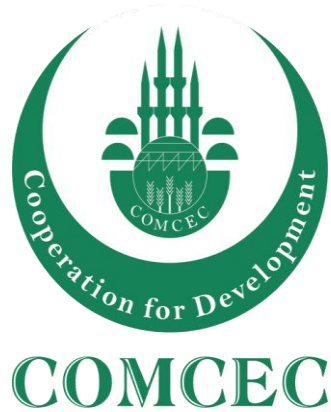




THE ROADMAP FOR PREVENTING THE SKILL MISMATCH

in the Labor Markets of OIC Member Countries

Lessons from Selected Country Cases

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TED University

Five cases are read through one comparative lens.

Desk cases, field evidence and a non-OIC comparator serve different analytical purposes.



Saudi Arabia was a field case in the project. It was presented at the earlier project meeting and is therefore not repeated as a country block here.

Every country is asked the same five questions.

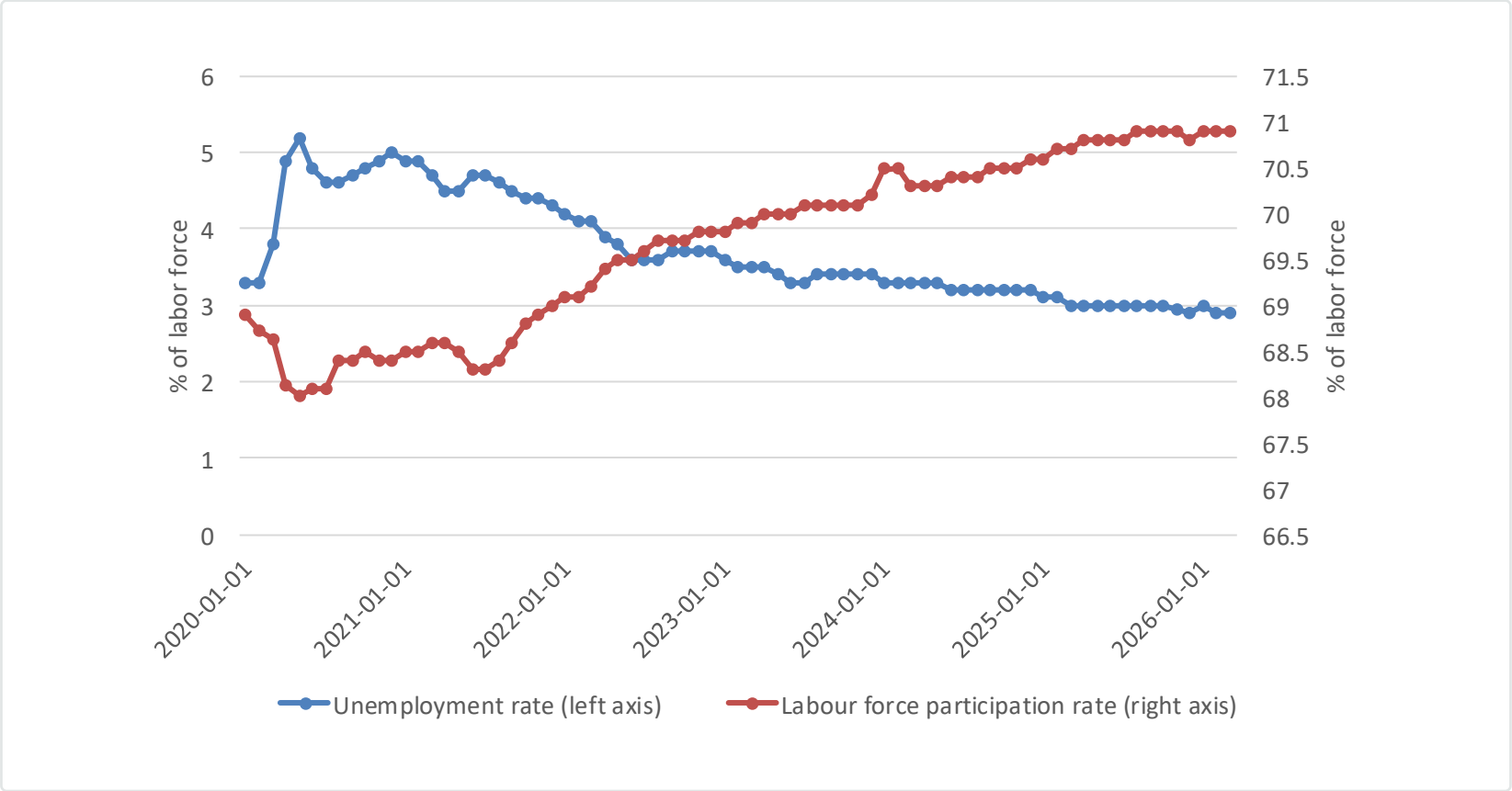
- 01** What form does mismatch take?
- 02** Why does it arise?
- 03** How does the system respond?
- 04** What works — and what remains disconnected?
- 05** What can other OIC countries learn?

Strong institutions, persistent conversion gaps

Low unemployment coexists with graduate underemployment and shortages in critical occupations.



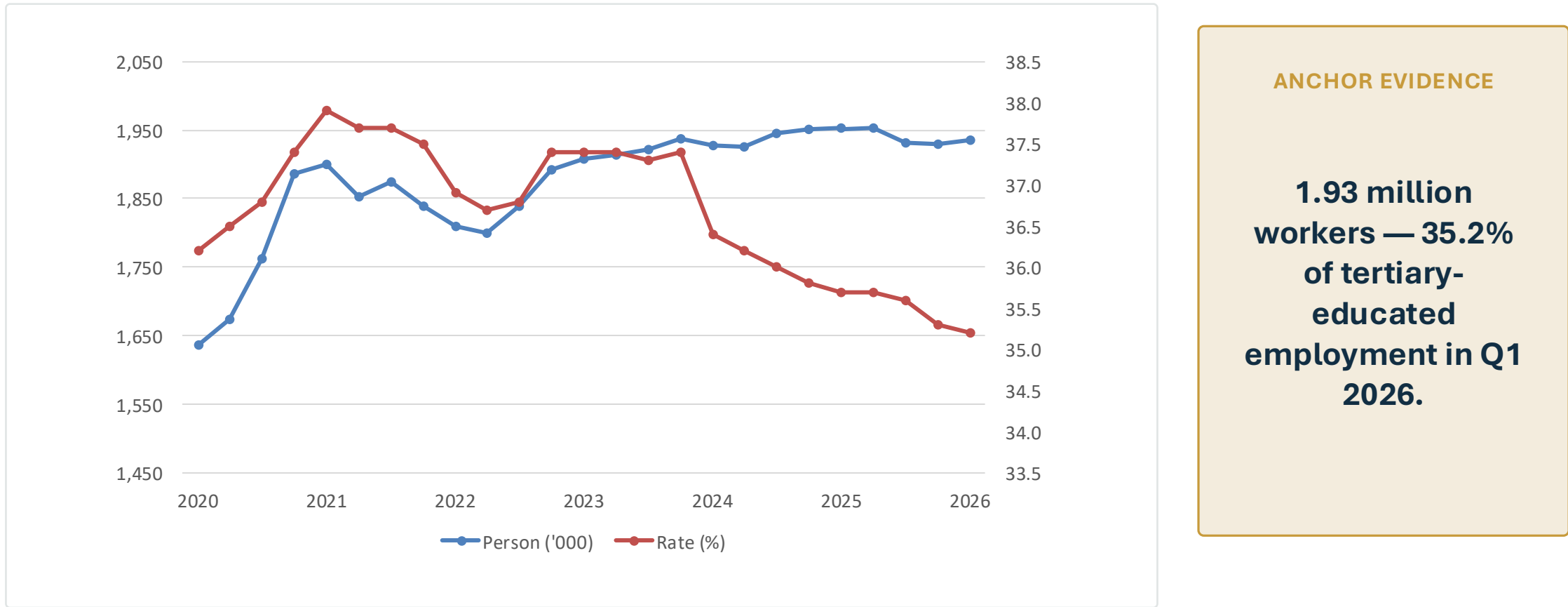
Aggregate labor-market performance is strong — the mismatch problem lies beneath the headline.



WHY IT MATTERS

Low unemployment and high participation shift attention toward job quality and skill use.

More than one-third of tertiary-educated workers remain skill-related underemployed.



The structure of jobs helps explain why graduate underutilization and vacancies coexist.

EMPLOYED PERSONS BY SKILL LEVEL			JOBS / VACANCIES, Q1 2026		
Skilled	5.10m	30.5%	Skilled	25.3% jobs	25.0% vacancies
Semi-skilled	9.49m	56.7%	Semi-skilled	62.1% jobs	55.4% vacancies
Low-skilled	2.14m	12.8%	Low-skilled	12.6% jobs	19.6% vacancies

Malaysia is not facing a general shortage of education. It is facing a conversion problem between qualifications, occupational demand and high-value job creation.

Malaysia has built a sophisticated skills-intelligence and financing infrastructure.

MyCOL / TalentCorp

Identifies persistent critical occupations

ILMIA / DOSM

Produces labor-market data and analysis

HRD Corp

Links employer levies to training finance

TVET & higher education

Provides multiple education and training pathways

SOCSSO / employment services

Supports matching, transitions and employability

The issue is not lack of instruments, but whether intelligence changes provision and job creation.

WHAT WORKS

- Occupation-level shortage monitoring
 - Employer-linked training finance
 - Broad institutional base
- Structured internships and talent initiatives

WHAT REMAINS DISCONNECTED

- Graduate skill use and job quality
- Coordination across institutions
 - Speed of training adjustment
 - High-skilled job creation

Malaysia: intelligence must change decisions, not merely describe shortages.

