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Skills and the crisis

Evidence and implications for policy

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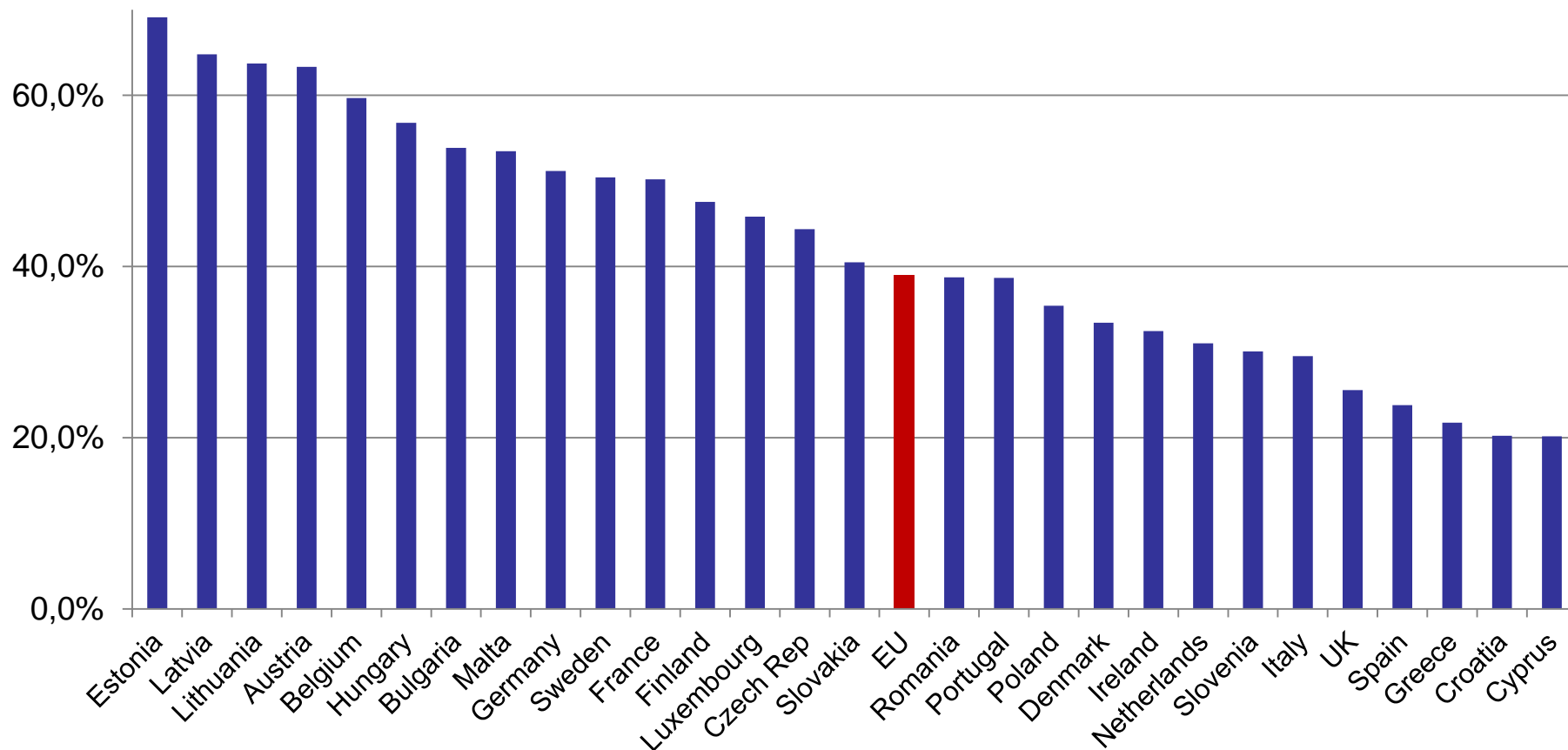
Expert, Department for Skills and Labour Markets

