



# Global Employment Trends in the crisis: Rising skills mismatches and faltering skills demand

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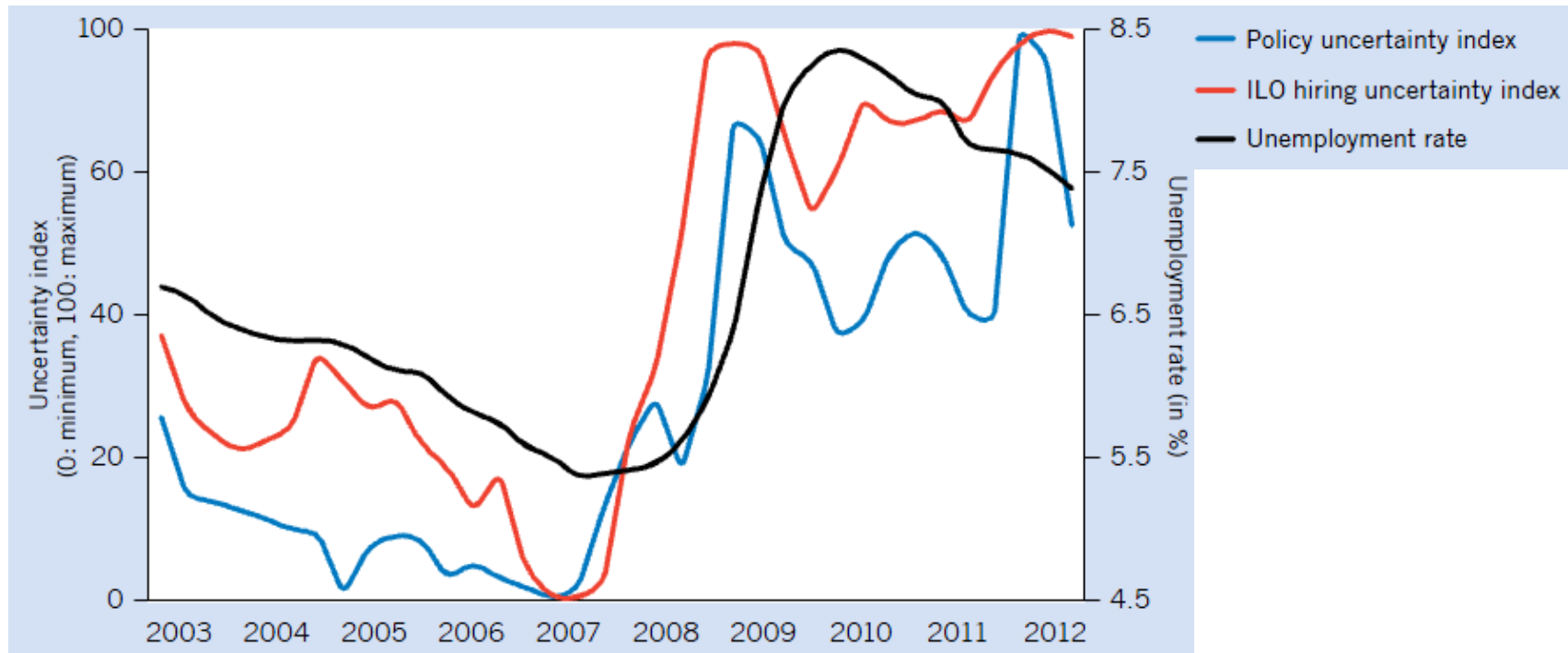
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in a global economy*