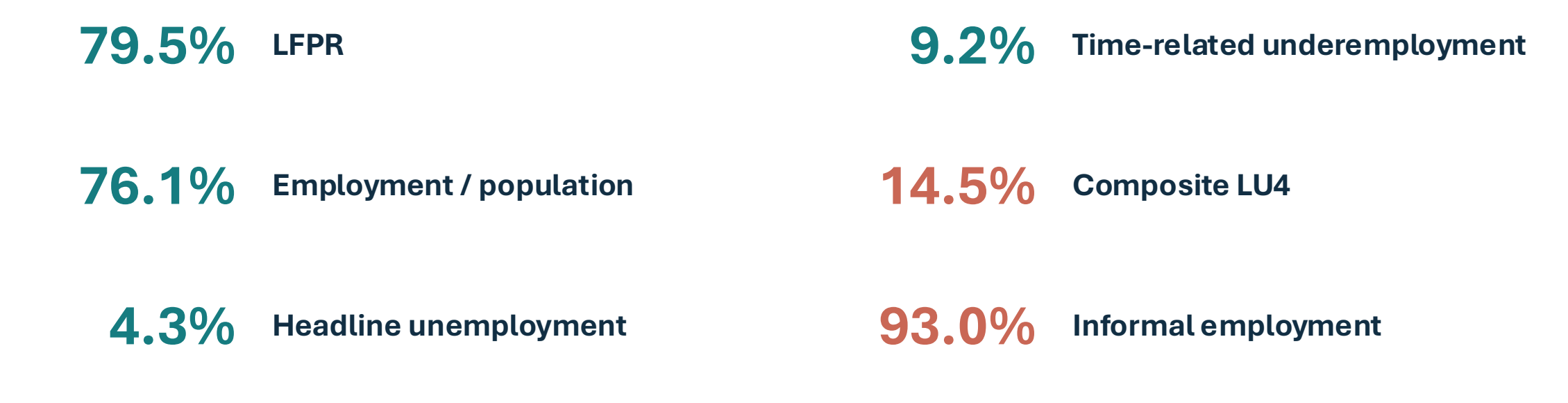
- 01** Connect shortage intelligence to curriculum and training allocation.
- 02** Use employer-linked finance to reward relevant, high-quality training.
- 03** Pair skills policy with creation of high-value jobs that can use advanced skills.

Skills policy meets a labor market dominated by informality

A young and entrepreneurial workforce is matched through a system where productive absorption and recognition are central.

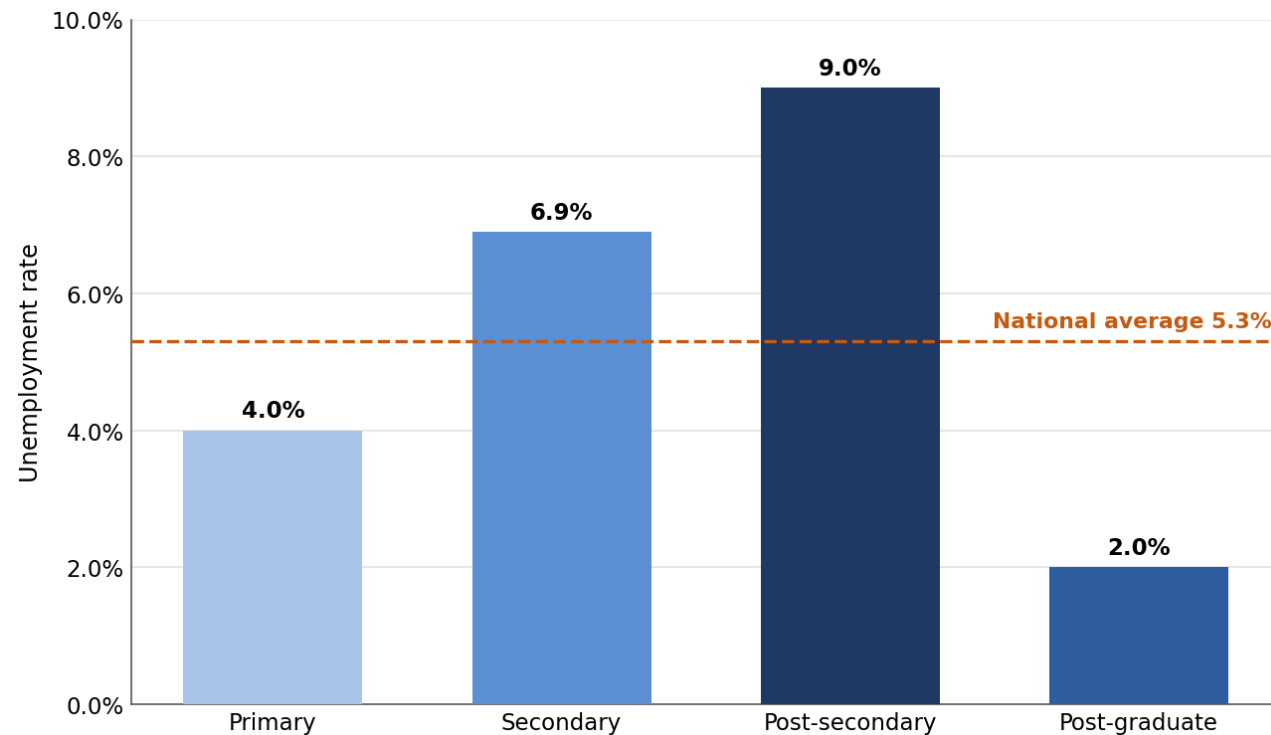


High participation coexists with exceptionally high informality and substantial labor underutilization.



Q2 2024

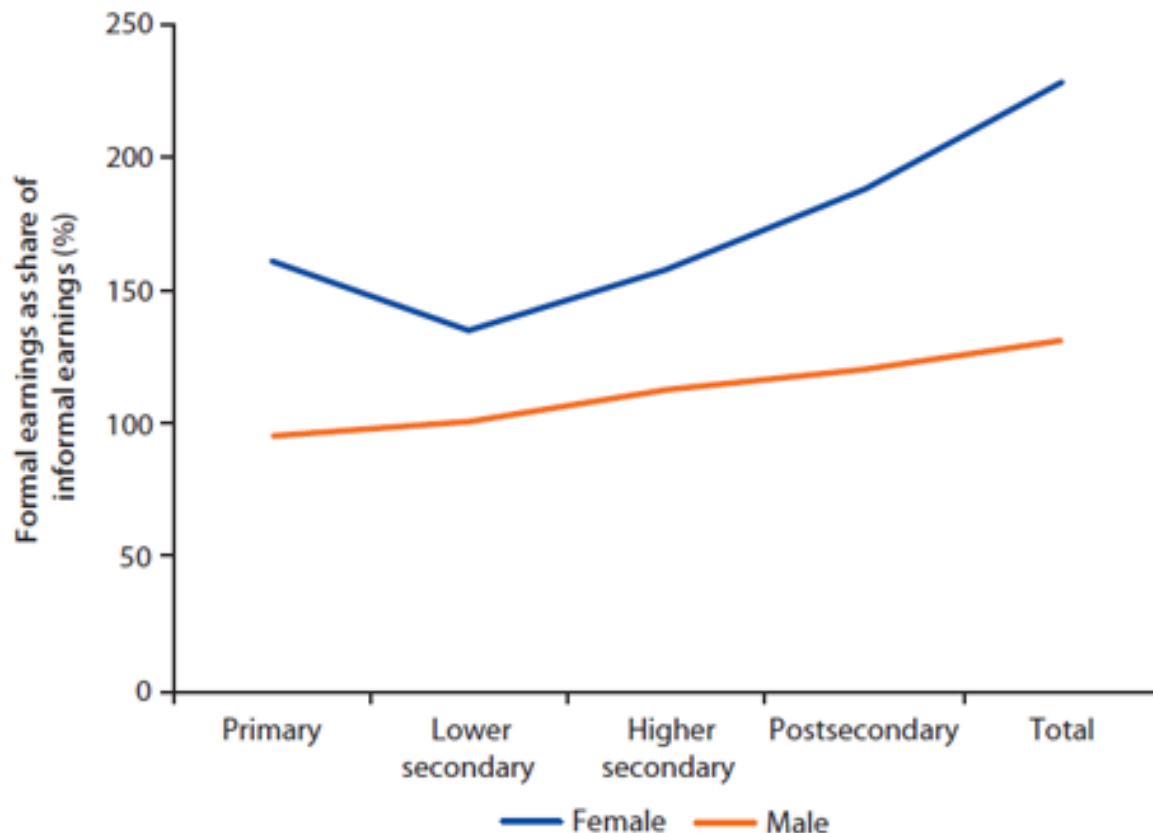
Unemployment rises with educational attainment up to the post-secondary level.



MISMATCH SIGNAL

Post-secondary unemployment reached 9.0% in Q1 2024 — evidence of weak skilled-job absorption.

