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**UEAPME position on the Commission's communication
New skills for new jobs
Anticipating and matching labour market and skills needs**

Introduction:

UEAPME overall welcomes the new initiative “new skills for new jobs” concerning better matching and anticipating of labour market skills requirements. The European economy needs to dispose of adequate competences at all levels and at all times to ensure its competitiveness in a challenging environment. This need is even more acute for SMEs which for years have already been suffering from a lack of qualified workforce. Availability of sufficient and adequate competences is a critical issue for all European companies. In this area as in many others there is no time for complacency for new initiatives due to the current financial and economic situation.

UEAPME has however some questions about the limits and clear added value of a European instrument in this field. While long term skill forecasting is useful to give an overall picture of the challenges ahead we must acknowledge that it has its shortcomings. We are somehow sceptical about the value of such approaches for concrete decisions in labour markets and VET policy making. Instead of relying too heavily on long term skills forecasting with all its uncertainties we deem it more important to focus on the ability of VET systems and labour market tools to be responsive and adaptable to presently evolving requests and those of the near future. Training systems in particular should be demand driven and therefore respond to changing economic needs as quickly as possible. As these needs differ according to the sector, the national and even regional level, a European instrument faces certain intrinsic limitations.

Comments

Part 1 – New skills: the key to more and better jobs

1 – Meeting the skills challenges

The topic of anticipation of skills needs on the labour market is a recurrent issue and should require more attention since the economic situation is facing a severe crisis which has direct and immediate consequences on jobs and employment in Europe.

The question of better matching job supply and demand on the labour market is more than ever crucial. On the one hand we see a current sharp rise in unemployment in most of the EU Member States and on the other hand there are still too many job vacancies not adequately filled, notably in small businesses.

Moreover the current challenges such as fast technological changes, globalisation, low-carbon economy, demographic change and the reduction of available workforce are requiring a better anticipation of future needs.

This is why monitoring, assessing and anticipating are key methods to address the employment impact of the crisis and the medium-and long-term job prospects.

2 - Upgrading skills and promoting employability

With the knowledge economy and the need for permanent innovation in a context of an ever growing competition it goes without saying that the European economy will no longer be competitive without the upgrading of skills of its entire workforce, however some groups such as the low-skilled or elderly workers should receive more attention.

In fact human resource management, including anticipation of skills needs and regular investment in human capital, is a vital component of today's companies and managers' business plans and tasks.

Moreover applying the common flexicurity principles, investing in qualifications and higher skills will contribute to enhance security of workers through a better employability and at the same time support a more productive economy. Companies are no more able to ensure a job for life but well-qualified people have more possibilities to find a new job or better job opportunities. Therefore investments in further education and training and lifelong learning are key. In this context UEAPME stresses the importance of providing high quality early childhood and basic education for all, in order to equip people with key competences, including the basic skills and learning that are pre-requisites for further updating of skills.

In order to provide this higher security all actors should feel concerned: Education and training systems, public authorities, employment services but also companies and workers themselves.

Mobilising and optimising resources is a clear shared responsibility of all stakeholders in order to facilitate the access to continuous training of all citizens.

As stated in their "Framework of actions on lifelong development of competences"¹ European social partners clearly considered that mobilising resources for development of competencies is a key question, which cannot be regarded as depending exclusively on social partners. Other actors have also an important role, notably public authorities, enterprises and the employees themselves which have to play a part in their own development. "The social partners want to promote co-investment and to encourage new ways of resourcing lifelong learning, through the effective and creative management of funding, time and human resources".

3 - Matching skills to labour market needs

The debate on a better match between supply and demand is crucial and not new. However it is important to continue improving skills matching notably in times of a sharp rising unemployment.

SMEs in particular have for years been experiencing the lack of adequate skills in some areas and sectors where bottlenecks exist.

This unsatisfactory situation is due to several causes: the lack of adequate guidance in education and training systems, the lack of practice oriented education and training curricula, notably in several disciplines of higher education, the lack of information and counselling of workers, the insufficient flexibility of structures, the lack of geographical and professional mobility of workers, the lack of successful migrants' integration, etc...

