

STREAM 1

*Skills mismatch, ALMPs,
policy scope and targets*

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validation workshop**
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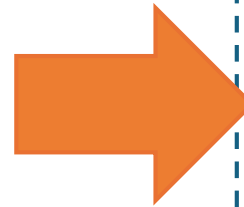
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Objective

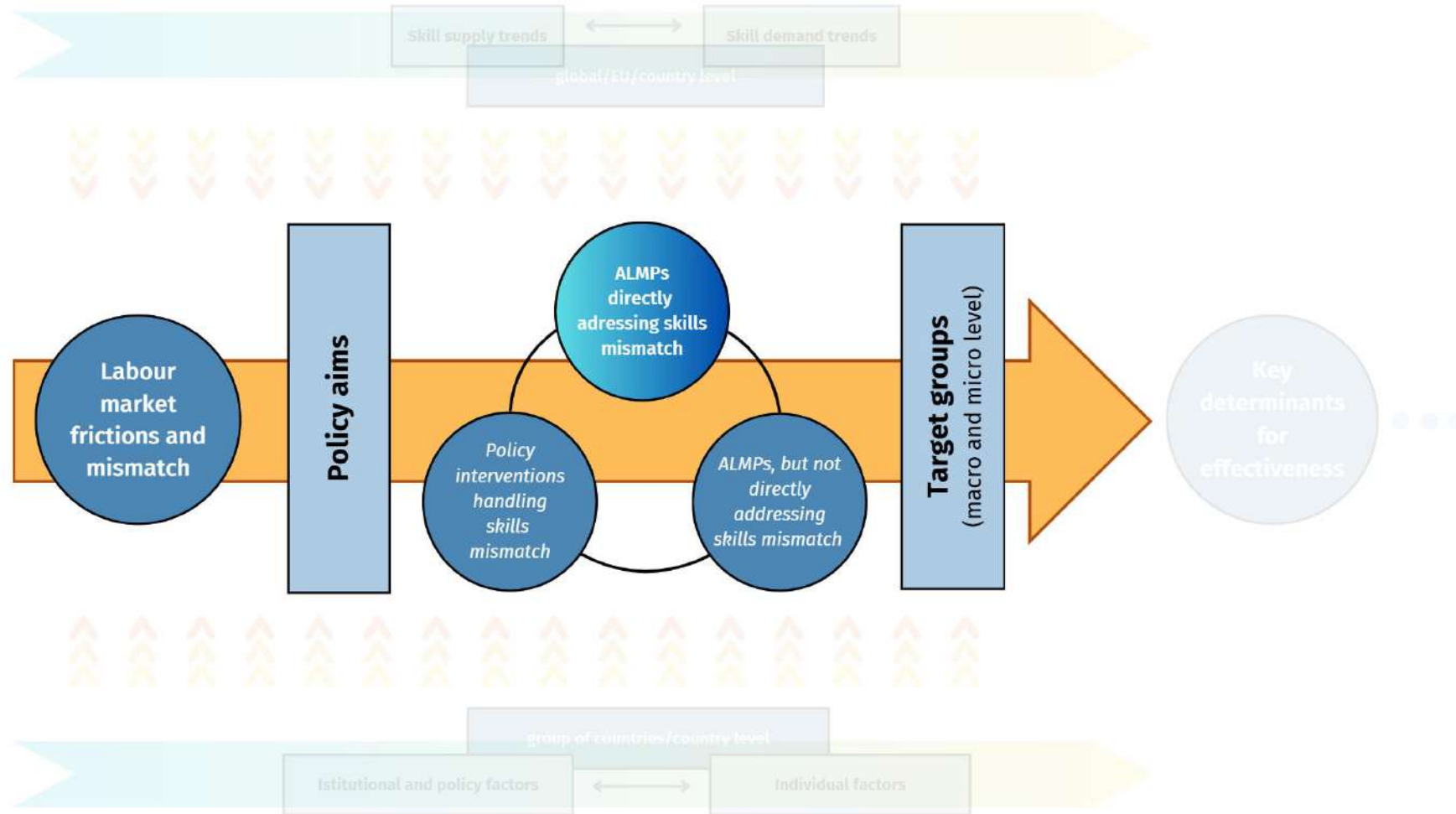
*discussing the **conceptual clarity** and **practical relevance** of the proposed structure and logic*



- Focus on some of the **core elements** lighted by the framework:
 - the relationship between **labour market frictions, skills mismatch, and the role of ALMPs**;
 - the **scope** of different types of ALMPs;
 - the process of identification and selection of **target groups**.
- Guided discussion with participants.



