

Mismatch of labour market needs and skills in Slovenia

Depending on the area of activities related to the analysis of the mismatch of labour market needs and skills (1. anticipation or forecasting of skills demand and supply in Slovenian labour market or, 2. matching between Labour market needs and skills) there is different quantity and quality of the activities, at least at the national level. The first one (anticipation or forecasting of skills demand and supply) is much less developed than the second one. This is partly the consequence of the relatively poorly developed labour market analyses practice before the transition to the market economy and partly due to the relatively small size of the labour market itself, which does not enable researchers to make any deeper analysis with statistically reliable results (for example, using the LFS data, occupational trends could be observed and analysed as statistically reliable only at the level of 10 major groups, while trends for particular occupation are less reliable).

1. Statistical data and analyses

On the national level, in Slovenia, there are two main sources for statistical analysis. One is the ESS (Employment Service of Slovenia) data (register of the unemployed persons), and the second one is the (LFS) Labour Force Survey.

The ESS data offer much richer data, especially on unemployed persons, while LFS data offer much broader picture of the labour market since it gathers the information on different groups of persons on the labour market.

On the international level, again two major databases offer some information on the skills mismatch for Slovenia. One is Eurostat and the second is OECD database. Both institutions also provide some documents which could be of greater help for the analysis. Thus, Eurostat publishes Employment in Europe and Key Data on Education in Europe, while OECD publishes Employment Outlook and Education at a Glance. Nevertheless, both databases are much richer and offer more concrete indicators related to the skills mismatch than the publications.

CEDEFOP also provides many documents which could be useful.

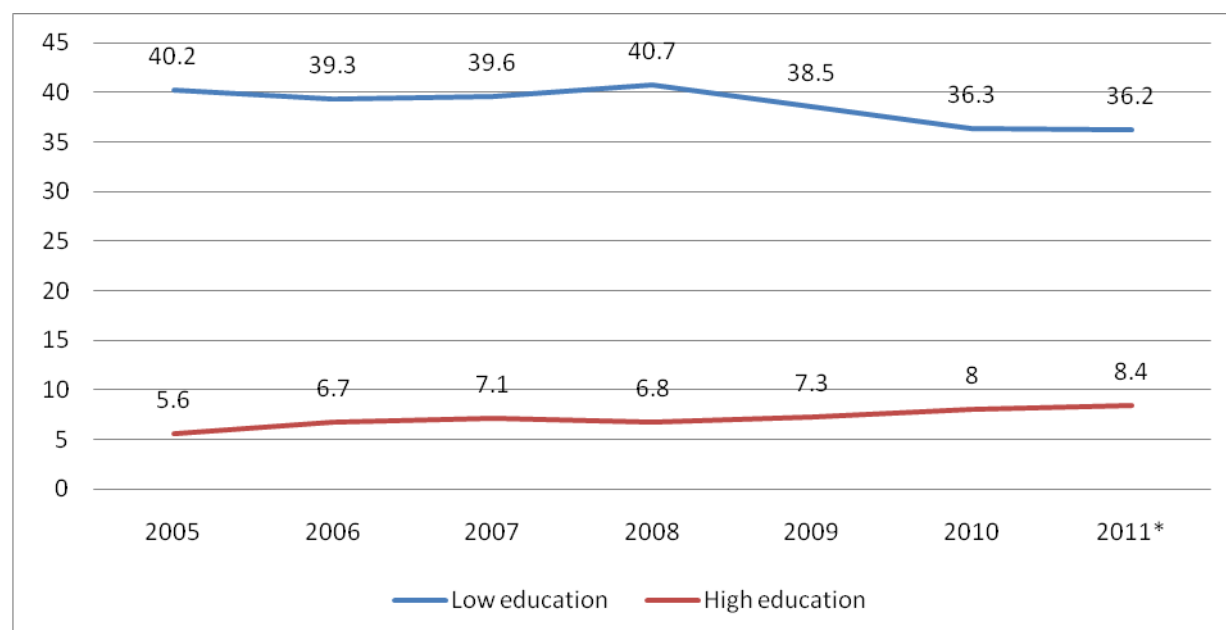
Some recent surveys could be also quite useful in explaining the situation on different levels. Among them HEGESCO (Higher Education as a Generator of Strategic Competences: <http://www.hegesco.org/content/view/36/108/>) could be especially important.

2. In-depth qualitative description of data and the bottlenecks (list of main issues causing this bottleneck and what are the consequences on the labour market)

The classic consequence of the mismatch of labour market needs and skills is structural unemployment usually expressed as the share of unemployed persons with low educational attainment. This form of unemployment proved to be very persistent in Slovenian labour

market and was especially accentuated in the period of high GDP growth and decreasing of the overall number of registered unemployment (with the lowest numbers in 2008). In this period only the core of least employable persons remained at the ESS and the share of those with low education was 40.7%.

