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PRESS RELEASE

Labour market mismatches

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The reasons for a mismatch between labour supply and demand can be cyclical, frictional or structural, which is typically when the educational level of job seekers does not correspond to the profiles sought on the labour market or when there is a lack of geographic mobility.

By using a macroeconomic style approach involving the construction of a mismatch index, we can assess the size of the skill mismatch by comparing the distribution of unemployment (labour supply) and jobs (as a proxy for demand) by educational level – i.e. the highest level of education obtained by job seekers and workers – based on labour force survey data. The level of the index in Belgium suggests that job seekers are not proportionally skilled enough to meet employers' needs. The index is highest in Brussels, where most jobs call for highly skilled workers, which are lacking among Brussels residents. With their similar employment and unemployment structures, the levels of the Walloon and Flemish indices are fairly close. In a European context, Belgium has the highest index in the EU15, but this does not go hand in hand with an above-average unemployment rate. The nature of Belgium's recruitment problems can be discerned more precisely by looking at the distribution of labour supply and demand by profession: the share in total employment of professions requiring higher educational attainment compared with job seekers' professional background confirms the presence of labour market mismatches. This does not mean that there are hardly any openings for job seekers without higher education levels. The regional analysis of critical functions shows that in many jobs, a specific diploma is not the most important factor. Lack of experience, broadly applicable skills, and foreign languages are qualitative factors that can also form an impediment to finding employment.

Belgium has a large dispersion of local unemployment rates compared with other European countries. It is generally held that labour mobility helps reduce regional labour market inadequacies, because vacant positions in one area can be filled by persons with suitable qualifications who live elsewhere. In Brussels, posts are often occupied by people who live in other regions. By contrast, jobs in Flanders and Wallonia are overwhelmingly done by those who live in that region, and very few workers commute between the north and south of the country. Workers' characteristics play a role in the likelihood that they will commute, as witnessed by the small proportion of low-skilled workers among commuters. Other obstacles include the language barrier, difficulty getting to the workplace, and the costs entailed in exercising a profession.

However, the fact that employers have trouble recruiting staff on both sides of the language boundary, where critical functions are similar, and that the mismatch indices for Flanders and Wallonia are alike indicates that the Belgian labour market has not only a mobility problem but also – and chiefly – a mismatch of qualifications and skills.