CEDEFOP

***European Parliament
Brussels, 23 March 2015***

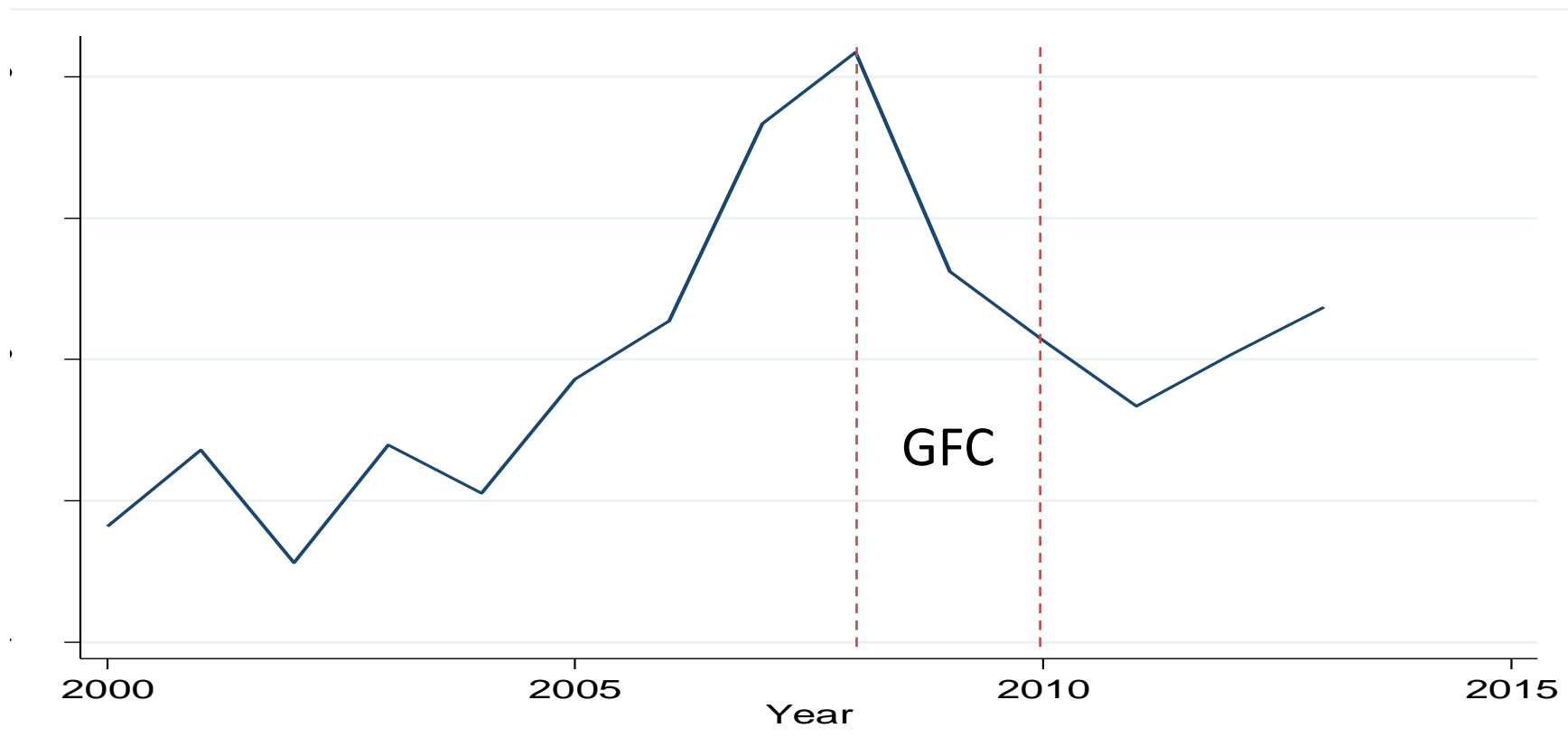
4 in 10 EU firms have difficulty finding talent