Chart 1: The share of registered unemployed with low and high (university graduates) educational attainment at the end of the year



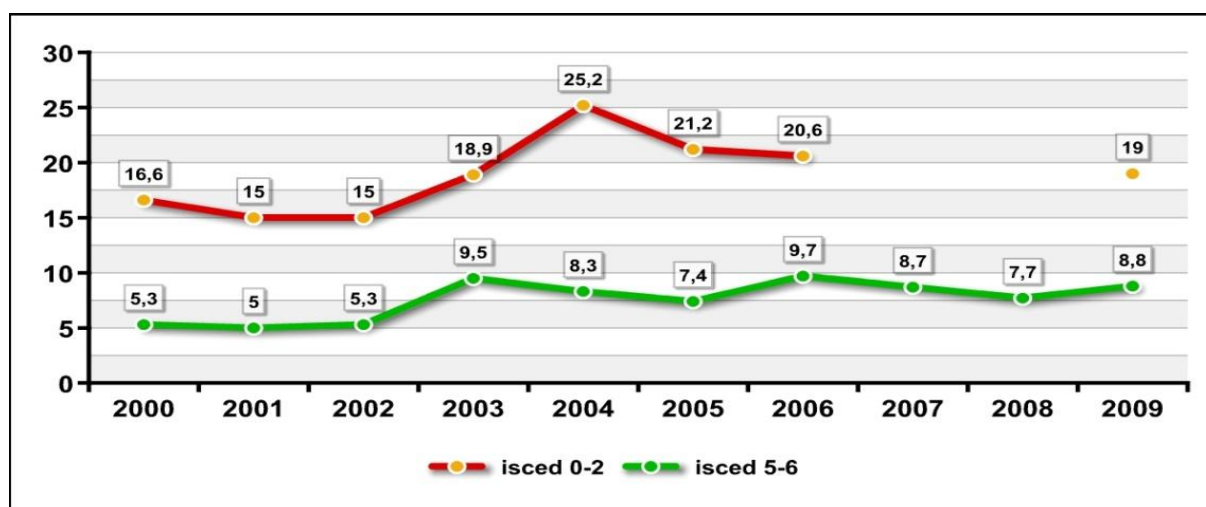
Source: ESS 2011,

*February 2011

On the other hand, chart 1 shows another issue related to the Slovenian labour market – increasing unemployment among university graduates. The share is noticeable lower than the share of low educated unemployed, but the number is growing (9662 persons in February 2011) constantly in the recent period (2005-2011).

The same trends could be observed in chart 2 where unemployment rates are used.

Chart 2: Unemployment rates of low (iscd 0-2) and high (iscd 5-6) educated persons, Slovenia 2000-2009