# Macroeconomic context has worsened

Rising uncertainty and unemployment feed on each other

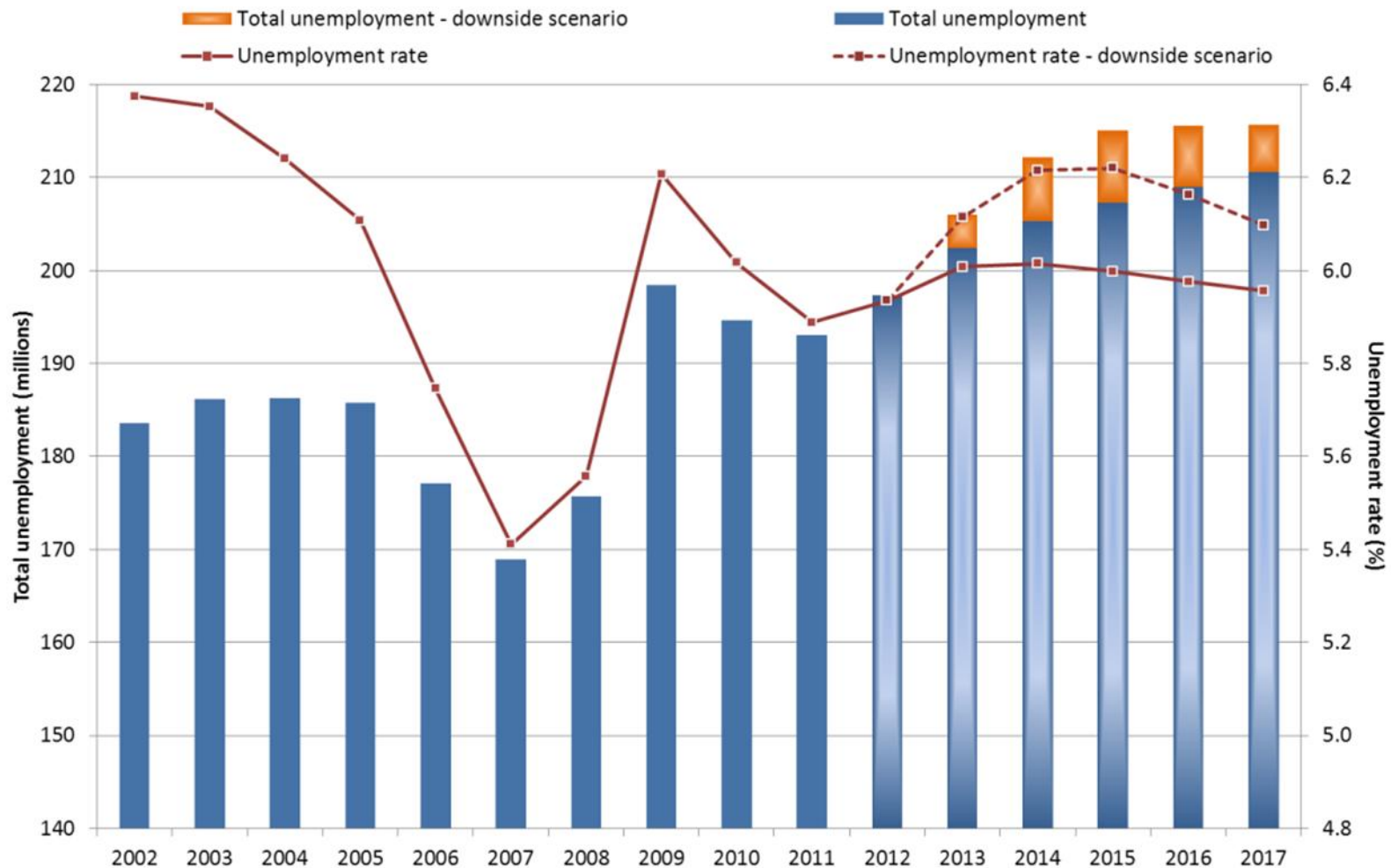


- Key sources of uncertainty:

- Prolonged and deepening crisis in Euro area
- Unresolved financial sector issues and high levels of public debt
- Fiscal policy uncertainty in the US
- Macro policy incoherence and lack of international coordination

# Outlook for global unemployment

## Unemployment set to worsen further through 2014



Source: ILO, *Trends Econometric Models*, October 2012.