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



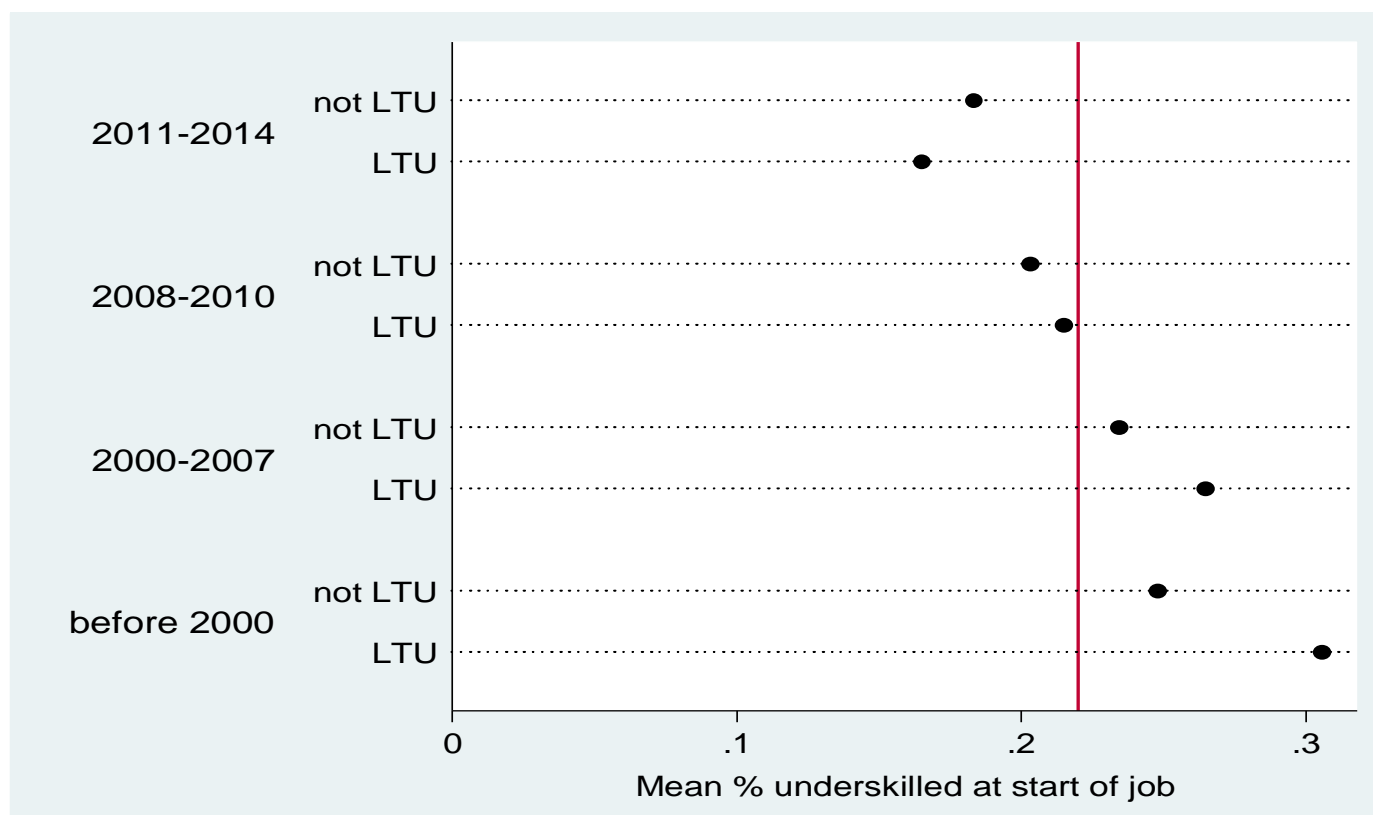
Lower but rising shortages after the crisis

