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CY — EMPLOYERS



Main results of the first cycle of Cyprus' National Employers' Skills Survey (2023)

Executive Summary

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Executive summary

Skills mismatches and skills shortages are increasingly recognised as major challenges for European labour markets. According to CEDEFOP (2023), these challenges concern not only improving overall skill levels but also ensuring better alignment between the skills individuals possess and the requirements of the jobs they occupy. Skills mismatch can take several forms, including skills shortage, skills gaps, over- and under-skilling, and skill obsolescence. At EU level, the Union of Skills, adopted by the European Commission in March 2025, aims to strengthen competitiveness by improving skills and reducing shortages and gaps across Member States. It also calls for better skills intelligence, including a new European Skills Intelligence Observatory, which makes reliable national data on skills demand and supply all the more important.

In Cyprus, skills mismatches have been identified as an important policy concern, particularly with respect to labour market efficiency, productivity, and the transition from education to employment. Addressing these challenges requires robust evidence on employers' skill needs, recruitment difficulties, and the extent to which employees' skills meet current and future labour market demands. To respond to this need, the Department of Higher Education (DHE) of the Ministry of Education, Sport and Youth (MESY) implements the project "Development of a National Graduate Tracking Mechanism and Design and Implementation of an Employers' Skills Survey" under the Cyprus Recovery and Resilience Plan (RRP). Within this framework, two complementary surveys have been developed: the National Graduate Tracking Survey (CYGraduates), focusing on skills supply through graduates' experiences and outcomes, and the National Employers' Skills Survey (CYEmployers), focusing on skills demand through employers' perspectives. Together, the two surveys provide a robust evidence base on skills demand and supply in Cyprus, allowing skills needs and mismatches to be monitored over time and informing policy in education, training and employment.

Data were collected between 24 May 2024 and 10 January 2025. In the Private Sector, a stratified random sample of 12 840 organisations was drawn from a target population of 29 567 organisations; 1 395 provided valid responses (a response rate of approximately 11%), and results were weighted to represent the employer population (employer-weighted) or the workforce (employee-weighted). In the Public Sector, no sampling frame exists and employer units cannot be defined consistently. A mapping exercise identified 916 senior officials, of whom 221 responded (a response rate of 24%). Public Sector employer-level results are therefore unweighted and reflect the views of the responding senior officials. For employee-based estimates, weights were derived from 2023 Cyprus Statistical Service data on employment in the Broad Public Sector. Findings reflect what employers and senior officials reported and perceived and not independent measurements. Moreover, the survey identifies patterns rather than establishing their causes.

As the two sectors rely on different methodological approaches (a stratified random sample in the Private Sector and unweighted responses from senior officials in the Public Sector), cross-sector comparisons are more meaningful when employee-based weighting is applied. In all other cases comparisons are indicative only, and observed differences should not be read as precise differences.

Employment and workforce profile. Employment was broadly stable in both sectors: 55% of Private Sector employers and 48% of Public Sector senior officials reported no change in employee numbers between January 2023 and January 2024 (private 26% increase / 19% decrease; public 28% increase / 24% decrease). The educational profiles are not weighted on the same basis: Private Sector employers reported that close to half of their staff (48%) holds a Higher Education qualification, compared with 71% of staff in responding Public Sector entities (unweighted). Occupational structures also differ: Private Sector employment is spread across Managers, Professionals, and Service and Sales Workers, each accounting for around a fifth of staff (employer-weighted), while the responding Public Sector officials reported a concentration in Professionals (48%) and Clerical Support Workers (26%). Part-time work is limited in the Private Sector (68% of employers reporting none). The Public Sector questionnaire measured non-permanent rather than part-time employment (36% of senior officials reported none, 36% reported between 1% and 20%, 28% reported above 20%).

Recruitment demand. Among employers and senior officials aware of or involved in recruitment, 49% of Private Sector employers (employer-weighted, N = 900) and 71% of Public Sector senior officials (unweighted,

N = 129) reported at least one vacancy since January 2023; vacancy density, which relates vacancies to the size of the staff, was broadly similar in the two sectors (17% and 18% respectively). Respondents reported an average of 2.58 vacancies per organisation in the Private Sector and 10.4 per entity in the Public Sector, including those with no vacancies. Recruitment criteria differ in emphasis: Private Sector employers prioritise work experience (70%), enthusiasm for the job (63%) and relevant hard skills (59%), whereas Public Sector recruitment prioritises particular qualifications (73%), hard skills (67%) and work experience (66%) consistent with regulated selection procedures.