¹ "Framework of actions for the lifelong development of competences and qualifications" – UEAPME, UNICE, CEEP, ETUC - 2002

There is an urgent need to address these structural weaknesses. Mobility and migration including highly skilled migrants from third countries can help to partly reduce the acuteness of the problems, but will never solve the demographic deficit by itself.

4 – Improving the Union’s capacity for skills assessment, anticipation and matching

Assessing and anticipating skills at a medium and long term are key for the good functioning of the economy, efficient employment policies, adequate design of education and training policies and consequently the individual fulfilment of workers.

Therefore everything should be done to improve this capacity at all levels, including local, regional, national and European.

In several Member States there is still a lack of forecasting and anticipation instruments at national, sectoral and regional level, precisely the ones responsible for accurate information that could feed in at European level to better identify general trends.

The European Commission set up 2020 as a time horizon for defining skills requirements, however due to the even quicker pace of change and the current economic crisis, long term forecasts should be done in a very prudent manner and flanked by some precautions measures. This is why UEAPME strongly supports the Commission’s statement recognising that such an exercise will need regular updating and adaptation to integrate all kinds of new developments. The main difficulty concerning this type of exercise is about the time lag between the forecast and the inevitable delay to design and implement reforms able to bear concrete results before they become obsolete, notably in the field of education and training and employment policies.

Finally taking into account the strategic importance of such an exercise, UEAPME fully agrees with the proposal to integrate the assessment of skills and labour market needs in the framework of the EU strategy for Growth and Jobs.

Part 2 – A first assessment of skills and labour markets needs up to 2020

1 – Long-term trends in job creation and labour supply

Everyone is aware of the limitations of long-term forecasts and trends. Nobody can expect an exact picture of the long term future for skills and labour markets but it is important to try and outline as clearly as possible the general trends in jobs creation, sectors, types and levels of skills that will be required.

The trend towards an expanding labour market dominated by the service sector is nothing new. Between 60 and 70% of current existing jobs in Europe are already in the service sector. What is more important is to notice that there is still a huge potential of job creation in this area, be it new jobs or simply replacement jobs.

However business services can only develop if there are sufficient companies active in the production sector. One main difficulty will be to materialise this big potential into real jobs notably the ones in the business services sector if at the same time there is no strong European industrial policy.

Finally the evolution towards a low-carbon economy and “green jobs” is very promising for creating new types of jobs, therefore education and training, including re-qualification schemes should rapidly adapt to these new labour market skills needs to allow European workers to take full advantage of these new employment opportunities.

The topic of quantitative but also qualitative labour shortage is a very worrying one especially for SMEs, which already experience their best human resources being poached by larger companies. The only way to tackle this reality will be a higher labour market participation rate of inactive and unemployed people, notably women, elderly workers but also ethnic minorities. SMEs are very much involved in such innovative practices in order to attract new segments of the population on the labour market. Their efforts should be strongly supported at all levels.

2 – Trends in skill needs and occupations

The general upward trend in skills demand is a very important factor raising a number of new challenges for the education and training systems.

If the labour market is requiring more highly- or at least medium qualified workers, Member States and education systems should take a lot more concrete actions to reduce substantially the still quite high level of early school leavers (over 15% currently in Europe) and the performance on low achievers in reading literacy, which is currently even deteriorating.

If the current trend is respected pointing towards a big rise in jobs requiring high levels of educational attainment, at the same time a decline of jobs with low levels of educational attainment and the broadening of skills requirements notably in the service sector with more requests for transversal key competencies, education and training systems would have to strongly adapt in terms of content and methods.

Part 3 – Anticipating and Matching: a new skills for new jobs agenda

1- Addressing mismatches

Information is one of the main components to ensure a good match between supply and demand on the labour market. UEAPME fully supports the establishment of a “European Labour Market Monitor” with up-dated information on short term trends.