Shortage of skilled labour, 2000-2014, EU



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

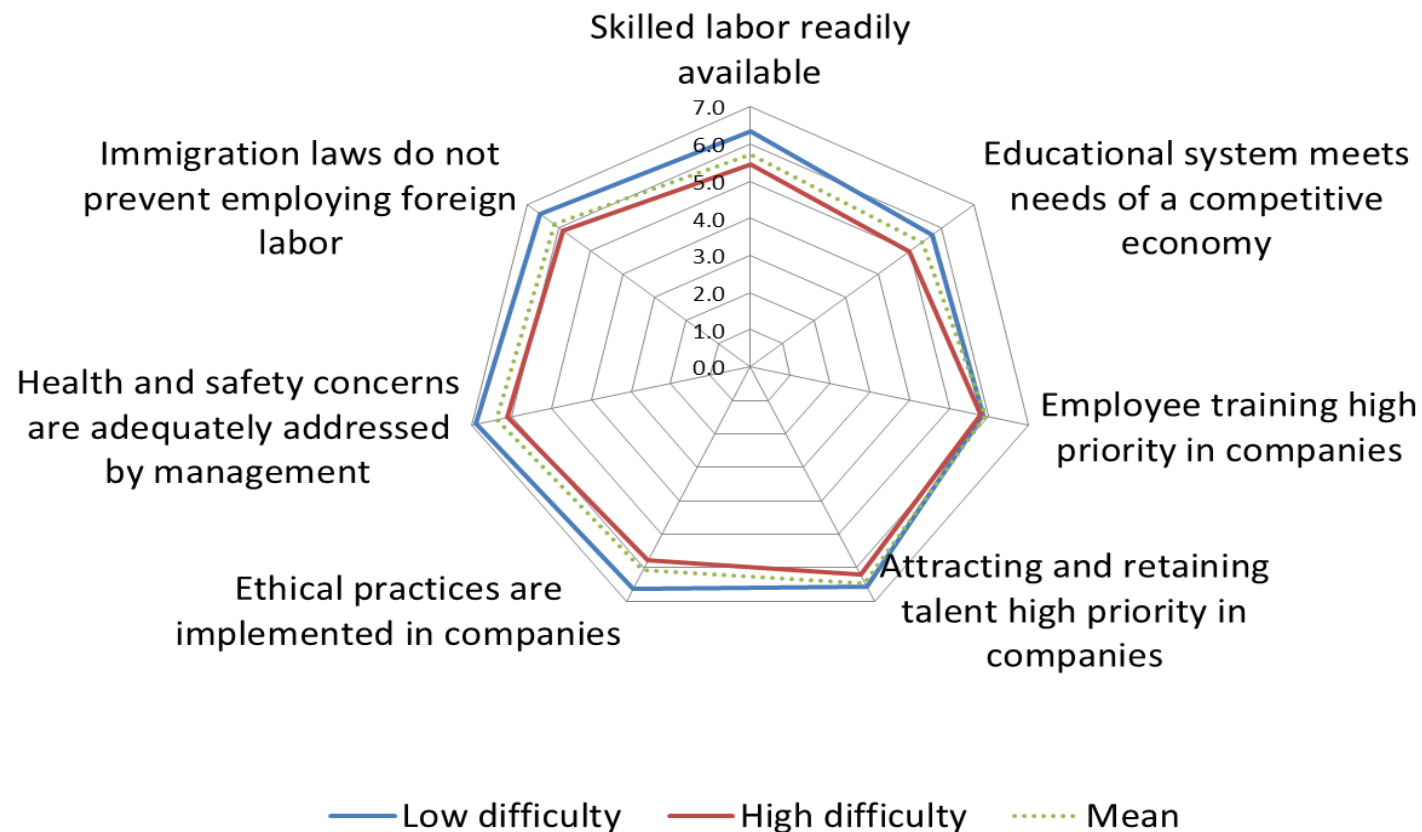
Not all vacancy bottlenecks are skill shortages