# Youth is particularly badly hit

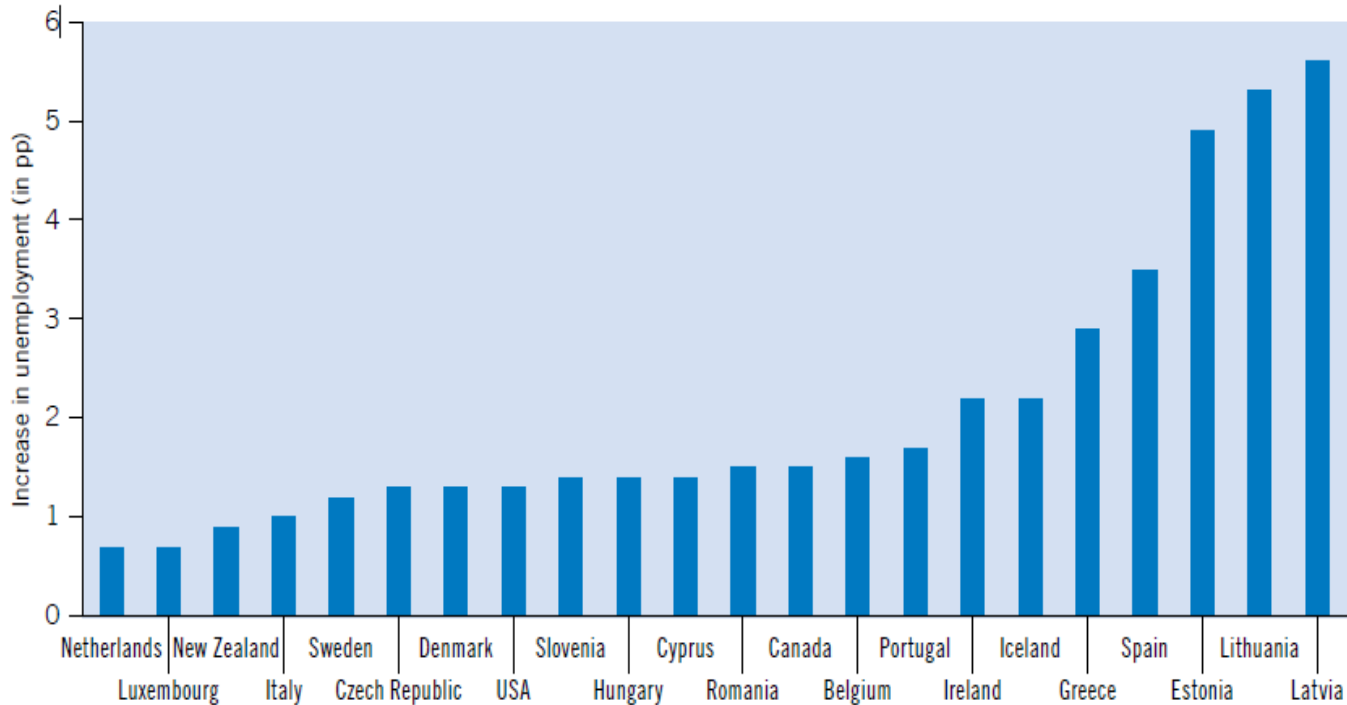
Risk of a lost generation in some countries, especially in Europe



- A rising share of young people have dropped out of employment and schooling
- Risk of a long-term detachment from the labour market
- Adverse consequences likely to be felt for years

# Unemployment becomes more persistent

Trend unemployment has increased in many OECD countries



- Unemployment has become more persistent since the beginning of the crisis
- Trend unemployment rates have increased by up to 6 percentage points
- Mainly due to lack of job creation

# Skills mismatch

## On-going crisis worsens mismatch in several countries



- Mismatch between supply and demand of skills
- Skills mismatch hampers reallocation of labour and puts upward pressure on unemployment rates
- Index of dissimilarity captures differences in shares of educational attainment of employed in comparison with unemployed

