



# MISMATCH IN THE LABOR MARKET

*Asian Experience*

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Mismatch in labor market occurs the world over, in both developed and developing countries. However, the nature of the mismatch has changed over the years. The traditional cause of mismatch is low labor demand in a situation of high labor supply. This results in unemployment, particularly among the young. However, the new economic setting and technological developments have given labor mismatch a new face—the educated unemployed. As industries become more knowledge based, the demand for highly educated specialists, engineers, and technician increases as well. However, the education and training systems, by the very nature of human resources development, are usually not flexible enough to adapt quickly to meet industry needs. Consequently, highly skilled and educated workers are unable to find jobs as those that they were trained for are no longer in demand. Unemployment among them rises, which can become a source of socio-political conflict. Those who found jobs may be doing work that does not require their skills or training. In this instance, labor mismatch takes the form of underemployment that can lead to a demoralized and unproductive workforce.

This change in the nature of labor mismatch is increasingly apparent in Asia as economies restructure to cope with globalization, competitiveness, and technological development. There are no quick remedies as the problem is multifaceted. However, a better understanding of the exact nature of the situation will help formulate realistic and effective economic and human resources development strategies to cope with it.

It was with this objective in mind that the APO conducted a survey on “Mismatch in Labor Market” in nine of its member countries, 2000–2001. More specifically, it was designed to analyze the nature of past and present mismatches in the labor market in participating countries; understand the causal factors; and suggest measures for minimizing labor mismatch. The survey was led by Professor Hiromitsu Muta of the Tokyo Institute of Technology, who served as the chief expert.

This publication is the report of the survey. It includes an integrated analysis of mismatches in the labor market in Asia by Prof. Muta and country reports by a panel of learned experts drawn from the participating countries: the Republic of China, India, Japan, Nepal, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam. It is a useful reference text for those who are involved in preventing labor mismatch at the industry and national levels.

Some remedial measures the publication recommends to minimize mismatch and increase labor demand are: 1) stimulate the private sector to increase employment; 2) improve and expand the agriculture sector; 3) export labor as a national policy; 4) create jobs for older, more experienced workers; 5) develop short-term training programs to meet the needs of industries; 6) establish training centers in rural areas; and 7) make general education universal.

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