Going back to the framework...the matter at hand



1. Labour market frictions and skills mismatch



Labour market frictions



Skills mismatch

individuals' qualifications, competences, or work experience do not align with the requirements of available positions



Both a **driver and a consequence** of broader structural inefficiencies in the labour market



Complexity and multidimensionality



Analysis at **micro** (vertical and horizontal) and **macro** level



1. Labour market frictions and skills mismatch



Skills mismatch can present itself into a **variety of forms**, thereby underlining the articulated nature of this challenge.

This leads to **challenges in measurement** approaches:

- skills themselves are multidimensional (technical, cognitive, soft competences...), and measurement processes often capture **only part of the individual's full skill endowment**;
- much of the available data **reflect formal education or qualifications**;
- most of the data allow for an assessment of current situation but **need to be complemented** with other types of surveys and intelligence efforts

Overeducation	To have completed more years of education than the current job requires.
Undereducation	To have completed fewer years of education than the current job requires.
Overqualification	To hold a higher qualification than the current job requires.
Underqualification	To hold a lower qualification than the current job requires.
Overskilling	To be unable to fully use one's skills and abilities in the current job.
Underskilling	To lack the skills and abilities necessary to perform the current job to acceptable standards.
Skill shortage	Demand for a particular type of skill exceeds the supply of available people with that skill.
Skill surplus	The supply of people with a particular skill exceeds the demand for it.
Skill gap	The level of skills of the person employed is less than that required to perform the job adequately or the type of skill does not match the requirements of the job.
Economic skills obsolescence	Skills previously used in a job are no longer required or are less important.
Physical (technical) obsolescence	Physical or mental skills and abilities deteriorate due to atrophy or wear and tear.
Vertical mismatch	The level of education or skills is less or more than the required level of education or skills.
Horizontal mismatch	The level of education or skills matches job requirements, but the type of education or skills is inappropriate for the current job.
Crowding out / bumping down	Better qualified workers are hired to do jobs that less qualified workers could also do, thus replacing (crowding out) less qualified workers from traditional employment possibilities for their level of skill. Bumping down refers to this process working from top to bottom, pushing less qualified workers to even lower level jobs. At the extreme some lower level workers may become unemployed.



1. Considering the scope of ALMPs



- Over time, ALMPs have shifted from being primarily instruments to reduce unemployment towards **broader policy tools** aimed at addressing structural labour market frictions.
- Today, they are regarded not only as mechanisms to support re-entry into employment, but also as means to **foster social inclusion, tackle underemployment, limit welfare dependency, and, importantly, respond to skills mismatches.**
- In addition, **other policy measures** can significantly influence **mismatch dynamics** and shape the structural conditions under which skills are developed, and applied in the labour market.

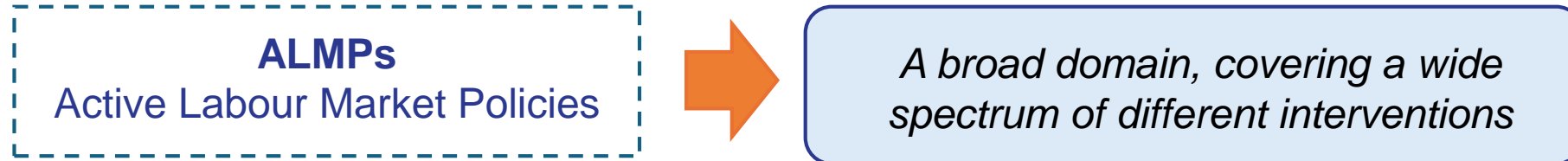


Given this varied background, **defining the scope** of an intervention becomes essential, as it enables an **assessment** of its relevance and **proximity** to the skills mismatch challenge.