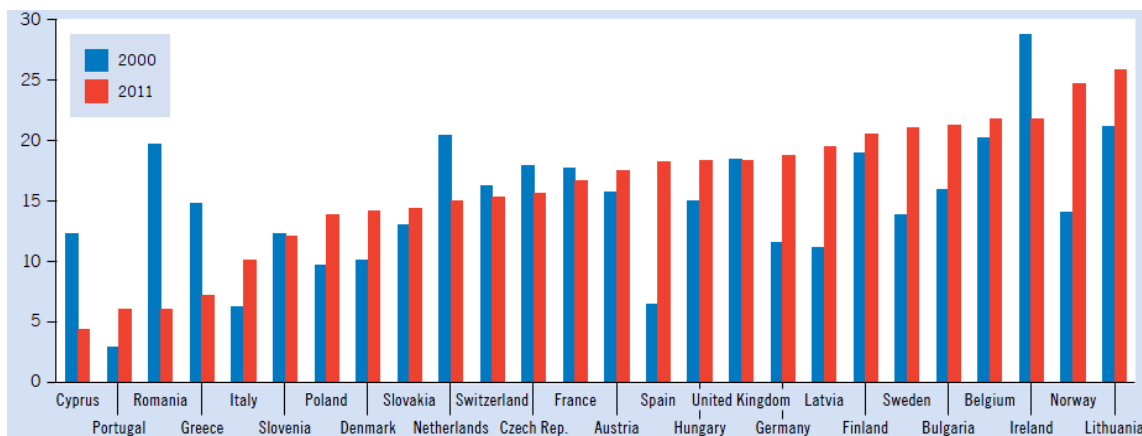
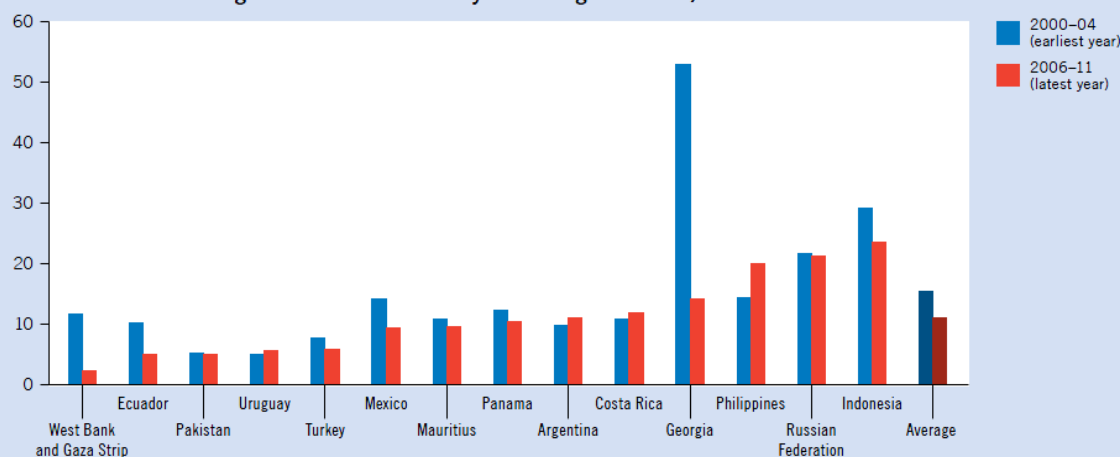


Figure B2.2 Skills mismatch in selected developing economies (earliest available year during 2000–04 and latest year during 2006–11)