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

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

Countries with multifaceted policies had lower shortages during the crisis

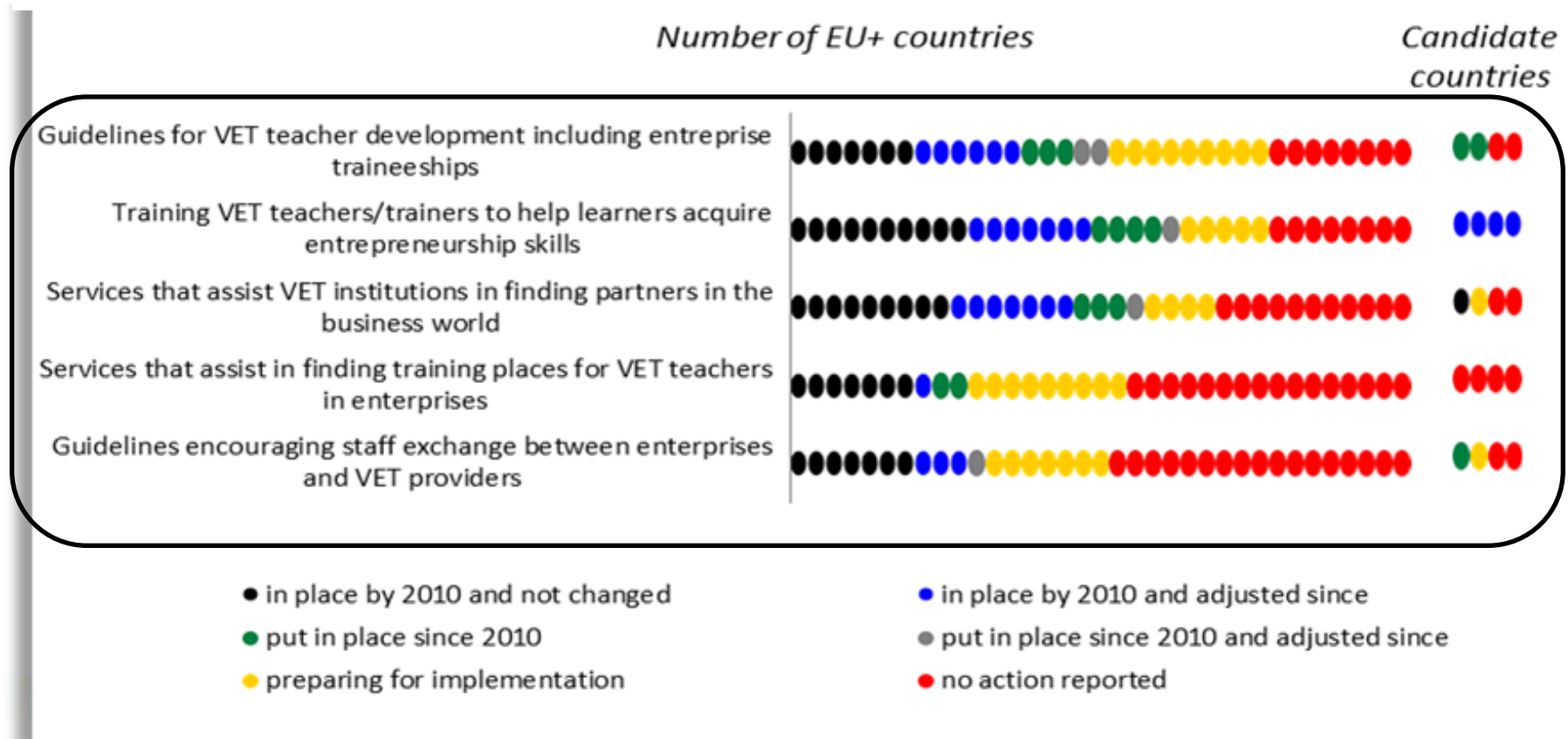
Differences between EU countries with high/low difficulties filling jobs, 2006-2014



Source: IMD WCY; Manpower Talent surveys; Cedefop (2015a)

Involving enterprises in VET is still a challenge

STD5b: Cooperation between VET institutions & enterprises



Mitigating mismatch with targeted policies

| Policy priorities | Need for further efforts |
|--|--|
| Stronger institutions governing link between VET and labour markets | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - Promote competition (↓ in monopsonistic power) - Establish job quality - Facilitate job mobility/migration - Minimum wages/collective wage bargaining |



For more information:

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

Cedefop (2015b), Stronger VET for better lives



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