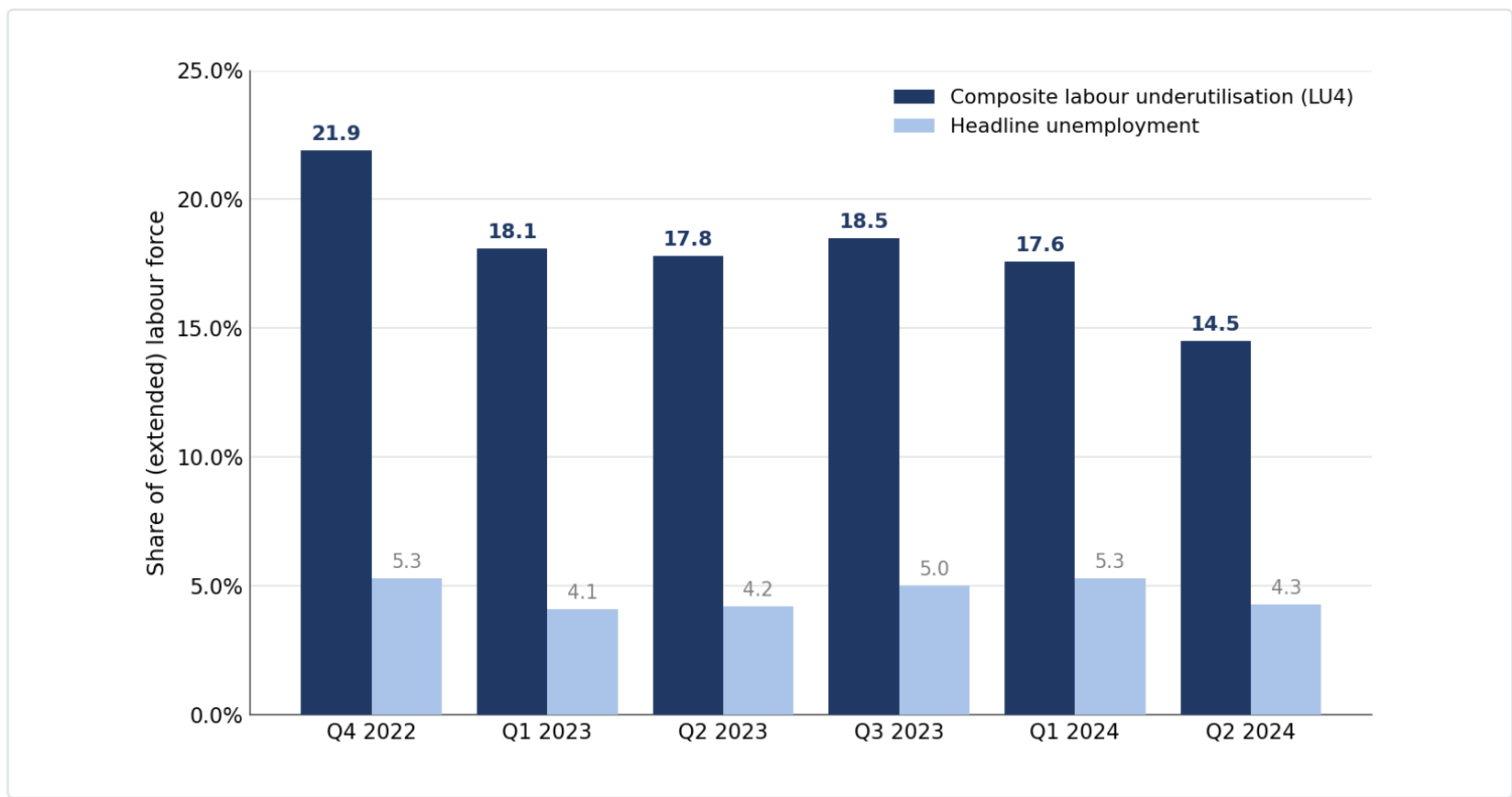
Education sharply improves access to formal employment — but formality remains the exception for many.



WHY IT MATTERS

Informality falls from 98.4% with no schooling to 14.7% with post-secondary education.

Headline unemployment substantially understates unmet demand for productive work.



ANCHOR EVIDENCE

LU4 was 14.5% versus 4.3% unemployment in Q2 2024 — more than three times as high.

Nigeria has a broad skills architecture — the central challenge is coordination and reach across a highly informal labor market.

NSQF / NBTE

Qualifications, standards and regulation across technical and vocational provision

NDE / ITF

Employment services, training delivery and employer-financed workforce development

Federal + state delivery

Education and TVET responsibilities are distributed across multiple levels and agencies

LMIS / administrative data

Multiple data sources exist; integrated forecasting and tracer capacity remain incomplete

3MTT + private providers

Digital-skills scaling adds a new employer- and provider-facing layer to the system

Nigeria is responding at scale through a national digital-skills infrastructure.

3MTT

Three Million Technical Talent



Strength: ambition and scale. Next challenge: connect training to recognized credentials, employers and productive work.

Digital skilling addresses one constraint; productive absorption remains the harder test.

WHAT WORKS

- National attention to digital skills
 - Scalable training architecture
 - Private-sector participation
- Existing training institutions and levy mechanisms

WHAT REMAINS DISCONNECTED

- Training-to-job conversion
- Certification and quality consistency
 - Informal-to-formal pathways
- Labor-market data coverage and coordination

Nigeria: digital skilling needs pathways into recognized and productive employment.

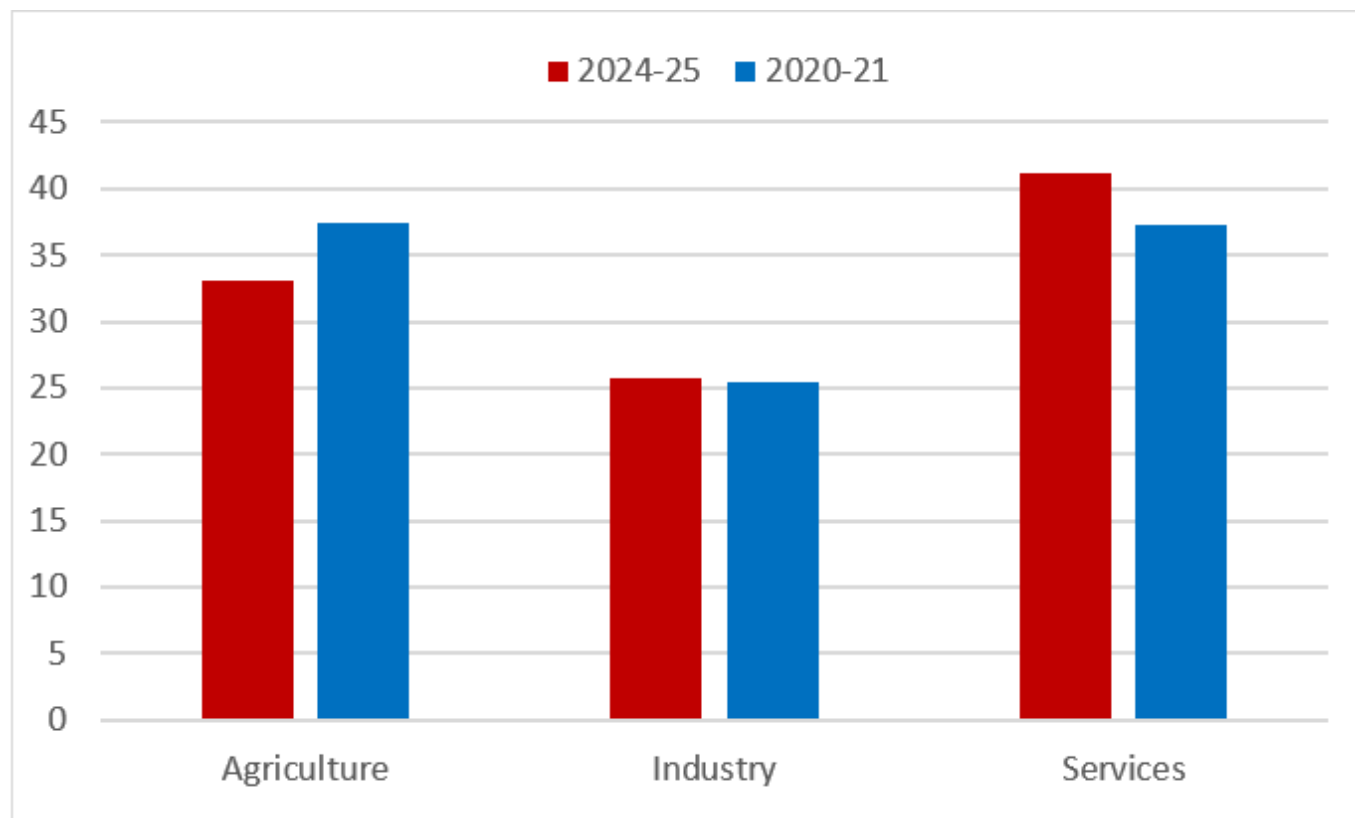
- 01 Scale training together with employer demand and credible certification.**
- 02 Recognize skills acquired through informal apprenticeships and make them portable.**
- 03 Track labor underutilization and job quality, not unemployment alone.**

A conversion crisis, not only a skills gap

High informality, low female participation and demographic pressure shape how skills are converted into productive work.



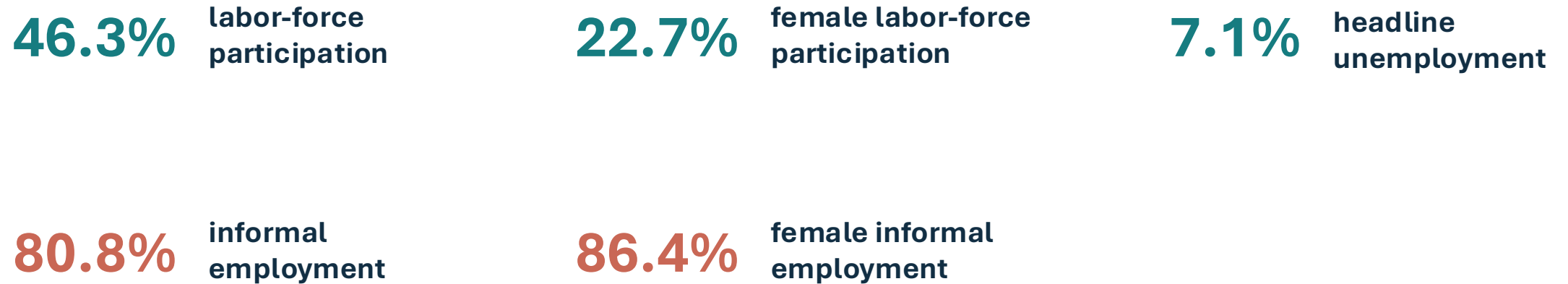
Pakistan's employment structure keeps the skills challenge tied to structural transformation.