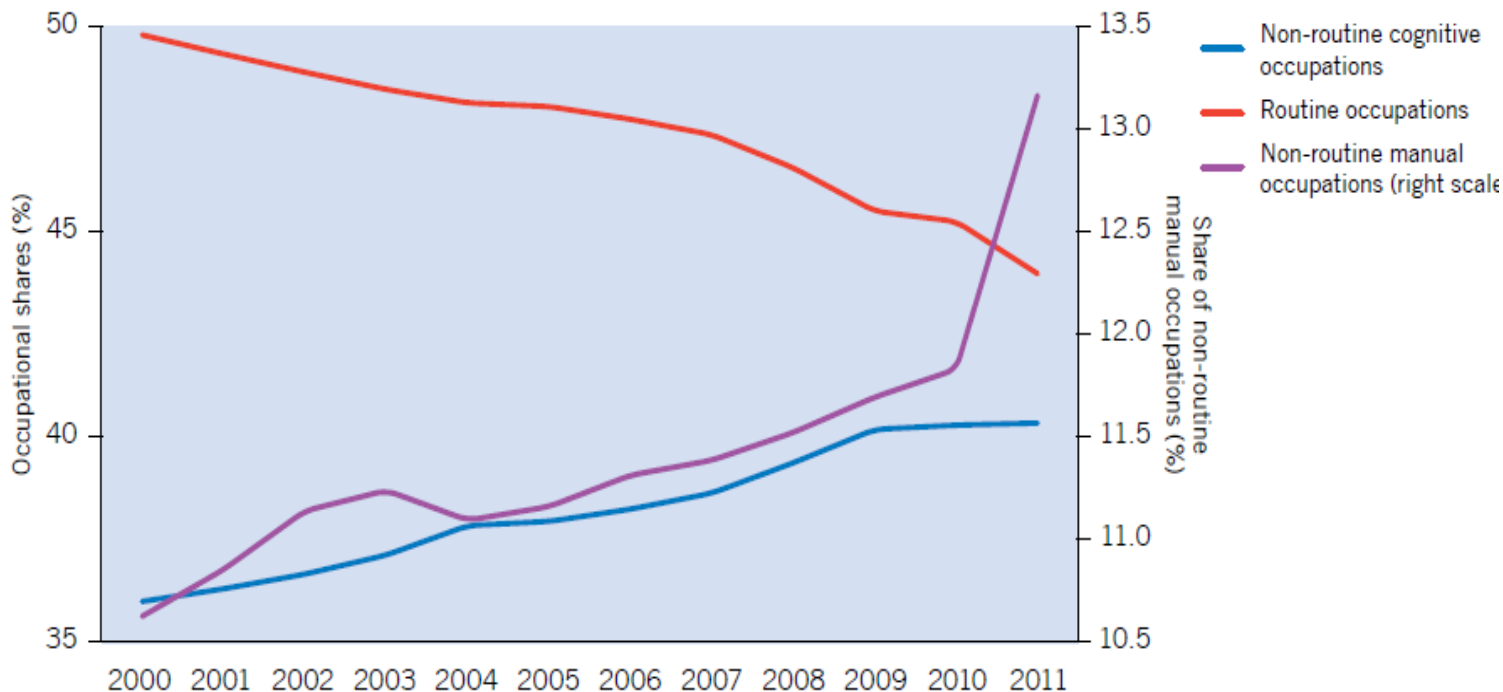
Source: ILO calculations based on *Key Indicators of the Labour Market*, 7th edition.