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2. Considering the scope of ALMPs



EU LMP database classification

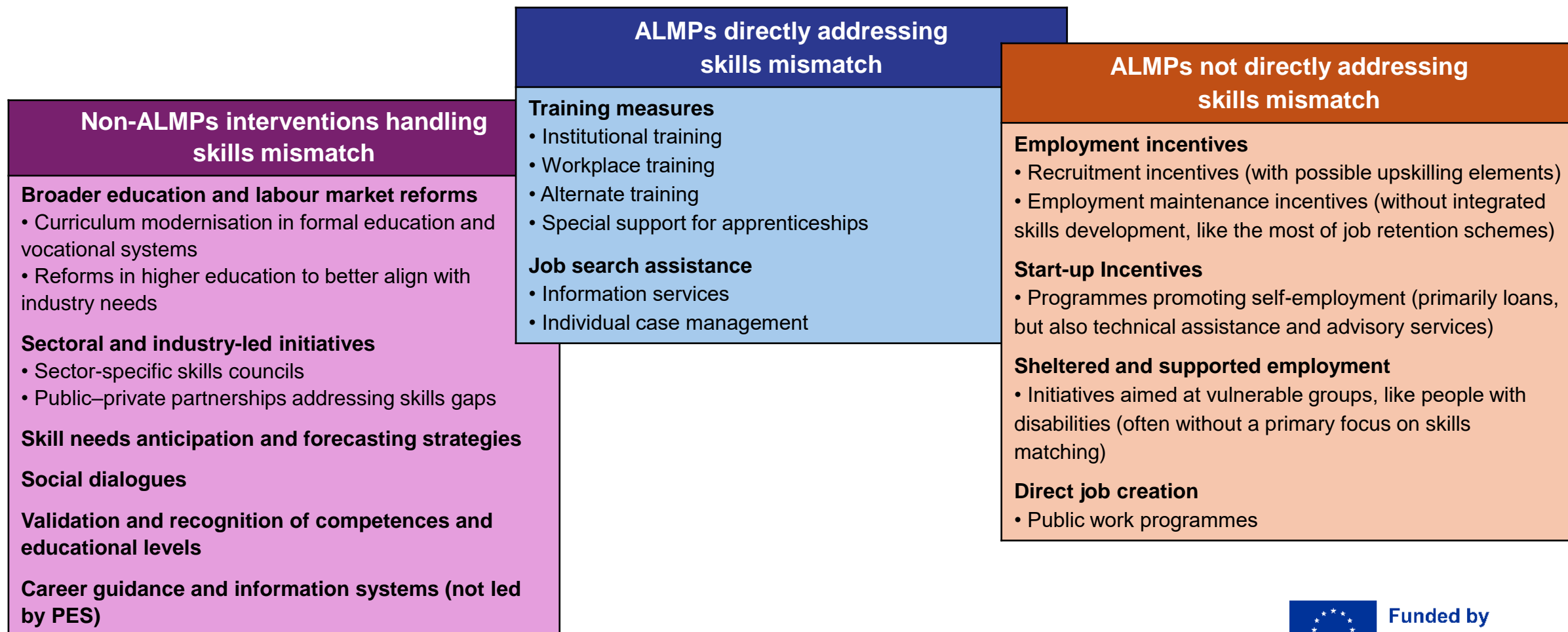
- Policies classified as **measures** include **most of the activities associated with ALMPs**: *training programmes*, *employment incentives* (mostly in the form of wage subsidies or equivalent), *direct job creation* (fully or largely subsidised and often public sector jobs; public works), *sheltered and supported employment* and *start-up incentives* to promote entrepreneurship.
- Policies classified as **services** include general *employment services provided by PES* for jobseekers - such as information services, (including labour market intermediation), guidance and counselling - as well as the *administration of measures and support*. They are **also included in the ALMPs**.
- Policies that fall under **support** constitute many **PLMPs** and include *out-of-work income support* (e.g. unemployment insurance) and *early retirement programmes*.



3. Considering the scope of ALMPs



Classification of policy interventions based on their scope



3. Target groups



An essential dimension in the design and implementation of ALMPs lies in **identifying the specific needs of beneficiaries and ensuring that policies effectively target them.**

The experience of the COVID-19 crisis clearly illustrated the **risks of overlooking certain categories**: many emergency measures prioritised standard employment relationships, leaving workers in informal, precarious, or atypical conditions without adequate support.

