

The logo for ISFOL features a large, stylized white 'S' shape that curves around the text. The text 'ISFOL' is written in a blue, serif font, positioned to the left of the 'S' shape.

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Europe at a crossroad
ETUI-ETUC Conference
Brussels 25 September 2014

**Human capital/training/skills mismatch:
empty words or a real solution?**

Aviana Bulgarelli

Speakers focus



Jacky Fayolle

Weak and unequal implementation of LLL in Europe. Recognition and validation of learning outcomes acquired in NF/Informal learning pathways as a tool for employability and career. Mitigation of information asymmetries (source of mismatch)

Maurizio Franzini

Wage inequality “within” similarly educated workers, its determinants and relationship with education and skills mismatch

Dieter Verhaest

Educational mismatch (vertical and horizontal) at the level of individuals, field of study and countries. Several dimensions are investigated from the demand and supply context to educational and labour market institutions

Education mismatch, skills mismatch? or both?

Speakers use educational attainment and field of study to explore mismatch and some data on PIAAC foundation skills –literacy, numeracy, problem solving in rich technological environment. Fayolle highlights skills as LO of informal pathways (work experience)

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Need for clearer definitions

- ***Education levels and fields of study indicate knowledge and certain specific skills acquired through formal education on a specific point in people's life***
- **Skills are the result of a cumulative process of learning which include formal education and its quality, non formal learning through continuing training, work experience, active participation in the labour market and performing challenging tasks at work and in life**
- **The development of skills is a dynamic process that takes place throughout life. But skills are not acquired forever, if not activated and used they decline or atrophy**

Education mismatch, skills mismatch? or both?

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Lack of adequate skills mismatch measurement instruments that allow for comparability. Different metrics

OECD Survey on Adult Skills (PIAAC) is the recent robust attempt to measure mismatch in 4 associated but independent areas of skills:

- 1. information processing skills (tested)**
- 2. education attainment**
- 3. generic skills**
- 4. skills specific to fields of study and training**

Education mismatch, skills mismatch? or both?



PIAAC (2013):

- **Positive correlation between proficiency in foundation skills and educational attainment. But skills levels vary considerably among individuals with similar educational level**
- **Skills and educational levels may diverge because of quality of formal education, new skills acquisition since school completion, work, social environment. More education does not automatically translate into better skills**
- **21% of workers report to be overeducated, 13% undereducated. Mismatch is smaller in terms of skills, 11% are overskilled for their job, 4% are underskilled (*key area for recognitions of LO*)**
- **Compared with adults, youth are more likely to be overeducated, overskilled and mismatched by field of study**
- **Total mismatch among employed youth (Edu, Literacy, Field of Study) ranges from 53% in Austria to over 70% in Spain. Large share of FoS mismatch)**

Skills mismatch: what's behind and is it really a problem?

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Determinants for Mismatch are multidimensional, no straightforward evidence

Verhaest: skills imbalances between demand and supply and the business cycle at labour market entry may be associated to overeducation. Quality and selectivity of educational system have an impact on the value of formal education. HMismatch seems to be lower for graduates with a technical degree and vocationally educated individuals. Labour market institutions have an impact on mismatch as well as the wage structure and its rigidity/flexibility

Franzini: “Within inequality” is predominant (Italy), *but data are not controlled for occupations (ISCO) and contract typology*. When controlling for occupations, contracts, etc. skills (tested by PIAAC) seem to have a minor influence on “within inequality”. Family background may be a key cause for inequality.

Fayolle: Mismatches influenced by contradictory trends: standardisation of skills vs specific and creative skills, upgrading employment vs polarisation

Skills mismatch: what's behind and is it really a problem?



D.Verhaest: harmful for wages, job satisfaction, training opportunities, job duration. **Franzini:** wage inequality. **Fayolle:** non-integration of the low qualified

Additional evidences are reported on employment chances and productivity

PIAAC: for **youth**, Information processing skills have a weaker influence on hourly wages than education mismatch, but for **prime-aged and older workers** IPS exceed the influence of education

But skills match in context of Low skills equilibrium could be harmful to economic development

Minor concerns for:

1.young people without experience if they are given a chance to learn at the workplace

2.anticipatory role of overskilling in bringing innovation and business upgrading

Does skills mismatch call for higher investment in HC? Is the role of the demand side overlooked?

Policy approaches to reduce mismatch

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- MF: selecting HC accumulation policy against inequality
- JF: enhancement of VET and uniform regulation on NFIL validation, NQFs and Quality control.
- DV: a combination of economic, education and labour market policy

**Need of a whole of policy and government approach,
and partnership mobilisation**

**Strategies built on a 3 pillars combination (OECD and
some National Skills Strategies):**

Developing relevant skills

Activating skills supply

Making the best use of skills

Which policies?



Skills are learnable and therefore influenced by policy making

Supply side-developing skills

- DV: Improving the quality of the study programs. Providing study-choice guidance
- JF: transparency and validation, European tools. Focus on the low skilled

EU-wide common understanding on:

- Strengthening information-processing and generic skills in EDU
- Fields of study relevant to skills needs
- Partnership between Education and the World of Work. Internship-Apprenticeship to acquire generic and specific skills + information processing skills

Which policies?



Demand side- making the best use of skills

- Verhaest: Supporting R&D investments
- Fayolle: unions and employers should take responsibility on recognition and development of skills. Training and recognized skills into more secure careers. Information on skills needs (current and future). Upskilling work organizations

Increasing demand for higher skills by moving up the value added chain (supported by economic and industrial policy-industrial renaissance)

Adjusting job content to overskilled workers to reduce mismatch and its impact on productivity

Enhancing bundles of innovative HR management practices that use and develop workers skills. Use of literacy and numeracy skills at work explains variance in skills proficiency (PIAAC)

Which policies?



EDU attainment and Skills proficiency impact on employability. Inactivity/unemployment (NEETs) cause skills atrophy, decline and obsolescence, additional mismatch, decreased employability, put individuals at the margin of society + skills waste for the economy

Activating skills:

- Job- search support
- Internships and re-skilling
- Incentives to make work pay
- Part-time and flexible working time arrangement

Is there a scope for social partners' action?

- **Fayolle:** developing training and validation of skills acquired in NF/Informal learning as a topic for bargaining. Increase skills for the low qualified. Foster Sectoral Skills Councils. Harmonize national frameworks in VET with decentralised initiatives by collective bargaining
- **Verhaest:** collective bargaining association with mismatches: wage compression and rigidity. But it may conflict with other priorities
- **Franzini:** policy for sustaining HC accumulation especially against inequality

Could SP promote a whole of government and partnership approach?

Could SP foster innovative HRM practices at company level as a tool to make the best use of workers skills, to develop skills and avoid mismatch? (Evidences of impact on productivity, innovation, satisfaction) Could more flexible organisation, tasks setting and wage settings agreements at company level contrast mismatch and underuse of skills?



Thank you for your attention

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