# Low-skilled occupations are on the rise

## Shifting sands for intermediate-level occupations

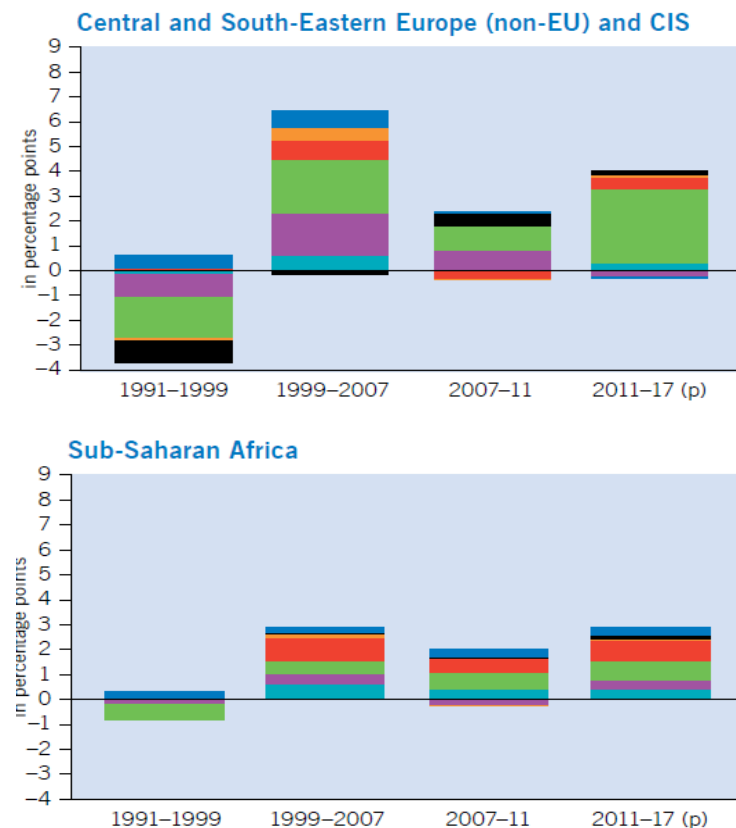
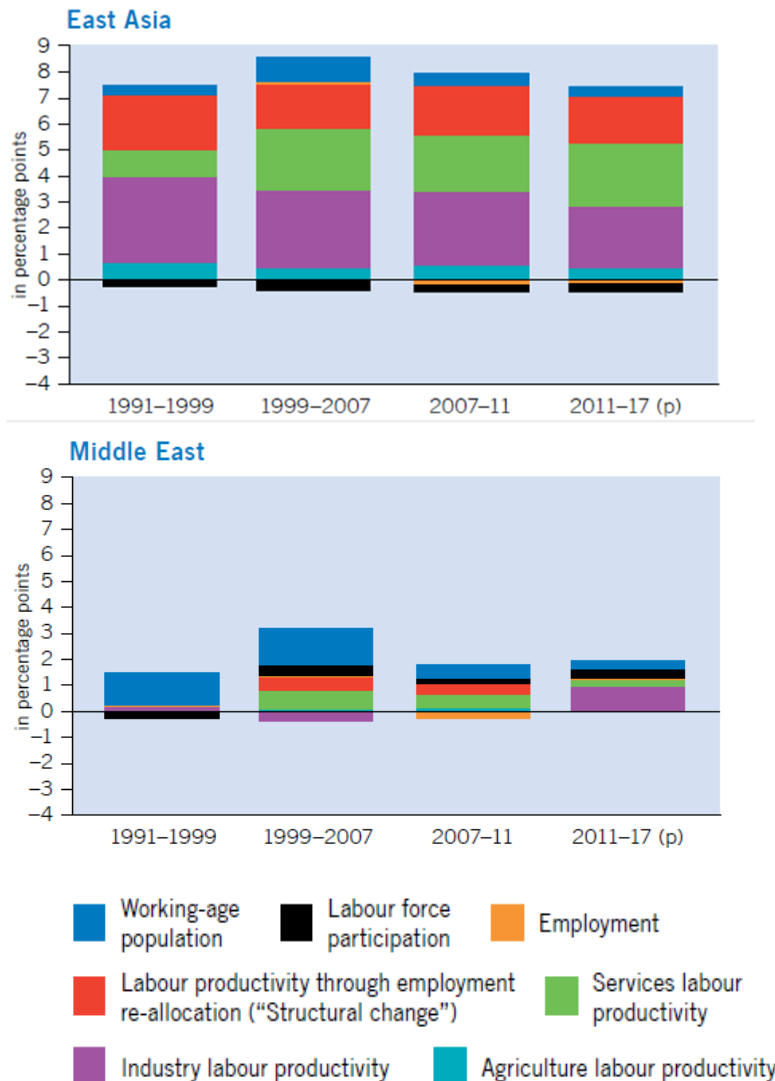


- Intermediate-level skills occupations have been particularly badly hit, especially in OECD countries
- High-skilled occupations have remained stable
- Low-skilled occupations have boomed



# Skills needed to foster structural change

Slowdown in structural change creates less opportunities for up-skilling



- Structural change has slowed in many developing regions
- Less capital deepening also weighs on sectoral productivity growth



# The role of skills providers

Improve the links between education, training and the world of work



- Skills providers need to prepare for periods of weaker growth
  - Financial crisis has caused long-term trouble for investment and structural change
- Skills provider need to address rising skills mismatch
  - Tighten links between school, training centres and business
  - Provide one-stop shop for job-search techniques, career support and job opportunities
  - Enhance technical vocational education and training, with a particular focus on service sector training needs
  - **Channel funds to the lower skill end**
- Skills providers need to identify potential early school leavers
  - Encourage them to stay in school by diversification of curricula and improve relevance
  - Provide other employment, education or other training opportunities