Skills and the crisis
Evidence and implications for policy

Konstantinos Pouliakas
Expert, Department for Skills and Labour Markets
CEDEFOP

European Parliament
Brussels, 23 March 2015
4 in 10 EU firms have difficulty finding talent

Difficulties finding staff with required skills in European firms, 2013, EU-28

Source: 3rd European Company survey
Lower but rising shortages after the crisis

Shortage of skilled labour, 2000-2014, EU

Source: IMD WCY; Cedefop (2015a)
Skill gaps of unemployed moving back to work have narrowed post-crisis

Skill gaps at start of job by prior LTU status and period of job entry, EU28, 2014

Notes:
Red line = EU average initial skill gap of LTU
LTU = unemployed for more than 1 year
Vertical axis = period employees started their current job

Source: Cedefop’s European Skills and Jobs (ESJ) survey

23/03/2015  Konstantinos Pouliakas
Not all vacancy bottlenecks are skill shortages

Difficulties in filling vacancies by reason, firms with recently recruited higher education graduates, 2010, EU

<table>
<thead>
<tr>
<th>Type of recruitment bottleneck</th>
<th>% of firms with difficulty filling vacancies</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENUINE SKILL SHORTAGES</td>
<td>34%</td>
</tr>
<tr>
<td>- Shortage of applicants with the right skills and ability to offer a competitive starting salary</td>
<td></td>
</tr>
<tr>
<td>UNCOMPETITIVE WAGE OFFER</td>
<td>29%</td>
</tr>
<tr>
<td>- Inability to offer a competitive starting salary</td>
<td></td>
</tr>
<tr>
<td>WEAK SKILL SHORTAGES</td>
<td>24%</td>
</tr>
<tr>
<td>- Shortages of applicants with the right skills &amp; inability to offer a competitive starting salary</td>
<td></td>
</tr>
<tr>
<td>HRM INEFFICIENCIES</td>
<td>13%</td>
</tr>
<tr>
<td>- Lack of competitive graduate training and development program and slow hiring process</td>
<td></td>
</tr>
</tbody>
</table>

Source: Flash Eurobarometer 304; Cedefop (2015a)
Countries with multifaceted policies had lower shortages during the crisis

Differences between EU countries with high/low difficulties filling jobs, 2006-2014

Source: IMD WCY; Manpower Talent surveys; Cedefop (2015a)
Involving enterprises in VET is still a challenge

STD5b: Cooperation between VET institutions & enterprises

### Number of EU+ countries

| Guidelines for VET teacher development including enterprise traineeships | Candidate countries |
| Training VET teachers/trainers to help learners acquire entrepreneurship skills | • in place by 2010 and not changed |
| Services that assist VET institutions in finding partners in the business world |
| Services that assist in finding training places for VET teachers in enterprises |
| Guidelines encouraging staff exchange between enterprises and VET providers |

- in place by 2010 and not changed
- put in place since 2010
- put in place since 2010 and adjusted since
- preparing for implementation
- no action reported

*Source: Cedefop (2015b)*
# Mitigating mismatch with targeted policies

<table>
<thead>
<tr>
<th>Policy priorities</th>
<th>Need for further efforts</th>
</tr>
</thead>
</table>
| Stronger institutions governing link between VET and labour markets | - Greater involvement of enterprises in VET  
- Strengthen efforts to promote creativity, innovation and entrepreneurship in VET  
- Extend reforms on validation of non-formal and informal skills  
- Extend European tools to the design of ALMPs and company-based training |
| Better skills intelligence used in governance of VET & ALMPs | - Establish partnerships for analysis and action based on LM intelligence at local/sectoral level  
- Customise training and guidance in alignment with areas of genuine skill shortages  
- Scope for better use of digital tools for matching |
| Combat product & labour market failures | - Promote competition (↓ in monopsonistic power)  
- Establish job quality  
- Facilitate job mobility/migration  
- Minimum wages/collective wage bargaining |
For more information:

Konstantinos.Pouliakas@cedefop.europa.eu
www.cedefop.europa.eu

Cedefop (2015a), Skill shortages and skill gaps in European enterprises: More than meets the eye

Cedefop (2015b), Stronger VET for better lives