Hard-to-fill vacancies and their impact. Among employers with at least one vacancy, 71% (N= 527) reported that some posts were proving hard to fill, compared with 41% (N=92) of responding Public Sector senior officials. Where difficulties occurred, a noticeable impact was reported in both sectors: 89% of Private Sector employers (44% a major and 45% a minor effect; N = 376) and 95% of Public Sector senior officials (66% a major and 29% a minor effect; N = 38). In both sectors, increased workloads for other staff was the dominant consequence (80% and 85% respectively). Hard-to-fill vacancies were most often reported for Professionals, Service and Sales Workers, Technicians and Associate Professionals and Clerical Support Workers in the Private Sector, and for Professionals, Technicians and Associate Professionals and Clerical Support Workers in the Public Sector. Public Sector findings rest on small bases and should be treated as indicative.

Nature of the recruitment difficulties. Recruitment difficulties reflect both the attractiveness of the jobs on offer and shortages of suitably skilled applicants. In both sectors, employers and senior officials attributed recruitment difficulty more often to the lack of interest in the type of job (68% in the Private Sector and 50% in the Public Sector). In the Private Sector, this was followed by a limited number of applicants generally (58%) and a limited number of applicants with the required skills (53%). In the Public Sector, lack of interest was followed by poor employment terms and conditions, including remuneration (42%), and a limited number of applicants with the required skills (39%). The skills hardest to find among applicants are predominantly soft and self-management skills in both sectors: willingness to learn, effective communication and time management in the Private Sector and in the Public Sector taking a proactive approach and solving complex problems, followed by willingness to learn, time management, teamwork and communication.

Recent graduates. In the Private Sector, 39% of employers with at least one vacancy recruited a recent graduate (N = 526), with recruitment more common in larger organisations and in knowledge-intensive sectors such as Non-Marketed Services, IT Services and Other Business Services. In the Public Sector, 36% of senior officials reported that a recent graduate had joined their entity or division (N = 219). Among those that had recruited graduates from Cyprus Higher Education institutions, 82% in both sectors rated them as at least moderately prepared for employment. Public Sector senior officials were more likely to rate graduates as well or very well prepared (49%, N = 54) than Private Sector employers (33%, N = 165), Both sectors rated graduates comparatively strongly on reading and writing in Greek, basic numeracy, applied digital skills and willingness to learn, and comparatively weakly on leadership, complex problem-solving and taking a proactive approach. Advanced quantitative skills were also rated relatively low in the Private Sector.

Work-based learning. Private sector engagement is limited: 76% of employers provided no placements or internships during the reference period, only 15% provided internships for Higher Education graduates and 12% placements for students (N = 972). Among employers that provided them, 30% reported that none of their interns or placement students were paid, and 31% had subsequently employed someone who had completed a placement or internship with them (N = 271). Work-based learning was not covered in the Public Sector questionnaire.

Proficiency of existing staff. Employers considered between 14% and 23% of employees across occupational categories not to be fully proficient in the Private Sector, and senior officials between 12% and 33% in the Public Sector (employee-based weights). The lowest shares of fully proficient employees were reported for Craft and Related Trades Workers (77%), and for Service and Sales Workers and Elementary Occupations (79% each) in the Private Sector, and for Elementary Occupations (67%, small base) and Clerical Support Workers (69%) in the Public Sector. Among those reporting less than full proficiency, 70% of Private Sector employers (employer-weighted; 30% major, 40% minor; N = 580) and 89% of Public Sector senior officials (unweighted; 43% major, 46% minor; N = 128) reported an effect on performance. The occupational categories where proficiency gaps pose the greatest constraint on organisational performance are Service and Sales Workers (25%) and Professionals (19%) in the Private Sector (employer-weighted), and Professionals

(36%) and Clerical Support Workers (27%) in the Public Sector (unweighted). As for the reasons why staff were not fully proficient, in the Private Sector the most common reason across most occupational groups was difficulty recruiting staff with the required skills, with the introduction of new technology most cited for Managers. In the Public Sector, a lack of motivation was most often cited for Professionals (55%), followed by staff not having the required skills and being new to the role (both 36%), while for Clerical Support Workers the main reasons were new technology (42%) and new policies and procedures (33%).

