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JOB MISMATCH – EFFECTS ON WORK PRODUCTIVITY

Review
Article

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Abstract

Job matching and finding the best person to the right job inside the right company has become one of the most important and actual challenges of productivity. Not only full employment but the match between the employee and the job, in terms of educational level or field of activity, qualifications and skills of workforce; all have been the new gain of work productivity. Present article synthesizes the theoretical and empirical findings on effects of job mismatch by selecting the main findings about influence of job mismatches on work productivity including both employees and companies sides. on short term overeducation and overqualification could have a positive effect on productivity for one company, but on long term, mismatched worker would be affected by decreasing job satisfaction and lower wages. Also, at macroeconomic level, from a perspective of economy as a whole, job mismatches mean a loss of resources and human capital and could have negative effects on overall productivity. The opposite effects stay at the crossing between the employees, companies, policies and future development. In fact the effects of skill mismatch and productivity is a lost of work potential through inefficient resource (re)allocation.

MATCHING THE BEST PERSON TO THE RIGHT JOB

The new challenge of job mismatch in global labour market is at the centre of preoccupations of managers, human resources specialists from companies, as well as those who make strategies on education, training and employment in the European Union (EU).

Finding the right people for the right jobs becoming more difficult. The needs for qualifications or skills is changing rapidly because of technological change but it's not a problem of having a number of well-skilled employees, but a better allocation of workresources is critical for companies aiming to raise performance and to be competitive. Matching the best person to the right job means that educational level, field of activity, qualifications or competences of employee are adequate to workplace requirements and responsibilities.

Mismatching is a lack of equilibrium between persons searching for a job and work-places, but possible finding another job with more (or less) job requirements and responsibilities.

A report of Cedefop (2010) give us some forecasts figures. It is estimated that „in 2020, almost 31.5% of all jobs will need tertiary-level qualifications and that around 34% of the labour force will have them. Some 50% of jobs will require medium-level qualifications and around 48% of the labour force will be qualified to that level. Around 18% of the labour force will have no or low level qualifications and 18.5% of jobs will need no or only low level qualifications”.

There could be vertical mismatch when inadequacy exist at the level of skills, or competences or education (the level of skills is higher or lower) and horizontal mismatch when inadequacy exist due to the type of skills, competences or education is different from the desired one. Education levels and skills have been shown to be strongly correlated with the probability of being employed as well as with wage levels (European Commission, 2016).

WHY JOB MISMATCH CONCERNS US

Job mismatch is a complex phenomenon affecting workforce employment but the effects are various such as work productivity, wages, human capital, competitiveness and development.

The mismatch is a situation of lack of equilibrium or imbalances between the characteristics of employees, like level or type of education (knowledge), domain (field) or competences (or skills) that does not fit to workplace requirements and responsibilities. Job mismatch can be a surplus or a lack of knowledge, skills and competences. It

can be manifested at individual level, or at company or national economy level.

There are many types of skill mismatch: overeducation, undereducation, overqualification, underqualification, overskilling, underskilling, skill shortage, skill surplus, skill gap, economic skills obsolescence, physical (technical) obsolescence, vertical mismatch, horizontal mismatch, crowding out/ bumping down.

Job mismatch have many implications and negative effect on quality employment and decreasing work productivity as well as companies competitiveness. Managing job mismatches requires reforms to facilitate the transition of young people between education and work, and creating a better response of educational offer to labour market needs, and enhancing work-based learning.

Better understanding of mismatch is important to create actions and measures aimed to better design educational offer to labour market needs and skills forecasts and also constantly develop human resources.

NEGATIVE EFFECTS ON WORK PRODUCTIVITY

Job mismatch has negative effects on work productivity, at macroeconomic level and at microeconomic level. It is obvious that if human resources have a high level of education and qualification and skills and do not utilize them, they represent a loss of resources and work potential.

In literature, there are some ideas showing that job mismatches have to be studied separately as educational or skills mismatches because they have distinct effect on work productivity.

