

How Can Skill Mismatch be Measured? New Approaches with PIAAC

Anja Perry¹, Simon Wiederhold² &
Daniela Ackermann-Piek^{1,3}

¹ *GESIS – Leibniz Institute for the Social Sciences*

² *Ifo Institute – Leibniz Institute for Economic Research at the
University of Munich*

³ *University of Mannheim*

Abstract

Measuring skill mismatch is problematic, because objective data on an individual skill level are often not available. Recently published data from the *Program for the International Assessment of Adult Competencies* (PIAAC) provide a unique opportunity for gauging the importance of skill mismatch in modern labor markets. This paper systematically compares existing measures of skill mismatch in terms of their implications for labor market outcomes. We also provide a new measure that addresses an important limitation of existing measures, namely, assigning a single competency score to individuals. We find that the importance of skill mismatch for individual earnings differs greatly, depending on the measure of mismatch used.

Keywords: skill mismatch, skill use, labor market, PIAAC, Job Requirement Approach



© The Author(s) 2014. This is an Open Access article distributed under the terms of the Creative Commons Attribution 3.0 License. Any further distribution of this work must maintain attribution to the author(s) and the title of the work, journal citation and DOI.