WHY IT MATTERS

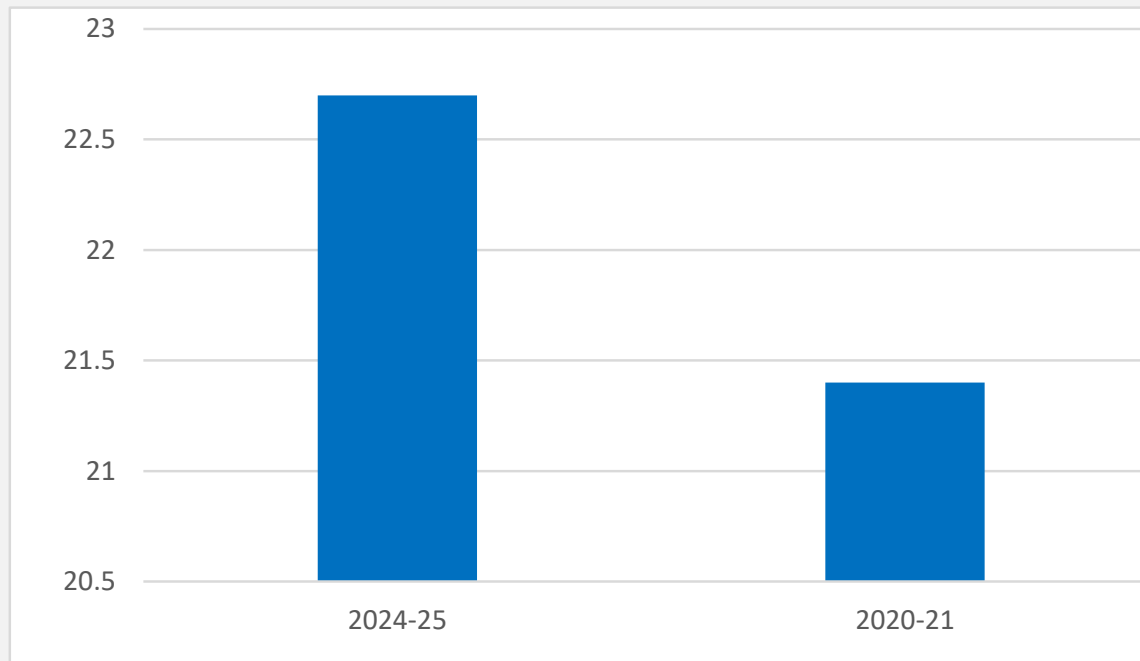
Sectoral employment patterns shape both the type of skills demanded and the capacity to absorb trained workers.

The conversion challenge is visible in participation and informality.



Formal training reforms operate inside a labor market where recognition, portability and access to productive jobs remain uneven.

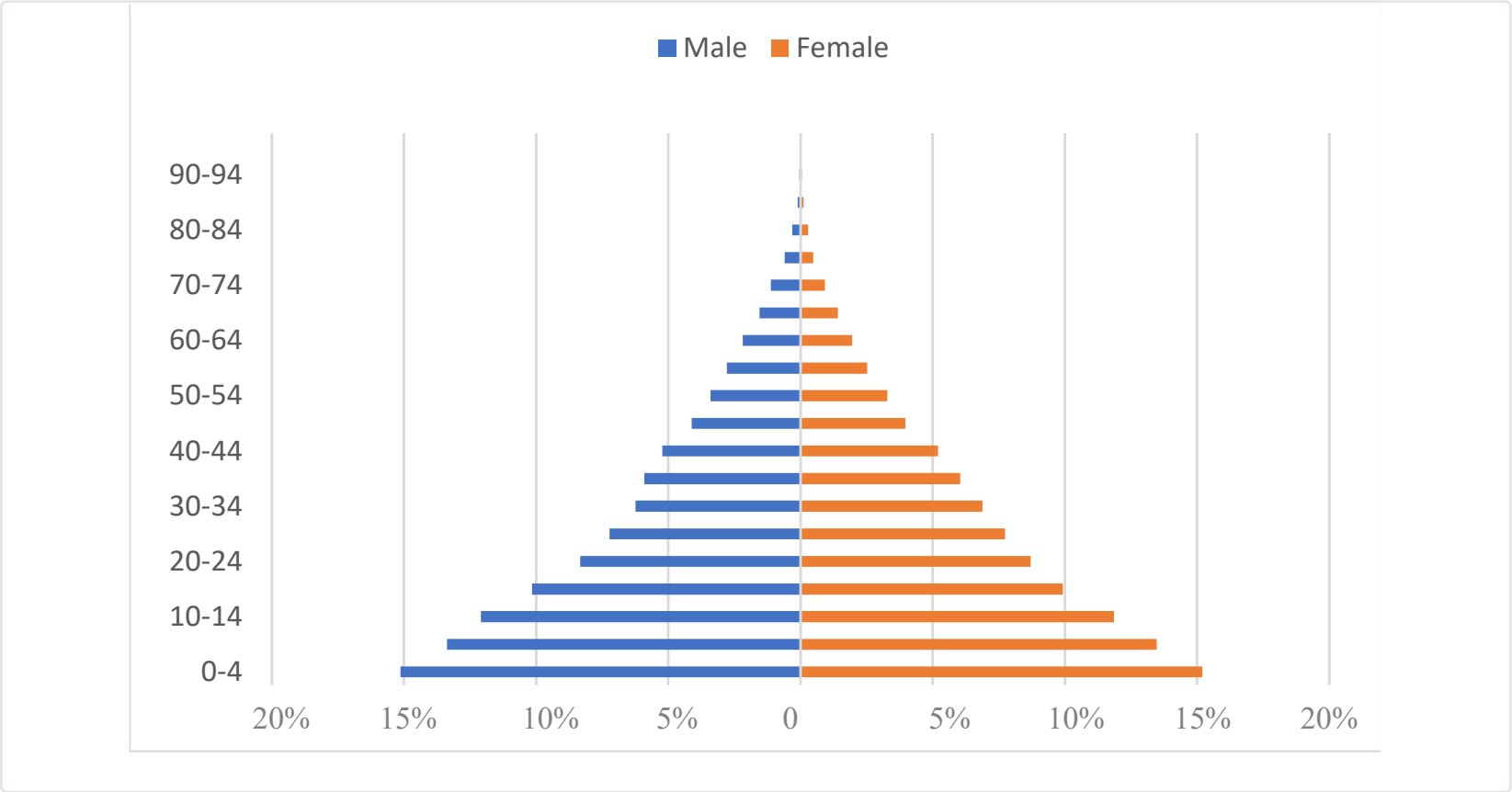
Female labor-force participation remains a central inclusion constraint.



INCLUSION

Skills policy cannot be separated from women's ability to enter, remain in and progress through the labor market.

A large youth cohort keeps the pressure on school-to-work conversion.



WHY IT MATTERS

Demography magnifies the cost of weak transitions: the system must convert learning into recognized and productive work.

Pakistan has substantial TVET and qualifications reforms — implementation capacity is uneven.

NVQF	National framework for qualifications and competency-based reform
NAVTTTC / TEVTAs	Federal-provincial delivery architecture
PMYSDP	Large-scale youth skills program
RPL / Skills Passport	Bridges for skills acquired outside formal education
Migration institutions	Potential link between training and overseas demand

Stakeholders reveal where formal reforms lose traction in implementation.

RECOGNITION

Informally acquired skills are not consistently visible or portable.

COORDINATION

Federal and provincial responsibilities can fragment implementation.

EMPLOYER LINK

Training relevance depends on deeper employer connection, not episodic consultation.

MIGRATION

Overseas employment raises the value of credible, internationally legible credentials.

Pakistan: reforms create value when recognition, coordination and employment pathways work as one system.

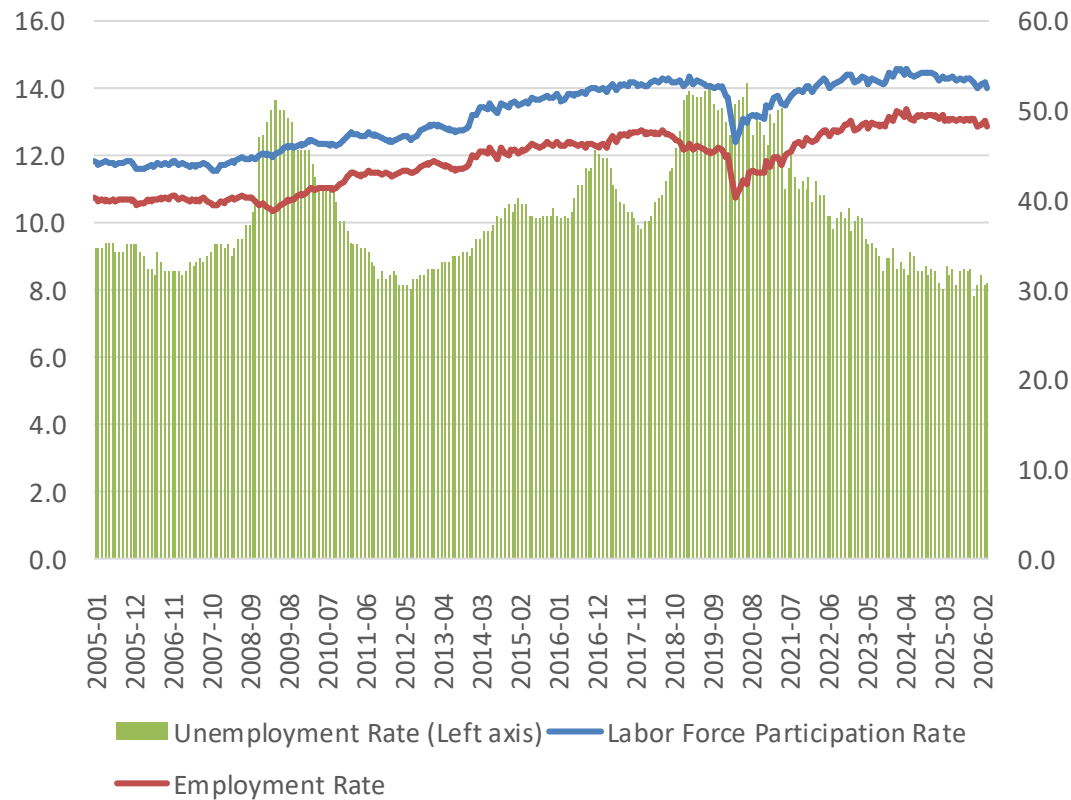
- 01** **Make qualifications portable across provinces, employers and migration destinations.**
- 02** **Connect TVET reform to employer demand and implementation capacity.**
- 03** **Treat women, informal workers and migrants as core design groups — not residual categories.**

Institutional breadth, persistent feedback gaps

The building blocks exist; the next frontier is making the system more consistently adaptive.