Researchers (Mavromaras K., McGuinness S. and col, 2013) find that overeducation and overkilling are distinct phenomena and worst, their combination results in the most severe effects and negative labour market outcomes. Using information on both educational and skills mismatches they analyse the relationship of both types of mismatch with pay, job satisfaction and job mobility. Their results show a significant pay penalty for men who are both over skilled and overeducated, while for women there is a significant pay penalty in all cases of mismatch. For men, job satisfaction is influenced by overskilling either on its own or jointly with overeducation. The researches pay attention on overskilling effects and particularly the combination of overskilling with overeducation.

The effects of mismatch include both employees and company's productivity, which are outlined below. At individual level, the mismatched employees have lower wages and have lower job

satisfaction and motivation that will be reflected in their performance.

An employee with a high level of education doing a job with lower educational requirements finally, will have a lower wage than if he were in a matched job (Quintini, 2011), but more than an employee with appropriate qualifications.

Using data from Programme for International Assessment of Adult Competencies (PIAAC, OECD 2013) authors Levels M. and col (2013) confirm that skills matter for explaining wage effects of education and educational mismatches, but the extent to which this is the case also depends on institutional contexts.

Utilising mismatch indicators aggregated from Survey of Adult Skills (PIAAC, OECD) authors Müge Adalet McGowan and Dan Andrews (OECD, 2015) showed that higher skill and qualification mismatch is associated with lower labour productivity, with over-skilling and under-qualification. More, skill mismatch is in direct relation with lower labour productivity due to a less efficient allocation of resources. Companies have difficulties to attract skilled labour, influencing their productivity.

Other scientific method, based on individual productivity, is focused on the effects of mismatches on job satisfaction and thus influences work productivity. Also absenteeism, turnover and other human resources indicators are involved.

Employees with a higher level of education or qualification would probably look up to a job reflecting their education and skills with more work requirements and rewards that fulfil their satisfaction.

Other side, underutilization of skills leads to a lower work satisfaction and motivation would increase absenteeism and lower productivity. Overqualification and underutilization of skills is associated with job dissatisfaction (Green and Zhu, 2010).

At company level, probably is better to have employees with a high level of education, skills and good qualification doing the same work as employees who are less qualified and they fulfil their goals. That could have a positive effect and increase work productivity, punctually.

Recent research regarding impact of job mismatches on work productivity are based on two main methods with many aspects, but mainly based on indirect evidences and direct evidences. The first method relies on human capital theory, namely, that wage is in correlation with marginal productivity, and thus the impact of mismatch on wages influence productivity. Authors (Mahy et al., 2013) provide conclusions about relationship between educational mismatch and firm productivity, finding the existence of a significant positive impact of overeducation and a significant

negative impact of undereducation on firm productivity.

More, as a long term effect, job mismatches and especially overeducation could induce a cognitive decline with respect to immediate and delayed recall abilities, cognitive flexibility and verbal fluency (de Grip A and col, 2008).

Concluding, emphasize the importance of matching employees and jobs for better allocation of work resources not only investing in education and increasing the stock of human capital, but also with more efficiently. Managing job mismatches requires reforms to facilitate the transition of young people between education and work, and creating a better response of educational offer to labour market needs, also enhancing work-based learning.

CONCLUSIONS

Avoiding the shortcomings that arise from a single-perspective approach, there is a contradiction about the influence of job mismatches on work productivity, depending on the part of the viewer and effects over time could be different. If a company have employees with a high level of education, overqualified, that could have a positive effect and increase productivity, on short term.

On long term, mismatched worker would be affected by decreasing job satisfaction and lower wages. Also, at macroeconomic level, from a perspective of economy as a whole, job mismatches could have negative effects on economy and overall productivity by hiring employees with a high level of education on jobs with lower requirements means a loss of work resources and human capital. Hypothetically at least, those competences and skills of mismatched workers could be more efficiently used in other productive activities in companies that weren't able to find the adequate work resource.

In fact the effects of skill mismatch and productivity is a loss of work potential through inefficient resource (re)allocation.

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