However it is essential that this new tool can benefit from the experience and data of the national public employment services and all types of existing sources at national and regional level to avoid duplicating work and benefit from valid and up-dated information. Therefore highly effective and efficient public employment services are more than ever a necessity.

The Commission announced the creation in 2009 of a “Match and Map” user friendly online tool for citizens within EURES linked to the PLOTEUS and EURAXESS portals. This new tool has the very ambitious objectives of mapping the EU job offers and providing a feedback on why jobs and skills do not match.

UEAPME would like to send a clear signal on the operational limits of such a tool. In creating such high expectations the Commission may also create a lot of frustrations if the system does not work properly.

Last but not least to be really accessible and useful to all citizens and employers from small businesses it should give information in all European languages and not only in English.

2- Strengthening the Union’s capacity for forecasting and anticipation

Anticipating and forecasting tools are of utmost importance for a good functioning of labour markets. This is why the majority but still not all Member States have developed their own

tools at national, sectoral even sometimes regional level in order to improve matching of supply and demand and to rightly design the education and training curricula.

However, the usefulness of forecasting largely depends on the ability of VET systems to adapt accordingly. The best and most perfect forecasting will remain without any tangible impact if the VET system is not flexible enough to adjust. As there is still a high potential for improvement in many systems, UEAPME deems it more important to work on the aspect of responsiveness of VET systems rather than to invest too much time and energy into uncertain long term forecasting systems. Part of the responsiveness of VET systems lies in developing better partnerships between education and businesses at all levels notably in countries where alternating based education systems do not exist.

Forecasting tools at national, regional and local levels differ tremendously as they take into account the different national, regional and local contexts and work characteristics. Moreover, the Commission should also consider the “territorial dimension” of employment.

This is why UEAPME questions the real value added of an attempt to bring these initiatives “together into an orchestrated effort” as the Commission proposes.

It is much more important to build on the national results in order to monitor European trends.

Among the various tools proposed by the Commission to support the common objective, UEAPME gives its priority to the following initiatives:

1 - Promoting a dialogue between business and education and training providers is warmly welcome.

2 – Organising a qualitative employer’s survey and studies on the skills needs of businesses as proposed by the Commission may be a good exercise under the following conditions:

- it should take advantage of existing surveys in order to avoid duplication and creating additional red tape.
- it should involve representatives of all sizes of companies and clearly highlight the specific skills needs requested in small companies. In this context UEAPME strongly supports the initiative currently undertaken by the European Commission - DG ENTERPRISE to organise a specific study on the needs of craft and micro companies “Study on identification of future skill needs in micro and craft enterprises up to 2020”.

Finally every serious work on anticipation and forecasting needs to strongly focus on the sectoral dimension where adaptation to change takes place.

The work of the Commission which is going to provide an analysis of the skills and labour market needs of 16 sectors covering 75% of EU private sector jobs for mid-2009 should be an important contribution for a clear picture of labour demand.

Moreover the possible creation of “sector councils on employment and skills” in the existing sector social dialogue committees may be a good basis for further work.

3- Deepening international cooperation

Seeking to exploit as much as possible existing relationships with the various partners of the EU is certainly an additional task that could contribute to create synergies and better understanding of the consequences of globalisation in the Member States.

Assessment of adult competences with OECD experts, cooperation with ILO on climate change policies and its consequences and skills and jobs, fostering joint researches on methodology with third countries, developing the policy dialogue with neighbouring countries on qualifications seem all to be useful and promising initiatives.

4- Mobilising Community Instruments

Besides the traditional measures new upgrading skills initiatives on a large scale will require a substantial increase in financial effort.

Moreover European and national priorities should strongly converge so that the financial Community policy instruments and notably the structural funds could be used in an optimal manner in order to support companies and workers to engage in new actions.

Activation measures, retraining and skills upgrading are more than ever necessary to ensure the employability of the European workforce.

The use of the various existing financial means in a concerted manner such as the ERDF, ESF, EGF alongside the efforts of companies, workers and social partners is the best way to produce tangible results for the modernisation of the labour market through the flexicurity approach by enhancing at the same time the employability of workers and the competitiveness of the economy.

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