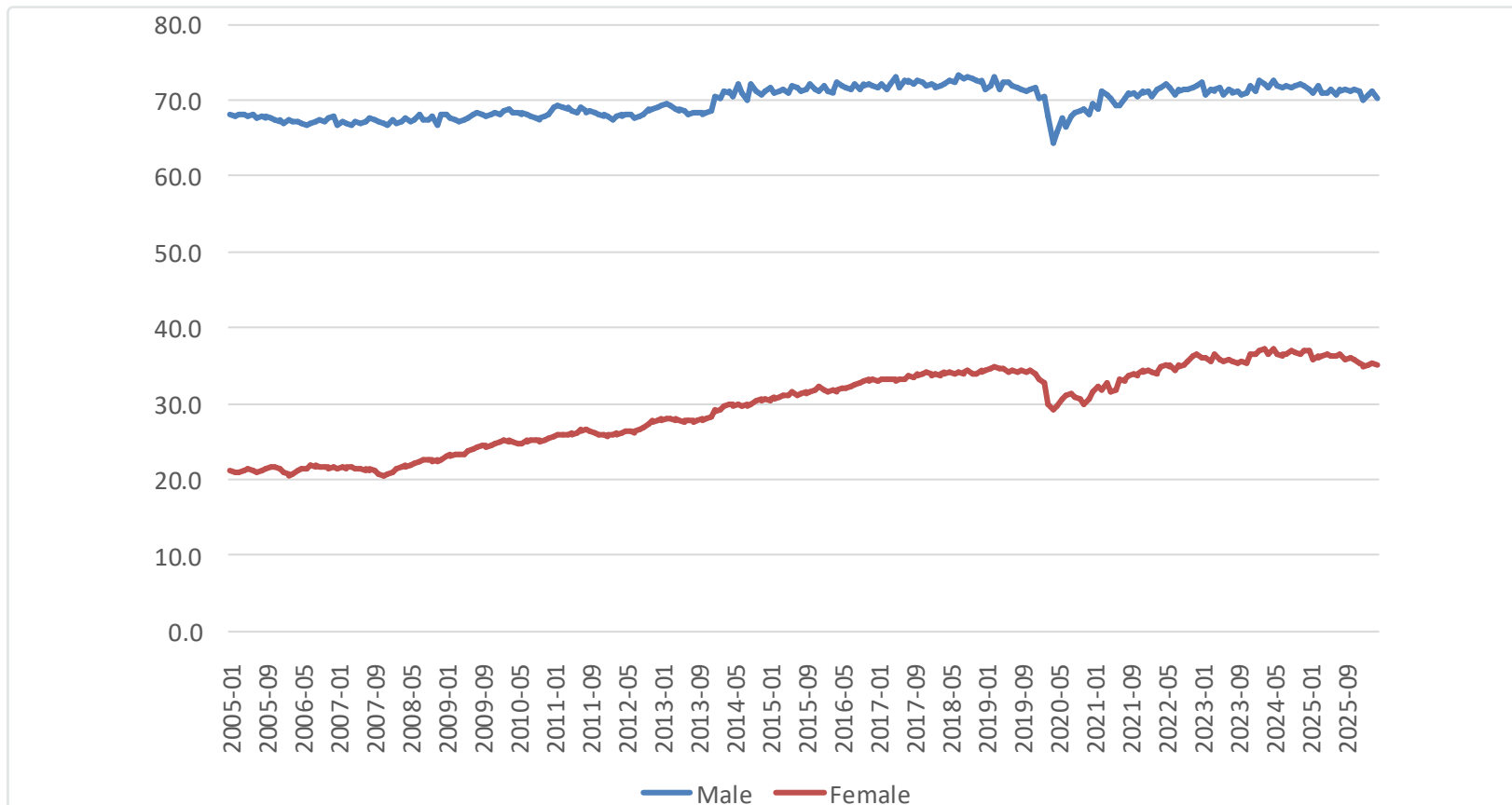
Türkiye combines a relatively developed institutional system with persistent labor-market adjustment pressures.



WHY IT MATTERS

Headline labor indicators provide the context — but the mismatch diagnosis requires looking at participation, youth transitions and qualifications together.

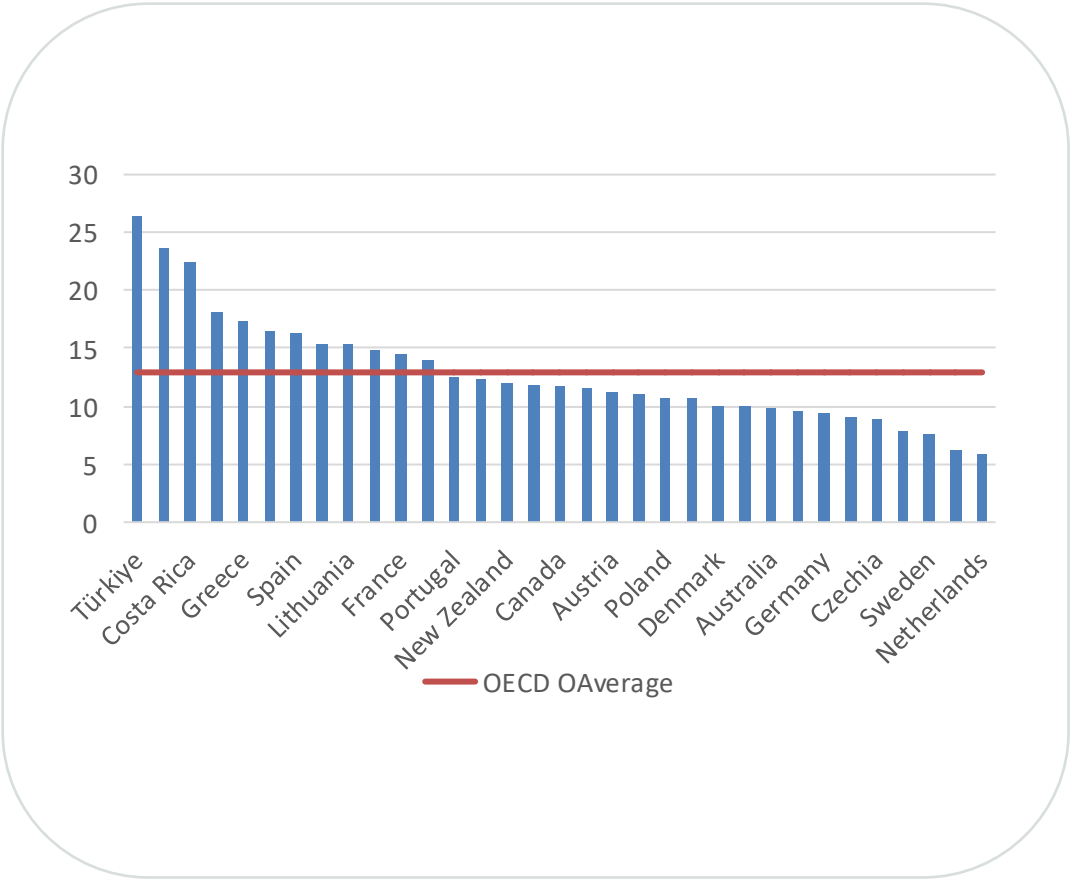
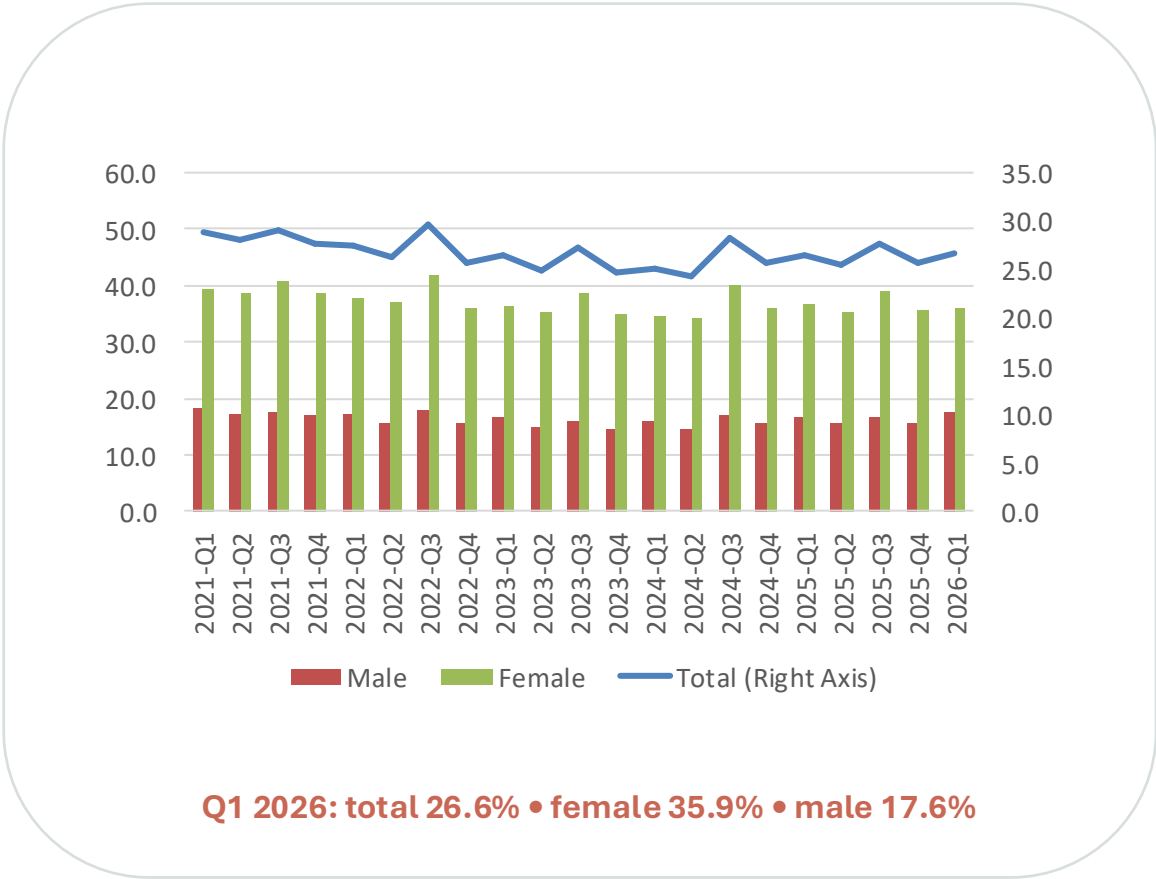
The gender participation gap remains a major constraint on effective skill utilization.