The capacity of ALMPs to reduce skills mismatch depends to a great extent on **reaching groups exposed to exclusion or to misalignments between labour supply and demand.**

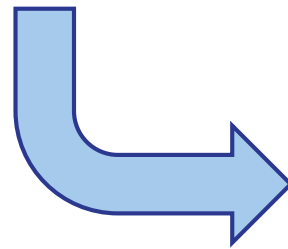
To avoid repeating such shortcomings, **effective targeting must take into account both broad labour market categories and more specific subgroups**, designing interventions that are responsive to their heterogeneous needs.



3. Target groups



At a **macro level**, the framework aligns with the major target group categories identified in the EU LMP database:

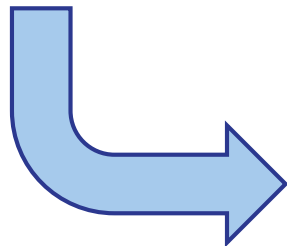


Target groups: macro level	
Unemployed	Individuals without work, actively seeking employment, or registered as unemployed.
Employed	Individuals with jobs who face challenges such as job insecurity, underemployment, or working in positions below their skill level or aspirations.
Inactive	Individuals not actively seeking work, not registered and not part of the labour force - often due to personal, social, or economic barriers - but willing to work if given the opportunity.

3. Target groups



Beyond this macro-level classification, the framework recognises the **importance of also addressing the micro level**, which sheds light on more specific population segments potentially vulnerable to skills mismatch



Target groups: micro level	
Long-term unemployed	People unemployed for an extended period, often needing intensive support.
Low-skilled workers	Workers lacking qualifications, often requiring reskilling or upskilling programmes
Youth (& NEETs)	Young people (including those Not in Education, Employment, or Training) requiring targeted employment programmes
Elderly workers	Individuals aged 55+ facing challenges in staying or re-entering the workforce.
Women	Particularly those affected by gender inequalities, childcare responsibilities, or limited job access
Migrants & refugees	Including returning migrants and displaced persons (e.g., refugees from Ukraine), needing integration support
People with disabilities	Individuals requiring adapted work environments, rehabilitation, or supported employment
People with "complex" needs/multiple disadvantages	Those facing multiple employment barriers, requiring comprehensive, long-term support programmes
Public priorities	Any nationally recognised disadvantaged groups

Key questions for reflection



Does the framework provide a **clear and comprehensive basis for understanding** how different types of ALMPs interact with skills mismatches?



Does the proposed **classification of policy interventions** and **target groups** (at both macro and micro level) help to identify meaningful areas for analysis and policy comparison across contexts?



- Importance of underlying fluidity and dynamics of skills mismatch challenge.
- Regarding micro-level target groups, greater granularity is suggested (i.e., there are various typologies of NEETs).
- Refine focus on skills mismatch interventions: most interventions address typologies like overeducation, for example, excluding skill shortages and skill gaps → not all skills mismatches are equal in terms of focus and policy-making procedures.
- More emphasis on framework description, since it is directed to policymakers and not just researchers.
- Clarify between active and passive labour market policies, since it can create confusion in the evaluation.
- Importance of increasing the quality of forecast analysis, also in order to refine targeting at micro level.
- Underestimated geographical dimension, since skills mismatches are very dynamic at a local level.
- More importance on outreach activities.
- Micro-credentials to help certification of competences.



Key questions for reflection...

Does the framework provide a **clear and comprehensive basis for understanding** how different types of ALMPs interact with skills mismatches?

Does the proposed **categorisation of ALMPs and target groups** (at both macro and micro level) help to identify meaningful areas for analysis and policy comparison across contexts?

- How to reflect in the AI-Tool the granularity and complexity of interventions, especially in terms of effectiveness
- For many policymakers it is difficult to comprehend the complexity of ALMPs. It could be helpful for them to have a foundation of work already in place.
- Emphasis on combination of policies and instruments, also between ALMPs and non-ALMPs .
- Production system based on forecasting to create job postings of quality.



Key questions for reflection...

Does the framework provide a **clear and comprehensive basis for understanding** how different types of ALMPs interact with skills mismatches?

Does the proposed **categorisation of ALMPs and target groups** (at both macro and micro level) help to identify meaningful areas for analysis and policy comparison across contexts?