

PRESS RELEASE

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New TRAILS review paper published in Labour Economics provides a comprehensive overview of skills mismatch in the 21st century

A new peer-reviewed article from the TRAILS project, [Mismatch in the 21st Century: An Overview](#), has been published in [Labour Economics](#), an international journal specialising in research on labour markets and employment. The final version of the article is open access and available to the public.

The study is authored by Luca Coraggio, Monica Langella, Armando Miano, Marco Pagano, Marco S. Petterson, Vincenzo Pezone, and Annalisa Scognamiglio, with authors affiliated with the University of Naples Federico II and CSEF, CEP, CEPR, EIEF, LUISS, and the Research Institute of Industrial Economics (IFN).

The publication provides a comprehensive overview of the theoretical and empirical literature on worker-job mismatch, examining why mismatches arise, how they can be measured, and what consequences they have for workers, firms, and labour markets.

Understanding skills mismatch in changing labour markets

Technological change, demographic pressures, and the green transition are rapidly reshaping labour markets and changing the skills required by employers. Against this background, understanding how well workers' skills match job requirements has become increasingly important.

The paper distinguishes skill mismatch from related labour-market concepts, including hiring difficulties, sectoral mismatch unemployment, and broader forms of allocative inefficiency.

The review highlights that:

- Skill mismatch can arise from search frictions, imperfect information, and learning
- Workers and jobs need to be assessed using richer, multidimensional measures of skills
- Employer-employee data and machine-learning methods offer new opportunities to measure mismatch when direct information on skills is unavailable
- Labour-market institutions, financial constraints, geography, managerial practices, technological change, and migration can all influence the extent of mismatch

The consequences of worker-job mismatch

A central focus of the review is the impact that mismatch can have on workers and the wider economy. The evidence surveyed in the paper shows that skills mismatch can lead to:

- Lower wages

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- Reduced productivity
- Less favourable career outcomes and mobility
- Lower employment opportunities

These effects underline why understanding and addressing mismatch is important not only for individual workers, but also for employers and policymakers seeking to improve the allocation of skills across the labour market.

Technology, migration and labour-market change

The review also examines how major structural changes are influencing skills mismatch and labour shortages.

In particular, the authors consider the roles of technological change and digitalisation, migration, demographic pressures, and labour-market institutions in shaping the relationship between workers' skills and employers' requirements.

The paper highlights that these factors can affect both the emergence of mismatches and the ability of workers and firms to adapt to changing skill demands.

Improving how we measure skills mismatch

One of the key messages of the review is that skills are multidimensional and cannot always be captured through traditional measures such as education or occupation alone.

New sources of data and methodological approaches therefore offer important opportunities for improving our understanding of mismatch. In particular, the growing availability of employer-employee datasets, job vacancy data, and machine-learning techniques can help researchers identify differences between the skills workers possess and those required by jobs.

Better measurement is essential for identifying where mismatches occur and for designing policies that can address them effectively.

Strengthening the evidence base for skills policy

The findings reinforce the importance of developing labour-market policies that help workers and firms adapt to changing skill requirements.

The review identifies a number of important areas for future research and policy, including how to improve training and skills development, labour-market mobility, information about job requirements, and the matching process between workers and employers.

As technological change and the green transition continue to reshape European labour markets, understanding where and why mismatches emerge will be increasingly important for ensuring that workers can make effective use of their skills and that employers can access the talent they need.

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A comprehensive overview of the mismatch literature

By bringing together a wide body of theoretical and empirical research, *Mismatch in the 21st Century: An Overview* provides an important foundation for future research on skills mismatch and labour-market adjustment.

The paper also identifies open questions for future research, particularly around the measurement of multidimensional skills, the mechanisms generating mismatch, and the policies that can most effectively reduce its negative consequences.

ABOUT TRAILS

TRAILS is funded under the Horizon Europe Research and Innovation Programme, Thematic Priority “Innovative research on social and economic transformations” and will last three years (2024-2027).

TRAILS seeks to build on current data in skills mismatches and create novel tools and databases, harnessing the power of Artificial Intelligence. It will empower Vocational and Adult Education training to match employers with educational opportunities to reallocate workers efficiently.

The consortium is led by the [Democritus University of Thrace](#) (D.U.Th, Greece), in partnership with the [Università degli Studi di Napoli Federico II / Centre for Studies in Economics and Finance](#) (UNINA/ CSEF, Italy), [IPSOS NV](#) (Belgium), [the Economic and Social Research Institute LBG](#) (ESRI, Ireland), [SKILLAB BV](#) (Skillab, the Netherlands), [University of Tilburg](#) (TiU, the Netherlands), European Association of Regional & Local Authorities for Lifelong Learning ([EARLALL](#), Belgium), and the [Aristotle University of Thessaloniki](#) (AUTH, Greece).

For more information, please visit the TRAILS website(<https://www.trails-project.eu/>) and social media channels.

