improvement in the economic situation in the last decade, including key employment indicators, Qualiland still struggles with relatively high inactivity rates, particularly among women and vulnerable groups, and rather difficult labour market entry for young people. The overall level of education has increased over the last few decades, but this trend has not necessarily translated into more and relevant skills and competences demanded by the labour market. High skills mismatch, both at vertical and horizontal level<sup>1</sup>, characterises the country. It could take the forms of over-qualification or under-qualification, and over-skilling or under-skilling.

Increased participation in pre-primary education and closer follow-up of pupils at risk of school disengagement has led to an increase in education inclusiveness. Studies on employers' perceptions, however, reveal a loose connection between the education offer and skills demand, affecting particularly upper secondary (mostly VET-oriented) and tertiary-level education. Prioritisation of work-based learning through dual programmes in initial education or adoption of a legal framework on qualifications and sectoral skills committees are intended to close such gaps. Participation in lifelong learning remains modest and thus hinders the adaptability of individuals and capacity of enterprises to respond to new demand and keep/improve their competitiveness.

Active labour market programmes are geared towards closing the gaps in employment among particularly hard-to-employ categories of jobseekers. Strenuous efforts over the last years have helped to consolidate capacity to provide employment services and test innovative approaches to tackle joblessness among young people, people with disabilities and other vulnerable groups. Reaching increased percentages of unemployed people through activation measures is somewhat inhibited by

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<sup>1</sup> A skills mismatch in the current context entails a mismatch in the level of education or skills with those required in the job position/occupation, the so-called vertical mismatch, but it also includes a horizontal mismatch in which the types of skills do not match the job requirements even though the overall education level does match.

the high ratio between public employment service advisers and job-seeking clients and limited financial resources earmarked for active labour market programme implementation.

An important topic for discussion about skills mismatches is the governance system of skills anticipation, i.e. institutions and processes for current and future skills identification, including attempts to translate such findings into forward-looking skills and employment policies and programmes. The institutional set-up (including collaboration for information generation and exchange) is still in the development/refinement phase in Qualiland. There are good statistical foundations for analysing skills and occupational needs and trends, such as regular and internationally comparable LFSs and monitoring of economic and demographic trends. The national statistical office plays an important role in skills needs identification and anticipation, alongside the Jobs Observatory (under the Ministry of Labour), through its annual survey of employers on labour market demand and short-term projections, vacancy monitoring and administrative data on jobseekers and their integration into active labour market programmes.

The ministry in charge of education is currently consolidating its monitoring and evaluation systems, with a view to enhancing evidence-based policymaking in education and skills areas and a focus on education system outcomes. For example, a graduate tracer system is in the making. Differentiated monitoring of VET programmes is also being planned. This would allow decision-makers to identify successful and less relevant programmes.

Although the country has gained experience in various processes and angles of looking at skills demand, a shortcoming can be seen, for the moment, in the role of sectoral partners, via sector skills committees for example, in the identification of skills needs, emerging gaps and addressing mismatches. Several legislative and capacity building initiatives aim to address such shortcomings and probably the biggest challenge ahead is ensuring continuity of such activities and the creation and expansion of collaboration with the research sector/academia.

## Two main weaknesses have emerged:

- Very high mismatch relates first of all to young people. There is a problem on the labour market in the school-to-work transition, which seems to be triggered by the difference between skills taught and skills expected in the workplace. Insufficient practical training of graduates is one of the most frequent reasons quoted by employers for difficult recruitment and job retention of young people. On the one side, over-qualification mirrors the 'strategy' of intermediate and tertiary graduates in accepting lower level positions in order to get the practical skills and work experience they are lacking. While this is to some extent acceptable given the inherent difficulties when starting out in one's professional career, a prolongation of such a phenomenon is extremely risky for the employee to exercise/develop their skills and negatively affects the economy's competitiveness overall. On the other side, over-qualification is a sign of structural economic problems, i.e. low demand and/or uneven territorial distribution of labour demand (e.g. demand for highly skilled workers is concentrated around growth poles).
- High skills mismatch also relates to adult workers, especially given the fast changing working environments and the tasks needed to perform different jobs. In Qualiland, this might also be related to structural changes which led to the closing down of many firms that employed people with lower VET-level qualifications, and with new jobs being created mostly in service sectors requiring different sets of skills. The latter requires higher level of socio-emotional skills as well as cognitive skills from all employees. Improving education in terms of more practical and up-to-date curricula in higher education, and potentially also in continuous VET training, in line with the changes in the national economy, might also address the over- and under-qualification phenomena. This could help workers to match their level of qualification and skills to those required in their jobs.

## Challenges

### 1. How can Qualiland develop a system of regular skills needs analysis to anticipate and plan training programmes in line with labour market needs?

- How can a system of identification and analysis of skills mismatches can be developed? Through which tools? How to make sure that such a system ensures an understanding of the degree, but also the causes and consequences, of skills mismatches?
- Should such a system be harmonized with international and European standards to allow international comparability and increased relevance?
- How could surveys and administrative data be used to complement LFS-driven outlook of occupational and skills demand?
- As there are multiple sources and angles for calculating skills mismatch incidences, how can the country grant a more integrated approach to labour market and skills information?
- How can cross-sectoral data management and exchange be made possible?

### 2. What should be done to ensure that information and data on skills mismatches are used to develop relevant initial education curricula?

- How could institutions cooperate tapping into valuable information, to structure coherent proposals for change of the education and training system?
- What could social partners and the research community do to ensure the transferability of data into relevant initial education?
- How can education authorities ensure that education and training programmes remain relevant (eg respondent to labour market needs) over time?

### 3. What mechanisms can be developed to ensure that workers adapt their skills throughout their lives?

- Is it possible to develop an integrated system that takes into account the needs of all parties? If yes, how?
- Can non-traditional training paths such modular courses, distance-learning courses be a way to make training more flexible and dynamic?
- How can new technologies help to build homogeneous and accessible training systems?
- What innovative mechanisms can be developed to ensure that upskilling and reskilling is granted to all workers, irrespective of their skills level?
- What role could be played by active labour market policies in overcoming or alleviating the causes and consequences of skills mismatches?
- What mechanism could be developed by social partners, ie employers' associations and trade unions, to early signalling supply-demand imbalances? What specific actions could they negotiate to address skills shortages?