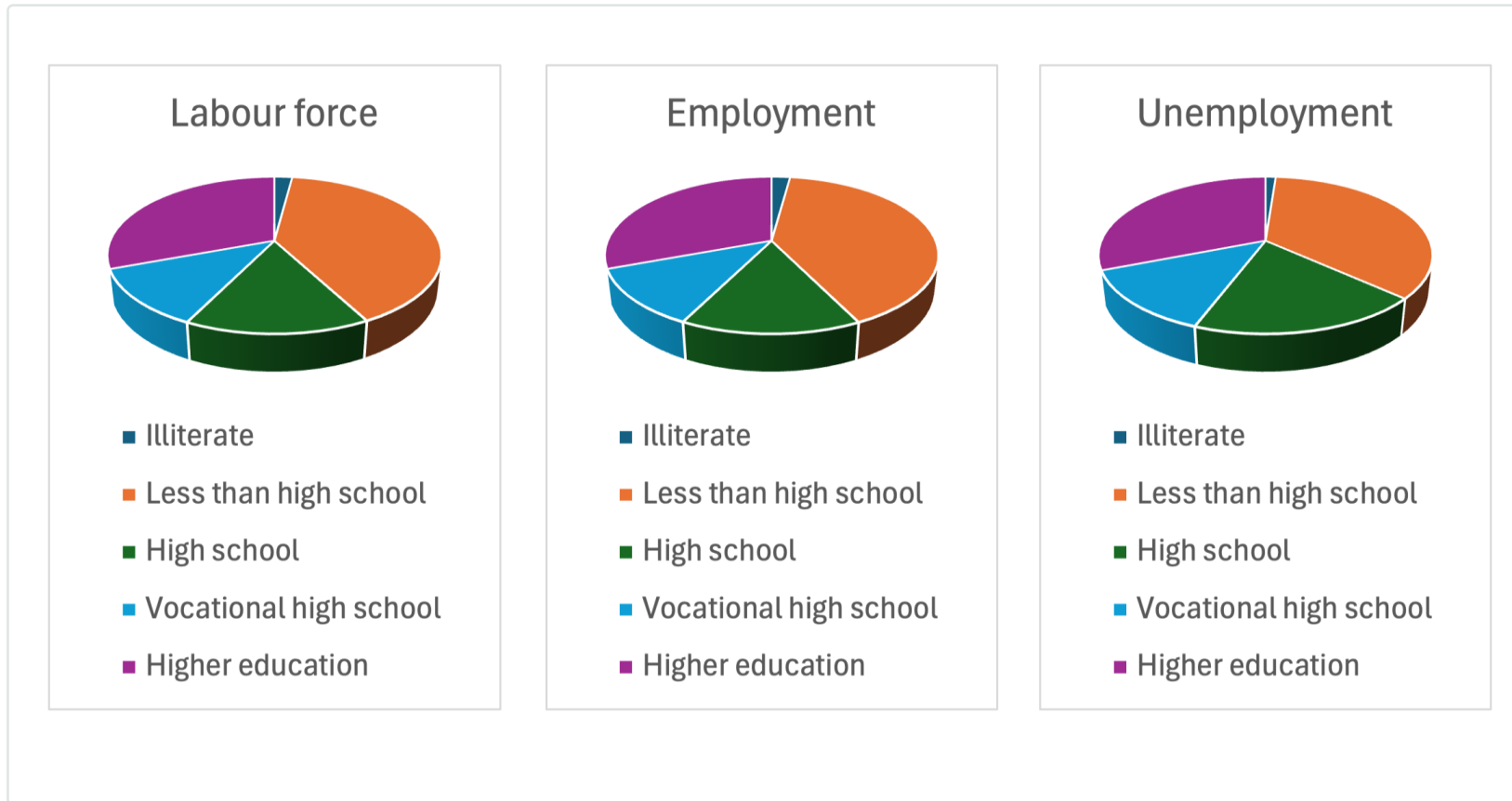
INCLUSION

A skills system can expand provision while still leaving a large share of women outside the labor force.

Youth NEET is both a domestic transition problem and an international outlier.



Mismatch is not a single shortage: qualification composition differs across labor-force states.



WHY IT MATTERS

The pattern is consistent with a mix of qualification mismatch, demand constraints, job-quality concerns and matching frictions.

The institutional building blocks are relatively developed.

MoNE / MTEGM

Vocational education and school-based pathways

İŞKUR

Employment services, ALMPs and labor-market information

MYK / VQA

Occupational standards and qualifications

CoHE / universities

Higher education and graduate supply

OIZs / chambers / employers

Work-based learning, local demand and sector links

Provincial mechanisms

Local coordination and diagnosis

Stakeholders describe a multi-causal mismatch — not one missing skill.

ACTUAL SKILL GAPS

Technical and transversal competencies

EMPLOYER REQUIREMENTS

Experience, occupation-specific needs and hiring practices

JOB QUALITY

Wages and working conditions affect acceptance and retention

REGIONAL MISMATCH

Skills and vacancies are not always co-located

MATCHING FRICTIONS

Information and intermediation do not always close the gap

Türkiye: adaptive governance means detect → update → test → monitor → revise.

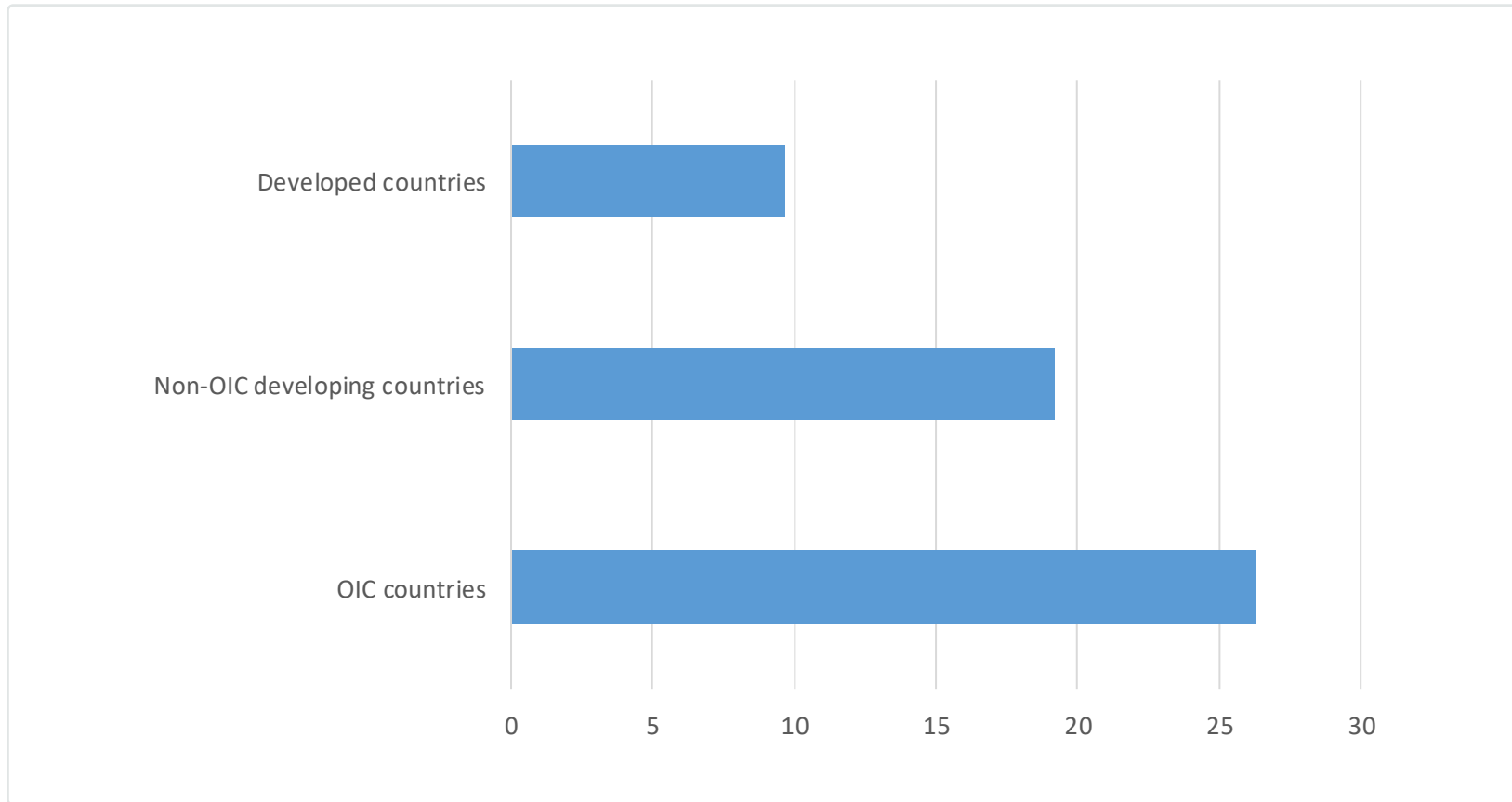
- 01** Use labor-market intelligence to trigger routine changes in curricula and provision.
- 02** Make employer feedback operational and outcome-based, not merely consultative.
- 03** Evaluate matching through job quality, retention and skill use as well as placement.

