



# EU file

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## Skills mismatches: EU businesses are losing millions, and will be losing even more!

The European economy loses over 2% of productivity per year due to a mismatch of skills, according to a recent study commissioned by the European Economic and Social Committee. This means a loss of 80 eurocents for each hour of work. The situation will get even worse in the future due to demographic trends and ongoing technological developments, if no reforms are undertaken.

According to the study, companies in most of the EU's Member States are witnessing a growing shortage of workers with skills tailored to their needs. In some occupations, such as ICT professionals, medical doctors, and science, technology, engineering and mathematics (STEM) professionals, as well as teachers, nurses and midwives, the impact on the economy is already significant. Moreover, there is

also a noticeable shortage of intermediate-level skilled occupations, such as truck drivers, cooks and welders.

The way skills mismatches affect European companies includes additional spending on employee training, loss of competitiveness and innovation capacity and slower recruitment processes. Over 70% of companies engaged in professional, scientific or technical services and 67% of ICT companies admitted that skills mismatches have a serious effect on their human resources policies.

The companies of five reference countries surveyed in the study pointed to insufficient traditions in lifelong learning and (re)qualification as being the most significant factor in skills mismatches. People aged under 24 and over 65 are the most exposed to these mismatches. The least likely to be affected are those aged 40 to 54.

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## How to bridge the gap?

Efficient and more popular vocational education and training (VET) practices and greater emphasis on lifelong learning and effective labour intermediation are key to bridging the existing skills gap as they foster labour market mobility and labour migration. It is also important to improve skills evaluation in order to help identify in advance the skills to be needed on future labour markets.

Slow or inadequate educational reforms, over-reaching labour market regulations, excessive labour taxation and arbitrary wage-setting mechanisms are policy-related causes of skills mismatches. Therefore, change must be implemented by both the authorities (at national and local level) and stakeholders – educational institutions, employers and workers themselves. Policy measures at both EU and national level are needed to close the skills gap and foster the competitiveness of EU businesses.

## Is teleworking taking off?

Smartphones and mobile technologies are increasingly important in our everyday lives; by expanding opportunities to telework, have they also transformed the world of work?

One of the promises held out by the ICT revolution was that anyone who could do their tasks using a computer and a phone would be able to work from home, avoiding the stressful commute and the distractions of the workplace. 'Telework' entered the workplace vernacular and progressive employers put the policies in place to implement it. Telework became feasible around the same time as consensus was rising about the desirability of maintaining a work-life balance, and it fitted neatly in the toolbox of measures to help people reconcile the demands of work and home life. But a backlash came as prominent companies such as Yahoo! and IBM had a change of mind and decided to restrict or completely ban staff from teleworking. They argued that it interfered

with spontaneous interaction and sharing of ideas between employees, stifling opportunities for development and innovation.

So how much impact has telework had on the world of work? Not much. While take-up has picked up in the past five years, just 3% of workers work regularly from home. A further 5% are highly mobile workers who work from several locations (including home) regularly, while 10% telework occasionally from various locations but with much lower mobility than the highly mobile group.

Its reach into the workplace varies markedly across Member States, being more widespread in Scandinavia and much less so in eastern European countries, Greece and Italy. The extent of ICT spread and internet connectivity as well as the national work culture and economic structure influence its adoption in different countries.

In part, the ability to telework is restricted by the nature of one's work. It is a viable option for those who can work independently and whose use of ICT is high; hence its greater prevalence among knowledge workers. Teleworkers are often professionals and managers; substantial numbers of clerical workers rank among them, too, while sales representatives are common in the highly mobile group. On the other hand, it is not feasible for many lower-skilled jobs that require a fixed workplace – machine operators or shop assistants, for example. For these reasons, too, telework is less common in manufacturing and retail and more common in ICT, financial services and services in general.

## Sharing caring

It is well known that women take more responsibility for the care of their children than men. According to the 2016 EQLS, 88% of mothers compared to 64% of fathers in the EU care for their children every day. These fathers estimate they give 21 hours a week to the care of their

children, while the mothers dedicate 39 hours per week.

This disparity is duplicated among working parents and is one of the reasons why the working lives of women contrast with those of men – in terms of working time arrangements, occupational choices and pay. Separating the data by Member State suggests that the gender gap in care provision is highly influenced by social and cultural norms. The graph shows the percentage of working men and women caring for children or grandchildren regularly in the Member States, ordered by the size of gap – ranging from no gap in Denmark to a gap of 34 percentage points in Greece.

The need to reconcile work and care may extend over most of the course of a working life if it involves both the care of children and of dependent adults. The gender gap in childcare is wider at younger ages, while for adult care, it is particularly wide in the 50–64 age group, where a striking one-quarter of women in paid work (compared to 17% of men) report providing care at least once a week to an ill or disabled family member or friend.

## Nurturing innovation at work

Companies that encourage their employees to participate in broad decision-making around operations or strategic direction can not only improve job satisfaction, but also increase levels of innovation.

Over half (57%) of companies in the EU encourage their employees to participate in company endeavours outside the immediate responsibilities of their job. Companies do this in various ways, ranging from sharing information and consulting with employees – through staff meetings, staff surveys and suggestion boxes, for instance – to involving them in strategic and planning operations.

As one might expect, such practices increase job satisfaction, leading to increased staff retention, less absenteeism

and better motivation – in short, improved well-being in the workplace. Eurofound research based on its European Company Survey (ECS) has found better workplace well-being in companies that promote employee participation than in companies that are less committed to this.

What is less obvious is that such employee participation might have an impact on how innovative a company is, but ECS data confirm this also to be the case. In companies where employees jointly take part in decision-making, the likelihood of innovation rises by 7%. This is a strong argument in favour of systematically involving staff in planning and decision-making, as well as a lesson for the 24% of managers who see involving employees as an obstacle to change. And knowing what other practices might make companies innovative is a good start to boosting innovation<sup>1</sup>.



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<sup>1</sup>[www.europa.eu/newsroom](http://www.europa.eu/newsroom)