

Abstract

Skill and Education Mismatches in the Graduate Labour Market: A European Comparative Analysis

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In this study we provide an assessment of the likely relative impact of the global recession on recent Italian university graduates by assessing their exposure to factors such as overeducation, overskilling, horizontal mismatch and unemployment relative to graduates from other European countries. In addition to comparing the incidences of each phenomenon, we will also assess the extent to which the determinants of education and skill mismatches vary internationally before measuring the relative impacts of various forms of mismatch on both wages and job satisfaction. The data for the study comes from the Flexible Professional in the Knowledge Society (REFLEX) project which provides data on graduates in the 1999/2000 academic year, who were interviewed five years later in 2005.

We find that Italian graduates have a higher exposure to both overeducation and overskilling both on immediate entry to the labour market and five years following graduation. Furthermore, rates of horizontal mismatch were found to be relatively high within Italy, while Italian graduates were also much more likely to experience a spell of unemployment in the five years following graduation. Thus, the data suggests that the Italian labour markets ability to absorb new graduate flows is likely to be much more severely constrained as a result of the global recession.

The factors driving overeducation are broadly in line with those of other European countries, however, the level of course prestige has a greater relative importance in lowering the rate of overeducation in Italy. With respect to overskilling, again the models are broadly in line with those of other countries. Importantly, the evidence from the study confirms that the largest predictor of labour market mismatch (be that overeducation or overskilling) five years following graduation is having been mismatched on immediate entry to the labour market, thus demonstrating the non-transitory nature of both overeducation and overskilling. The results imply that the relative inability of the Italian labour market to absorb new graduates may lead to a more severe increase in both overeducation and overskilling among new university graduates that will have long-term implications for the effected individuals.

Finally, the research found that while the impact of overeducation and overskilling on earnings was lower within Italy, the negative effect on job satisfaction was in line with that of other European countries.