Mature systems do not eliminate mismatch

They institutionalize the capacity to diagnose it, coordinate responses and adapt.



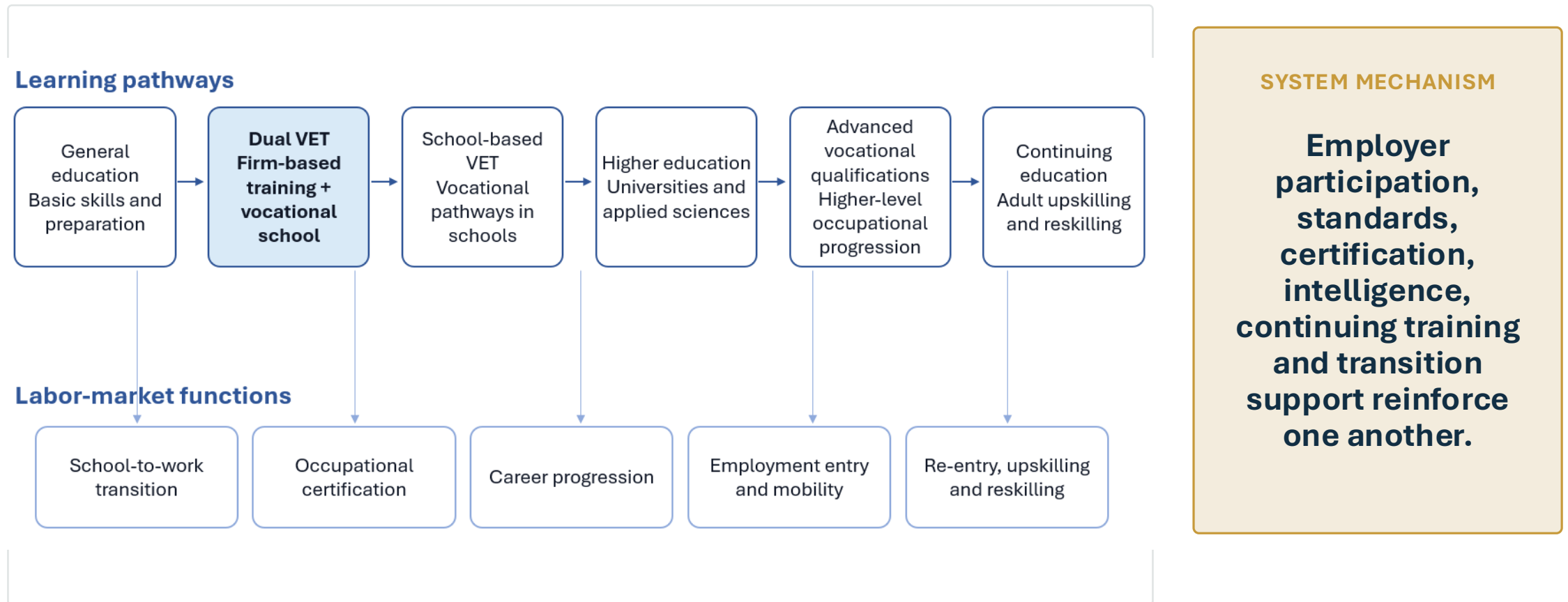
Germany is a comparator because the institutional response differs — not because mismatch disappears.



WHY IT MATTERS

The comparison asks which functions are transferable to OIC contexts, not which institutions should be copied.

Germany's strength lies in an interconnected skills system, not in one flagship institution.



Dual VET works because employer participation is embedded in governance, standards and certification.

EMPLOYERS & CHAMBERS

Training places • examinations • occupational practice

FEDERATION / LÄNDER

Frameworks • schools • regulation • financing

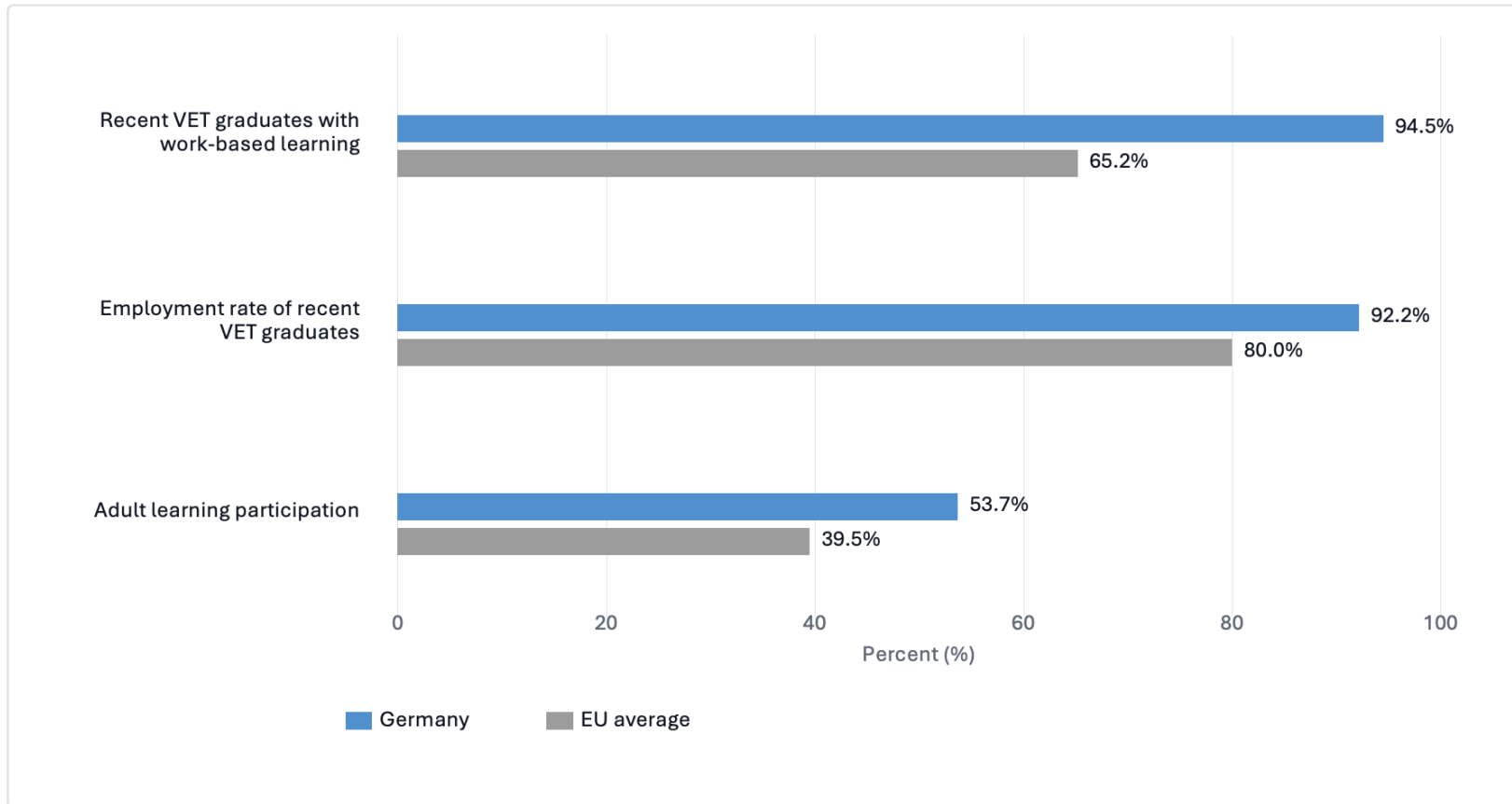
BIBB / SOCIAL PARTNERS

Standards • research • consensus-building

FEDERAL EMPLOYMENT AGENCY

Vacancies • guidance • placement • shortage analysis

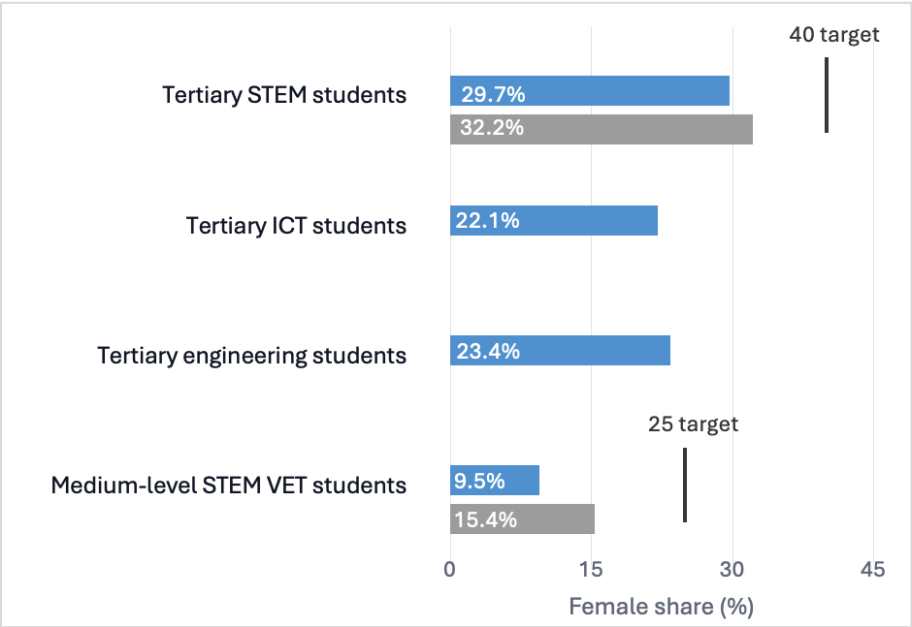
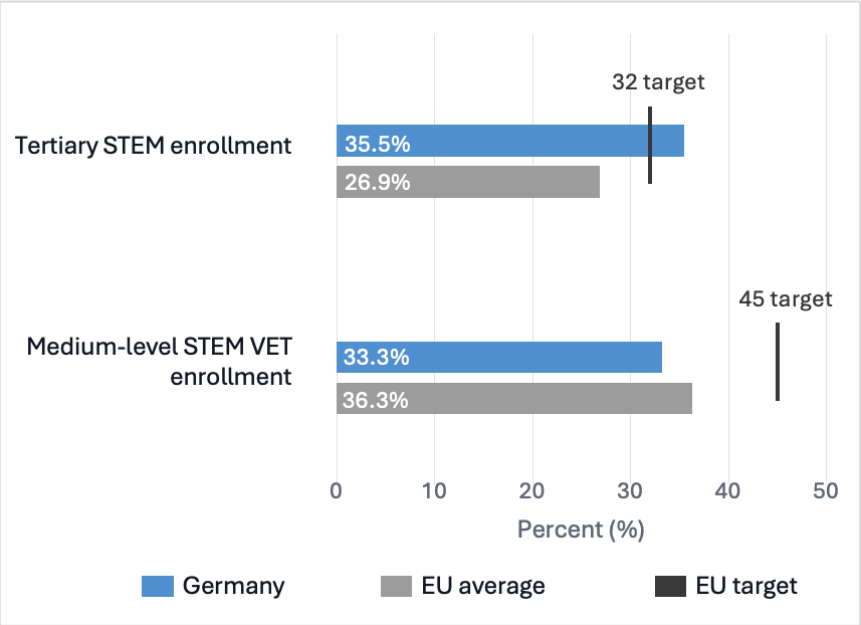
Work-based learning is closely connected to employment outcomes.