Underutilisation of skills. Shortage coexists with underutilisation in both sectors. Among those that had recruited recent graduates, 34% of Private Sector employers (employer-weighted; N = 246) and 58% of Public Sector senior officials (unweighted; N = 77) reported appointing Higher Education graduates to posts that did not require a Higher Education qualification. Over-skilling was reported by 45% of Private Sector employers (employer-weighted) and 69% of responding Public Sector senior officials (unweighted). Under employee-based weighting, 61% of Private Sector employees and 91% of Public Sector employees work in organisations reporting some over-skilling. Within the Public Sector, over-skilling is more extensive in the Wider Public Sector (median employee in an entity reporting 20–30% over-skilled staff) than in Government (1–10%) under employee-based weighting.

Future outlook. A majority in both sectors expect skills shortage over the next five years: 56% of Private Sector employers (25% at a high level, employer weighted) and 63% of Public Sector senior officials (21% at a high level, unweighted). On an employee-based basis, the expected skill mix differs between the two sectors: in the Private Sector, the largest share of employees work in organisations expecting shortages in soft skills (31%), followed by hard, sector-specific skills (20%), whereas in the Public Sector shortages are expected primarily in digital skills (60%, rising to 86% in the Wider Public Sector), followed by soft skills (21%). Upskilling priorities for existing staff are similar, led by soft skills (36% Private, 40% Public) and followed by digital skills (22% and 26%). Views on skill obsolescence diverge: 58% of Private Sector employees but only 36% of Public Sector employees work in organisations where all skills currently required are expected to remain necessary, while a quarter of Public Sector employees work in entities expecting basic digital skills to become obsolete. These findings are based on open-ended questions.

The evidence points to a mismatch rather than a simple shortage of educated labour. Both sectors employ many people with higher education and rate recent graduates from Cyprus Higher Education Institutions as at least moderately prepared. Yet employers in both still struggle to find the right mix of skills, while at the same time recruiting graduates into posts below their level and reporting staff whose skills exceed what their jobs require. Two findings stand out across both sectors: recruitment difficulties are not only about skills supply as respondents often link them to how attractive the jobs are, and in the Public Sector also to employment terms. Second, the skills that are hardest to find, and most often named as priorities for improvement, are transversal ones such as communication, teamwork, willingness to learn, time management, taking initiative, problem-solving and leadership.

Future needs differ mainly in one respect: the Public Sector expects a much stronger need for digital skills, while in the Private Sector expected shortages are spread more widely across soft, sector-specific and other skills. In both sectors, soft skills are the priority for upskilling existing staff. The implications are therefore threefold: The first is stronger skills anticipation, making fuller use of employer evidence when planning education and training. The second is targeted upskilling and reskilling, together with wider access to quality-assured work-based learning. The third is better use of the skills people already have, through job design, progression pathways and, particularly in the Public Sector, a review of the terms on which persistently hard-to-fill posts are offered. For Higher Education Institutions, the priorities are to build transversal competences explicitly into programmes of study, to develop digital preparation beyond routine ICT use, and to review programme portfolios and career guidance against the occupations where demand actually exists.

These findings should be interpreted in light of several limitations. Private sector findings are weighted to the known structure of the national employer population (by sector and size). However, with a response rate of around 11%, weighting cannot fully correct for differences between responding and non-responding organisations. In the Public Sector, no sampling frame exists and the size of the employer population is unknown. Employer-level results are therefore unweighted and describe the views of the 221 responding senior officials only, among whom Government entities are over-represented (48% of respondents against 31% of the sample). Employee-based results in the Public Sector are weighted to official workforce totals. As

the two sectors rest on different bases, comparisons between them are most meaningful under employee-based weighting and otherwise indicative. Moreover, in both sectors results based on small analytical samples should be treated as indicative. More broadly, the findings reflect employers' and senior officials' reported views and estimates rather than independently verified measures of skills. They capture a single point in time and identify patterns, but do not establish causality.