Source: Eurostat, 2011

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_urgaed&lang=en

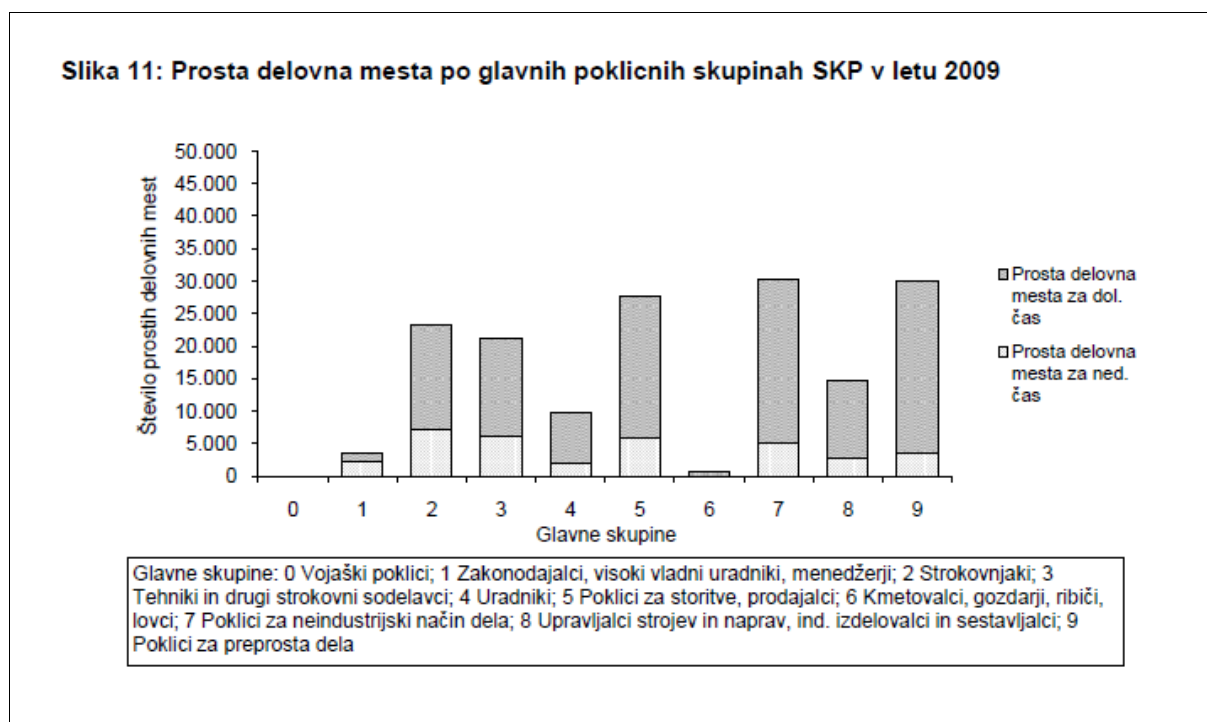
*No data available for 2007 and 2008

Among the reasons for such development, probably most important ones are: 1. Explicit governmental promotion of increasing enrolment of young cohorts to the tertiary education from the 2000 onwards; 2. High aspirations of youth and their parents; (both reasons (1 and 2) are producing high pressure on the tertiary level of the educational system and consequently on the labour market at the point of graduates' transition from the educational system); 3. Mismatch between students' field preferences (accentuated by the higher wages, better working conditions and higher job security) and labour market needs; 4. The structure of Slovenian economy, which did not follow the transition of the youth to the tertiary education at the same pace.

The last reason is probably among the most important ones, since the Slovenian economy, even in the period of high GDP and employment growth, did not create enough vacancies in the same sectors as graduates are searching for jobs. Slovenian economy increased demand especially for elementary occupations, craft and related workers and service workers – in sum, predominantly less skilled workers or workers with very specific skills.

For example, in 2009, most vacancies were created (see chart 3) in (7) craft and related trades; (9) elementary occupations; and (5) Service workers and shop and market sales workers.

Chart 3: Vacancies by main occupational groups in 2009



ESS, Letno poročilo 2009, 30

3. Measures already taken in Slovenia and their assessment

At the national level, beside the analyses of the major data bases, the ESS performed once a year (at the end of the year) the research called Employment Forecast, in which all Slovenian organizations should be involved, since the basis for the research was the article 10 in the Employment and Insurance Against Unemployment Act, which stated that all organizations should report their anticipated needs for workers and possible redundant workers for the whole year until the January 15th of the current year. This data was the basis for the Employment Forecast report for the current year. It is not clear to me how is this area solved in the new Labour Market Regulation Act (it seems that it will be deregulated). Comparison of data on demand and the numbers of unemployed people (actual supply) provides information on short-term educational and occupational discrepancies on the labour market. But it does not give a full picture of the knowledge, skills and competences required by employers.

Activities related to the matching between labour market needs and skills development are much more developed in Slovenia than the activity mentioned in the first section. This is closely related to the development of the Active Labour Market Policies since many of the activities in this area are part of the ALMP. For the activities incorporated in the ALMP main responsibility carries Ministry of Labour, Family and Social Affairs and as operative part Employment Service of Slovenia (especially important are CIPS centres – Vocational Information and Guidance Centres).

Overall, vocational guidance on many levels has increasing importance in the Slovenian labour market. It is divided in two parallel streams – one for mostly unemployed people, pupils and students, where many activities are developed (among others: on-the-job training for people with inadequate skills in co-operation with employers in private sector who are looking for new workers; “Project Learning for Young Adults” as relatively successful programme for motivating young unemployed adults (early school leavers) for completing education and gaining some new skills) and second intended for adult population (run by the Slovenian Institute for Adult Education) in general, mainly providing information and guidance to the adult people motivated to learn something new (where 50 % of participants are employed, but the share of unemployed, students and older people is increasing).

In some cases of increased demand or low supply of workers with demanded skills, Slovenia opened its labour market for immigrants with lower skills, especially in the construction sector and for seasonal jobs. Afterwards, this proved to be one of the sources of most pronounced mistreatments of workers in relation to their rights and basic human conditions in which they lived and worked.

On the other hand, there are many forms of scholarships (<http://www.sklad-kadri.si/si/stipendije/>), which could be used as promotion or motivation for continuing or changing education in accordance to the labour market needs and thus reducing structural unemployment.

Enabling economic migration is another possible measure for improving the match between labour market needs and skills and Slovenian ESS is a member of EURES network which could facilitate such migrations with the right information about job vacancies across Europe.

4. By the government planned, foreseen measures to be taken (critical assessment)

Except for the new Scholarships Act (still in the procedure) which provides new scholarships for deficit occupations and international mobility I cannot recall any concrete planned measure foreseen for reducing the mismatch. Regarding the scholarships, it should be pointed out that the amount foreseen (between 90 and 170€) does not promise much (regardless to the possibility of receiving more types of scholarship at once).

5. Measures financed by the ESF (optional)

ESF funding plays an important role in co-funding many activities related to the Slovenian labour market, especially in relation to the ALMP measures (for example: self-employment subventions, on the job training, preparation for acquiring national and basic occupational qualification, institutional training, “Absolvent - aktiviraj in zaposli se” programme and so on).