WHY IT MATTERS

Recent VET graduates: 94.5% work-based learning; 92.2% employment. Adult learning: 53.7% versus 39.5% EU.

A mature system still faces bottlenecks — including in the STEM pipeline.



BALANCED READING

The lesson is resilience and feedback, not perfection.

Labor-market intelligence matters because it changes how bottlenecks are diagnosed.

IDENTIFY

Vacancy duration
Unemployment-to-vacancy ratios
Wage developments
Occupation-level evidence

INTERPRET

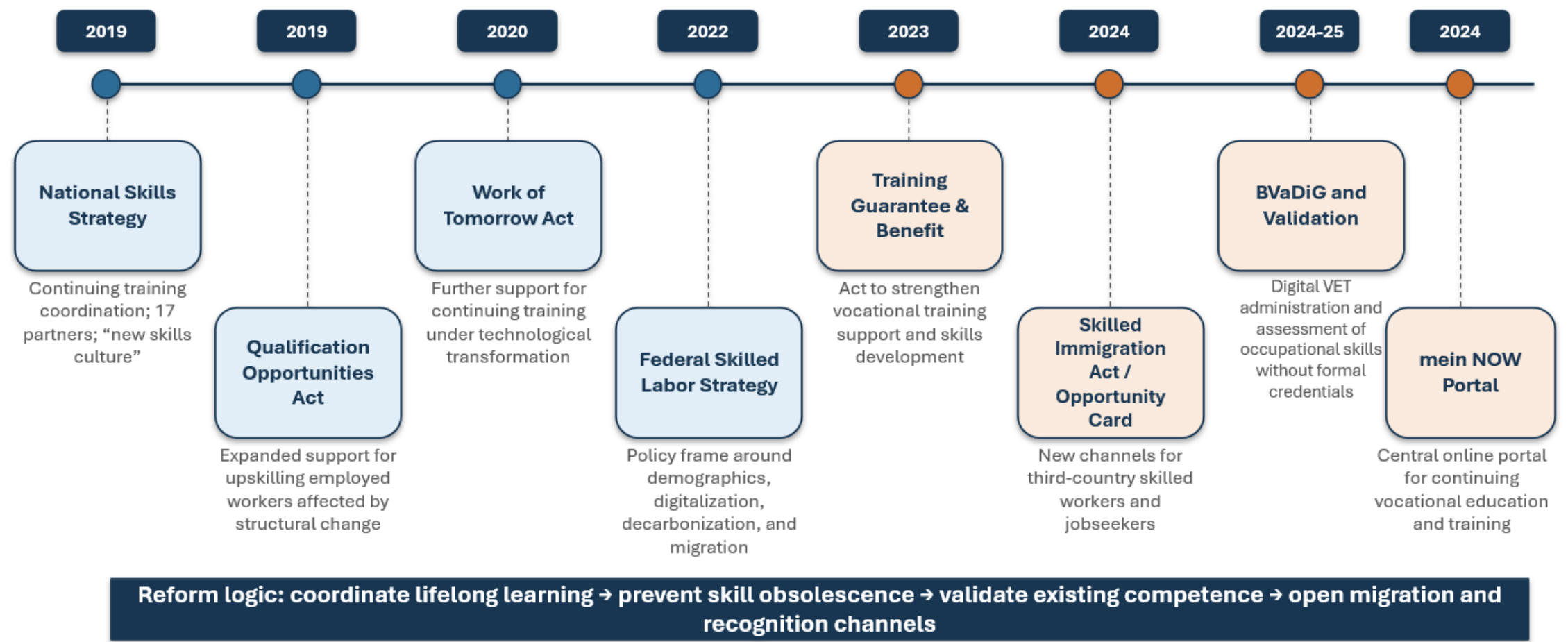
Shortage and unemployment can coexist.

Aggregate apprenticeship balance can hide local applicant/place mismatch.

ACT

Intelligence feeds occupational policy, training, placement and reform rather than remaining descriptive.

Adaptability is institutionalized through repeated reform rather than one-off redesign.



Germany: transfer institutional functions in sequence — not a national blueprint.

- 01** Embed employers in standards, training and certification.
- 02** Build labor-market intelligence that triggers action.
- 03** Support transitions and continuing training so adaptation continues after initial education.

Five countries, five configurations of mismatch

The shared problem is alignment; the dominant mechanism and institutional capacity differ.



Mismatch is universal — but its dominant mechanism differs by country.

COUNTRY	DOMINANT CONFIGURATION	INFORMALITY	SYSTEM CAPACITY
Malaysia	Graduate underutilization + critical shortages	High	Strong, but conversion gaps
Nigeria	Informality + underutilization + weak formal absorption	Very high	Scaling, fragmented recognition
Pakistan	Informality + low female participation + conversion	Very high	Reforming, uneven implementation
Türkiye	Qualification + transition + job-quality + regional	Material	Broad institutions, feedback gaps
Germany	Occupation-specific bottlenecks + transitions	Low	Institutionalized feedback

Training expansion is never sufficient on its own.

SUPPLY

Training can expand faster than productive demand.

DEMAND

Job creation and job quality determine whether skills are used.

MATCHING

Recognition, information and intermediation determine whether workers reach the right jobs.

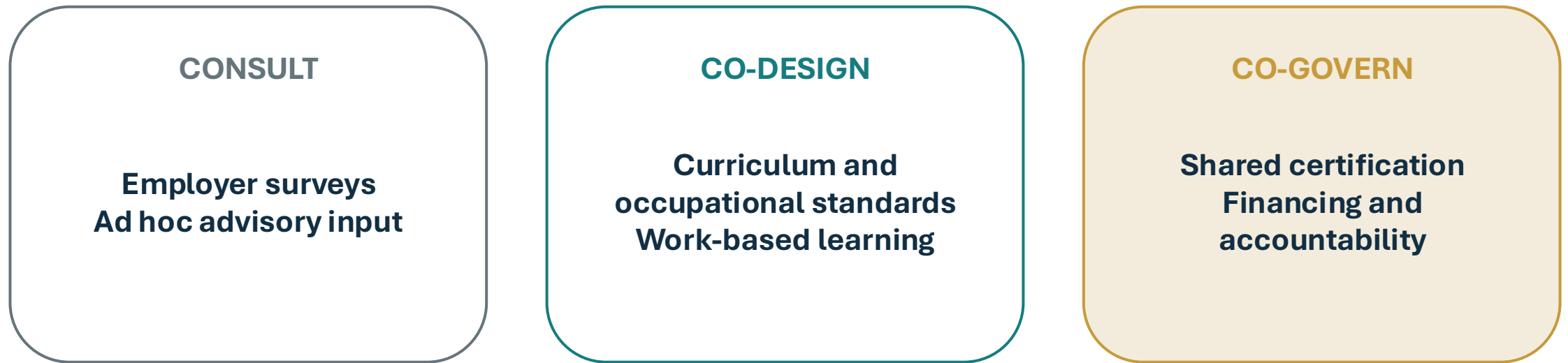
The unit of policy is the skills system — not the training program.

Information matters only when it changes decisions.

DETECT → UPDATE → TEST → MONITOR → REVISE

LMIS becomes policy infrastructure only when it changes curricula, training finance, guidance, placement and employer behavior.

Employer engagement ranges from consultation to co-governance.



The strongest feedback loops give employers responsibility as well as voice.

Job quality and informality determine whether skills are actually used.

JOB QUALITY

Wages, working conditions and progression shape acceptance, retention and skill use.

INFORMALITY

Weak recognition and protection reduce portability and returns to acquired skills.

PRODUCTIVE DEMAND

Training cannot compensate for too few high-productivity jobs.

Transferable functions matter more than institutional blueprints.

- | | | | | | |
|---|------------------|---|---|------------------|---|
| 1 | Diagnose | Usable labor-market intelligence | 4 | Recognize | Portable qualifications and informal skills |
| 2 | Translate | Curricula, standards and guidance | 5 | Finance | Incentives linked to outcomes |
| 3 | Connect | Employers, work-based learning and matching | 6 | Adapt | Continuous monitoring and revision |

Move from fragmented programs to adaptive skills systems.

- 01** Use intelligence to change provision and finance.
- 02** Link training to productive demand and job quality.
- 03** Build credible recognition and progression pathways.
- 04** Make employer engagement operational.
- 05** Design for youth, women, informal workers and regions.

CLOSING

**The goal is not more training.
It is better alignment.**

Skills formation • productive demand • matching institutions • feedback

