

UEAPME contribution to the New Skills Agenda for Europe

SME skills priorities

UEAPME welcomes the timely debate on a “New Skills Agenda for Europe” and presents **the SME skills priorities** as a follow-up to the EU Commission dedicated consultation on 20/01/2016.

SMEs are confronted with manifold challenges. Besides the consequences of the crisis, globalisation, ageing population, increasing pace of technological change, digitalisation of the economy, migration flows, lack of qualified workforce is at the top of their concerns.

Closing the skills gap on the labour market is a key priority for SMEs which employ two-thirds of the workforce in Europe and provide a large part of work-based training opportunities including through apprenticeship placements.

The New Skills Agenda for Europe **should better serve the needs of the economy and support SMEs’ competitiveness.**

UEAPME is calling for **a comprehensive strategy** which embraces the full scope of skills needed on the labour market.

This will be achieved by making the education and training systems more in line with the labour market needs, focusing on learning outcomes for higher and more relevant skills and supporting well performing investments in continuous training.

The New Skills Agenda should set **ambitious but realistic objectives**. In this context it should fully respect the competence of Member States concerning education and training systems.

It should respect the diversity of education and training systems, while taking into account the common objectives as defined in the Strategy Europe 2020 for a smart, sustainable and inclusive growth.

In order for the strategy to deliver on education and training, **the New Skills Agenda should be strongly embedded in the Economic governance process and notably the European Semester and the Country Specific Recommendations**. They should focus on the needed reforms in the national education and training systems to deliver the right skills mix requested on the labour market.

It should be fully consistent with the European Strategy Framework for European Cooperation in Education and Training – E&T 2020 priorities with the Copenhagen process and the Riga conclusions on vocational education and training as adopted in June 2015.

It should respect and promote the role of social partners and of businesses in the field of labour market, skills and qualifications.

The New Skills Agenda should aim at increasing Europe’s competitiveness, innovation and productivity as well as employability of learners and workers and contribute to reducing unemployment.

1. Tackling the pressing issue of lack of basic skills

The acquisition of solid basic skills is essential as the foundation for any further learning, to access to work and play a full role in the society.

General education and notably elementary education has the primary responsibility for the acquisition of basic skills for all citizens.

Too many youngsters are leaving the education system without mastering writing, reading and calculating. Member States have the primary responsibility to ensure that each pupil acquire the basic skills during the primary school years.

For the 70 million European adults with insufficient level of literacy and numeracy, it is also the primary responsibility of the national authorities to find adequate solutions different from the traditional school model to help them to fully master basic skills. Many initiatives are in place such as the second chance schools, which should be further promoted and enhanced.

However a guarantee to basic skills will not help to solve the problem on the ground. A good monitoring system such as PISA and PIAAC studies as well as benchmarks would be more appropriate for Member States to improve their performances.

2. Urgent need for digital skills

The acceleration of change in the economy towards the digital revolution, such as the use of platforms for businesses, use of robots, 3D printing or the shared economy, has revealed an increasing and urgent need for digital skills. By 2025 skills forecasts foresee that 90% of jobs will require some level of digital skills.

Since a few years, not only ICT experts are required to master digital competences, but more and more jobs are using digital competences to various extent.

It starts with the basic use of a computer, mastering internet to creating and maintaining a website and goes to the level of IT specialists such as coding, computer programming, artificial intelligence or big data specialists.

In the near future all jobs including traditional jobs will require digital knowledge in relation with the development of the Internet of Things. Therefore all workers and all citizens will need some digital skills.

The Grand Coalition for Digital Jobs launched by the EU Commission in 2013 has been a good starting point. However there is a need for better coordination within the European Commission between the various services dealing with the Digital Agenda and notably DG Connect, DG Grow, DG Employment, and DG Education and Culture.

Digital numeracy should be already taught at primary and secondary schools. Teachers should receive continuous training in order to be able to support this evolution and as much as possible to steer it.

The digital revolution has an impact on education and training methods. On-line learning and MOOCs are becoming more and more part of teaching programmes in all sectors. A coherent EU strategy for digital learning and open educational resources should be mainstreamed across all education and training sectors.

As foreseen in their social dialogue work programme 2015-2017, European social partners will exchange views on the specific issue of digital skills, including the role of digital and distance learning, open educational resources, e-services.

3. Greening skills

The new focus on digital skills should not overshadow the increasing need for greening skills. The current and future jobs will more and more combined digital and green competences for the vast majority of activities. Therefore the development of digital and green skills should go hand in hand.

4. Developing Entrepreneurship

Fostering entrepreneurship spirit is more than ever vital for the European economy. Young people should be supported to develop their capacity to be more entrepreneurial.

Entrepreneurship education should start as early as possible, already at the primary school and continue in the general education at all levels and VET pathways. VET and in particular apprenticeship a part of Higher VET is more likely to lead to business creation, however more efforts are needed for changing the mind-set of young people. Similar actions are needed for promoting entrepreneurial skills of tertiary students in higher education. Member States, social partners, business organisations and businesses should further promote entrepreneurship spirit towards young people. The Entrepreneurship 2020 Action Plan should be revitalised.

5. Promoting parity of esteem between VET and General Education

Vocational Education and Training and in particular work-based learning schemes such as apprenticeship have proven to ensure a high level of employability. However in the society VET is still perceived as the second best choice for young people and even more for their parents.

Work-based learning and in particular apprenticeship through the right combination of theoretical approach at school and on-the-job learning in the company deliver the skills mix required by the labour market.

It facilitates the acquisition of technical skills related to a specific job or task while developing the generic and transversal skills necessary to behave and develop on the labour market and in the society.

SMEs are particularly active in work-based learning and apprenticeship in Europe. They are the main providers of training and apprenticeship placements. However they need to receive further support since they are more and more involved in the training of young people who do not possess the basic skills mentioned above.

In order to motivate more SMEs to be involved in apprenticeship, they also need cost-effective apprenticeship systems with the right governance structures in place based on strong partnership and ownership.

SME business organisations and Chambers of Crafts should be directly involved in the governance structures, to get ownership of the system, contribute to design of training regulations and curricula in line with new skills needs and ensure relevance and quality of qualifications acquired.

Only demand-led work-based learning and apprenticeship systems which take into account employers and labour market needs can attract new commitment of SMEs and become a real alternative to general education pathways and get better reputation towards young people and their parents.

6. Reaching higher and more relevant skills through VET excellence and Higher VET

Quality work-based learning and apprenticeship systems should be developed at all levels of education and training. They should be able to offer initial and continuous training opportunities as provided by SMEs through on the job learning.

An appropriate skills mix is crucial for competitiveness of companies, employability of workers as well as personal development of citizens.

Most Member States tend to focus on the expansion of higher education. This approach is to large extent supported by the Strategy Europe 2020 headline target “increase the share of the population aged 30-34 having completed tertiary (or equivalent) education to at least 40%”. The formal level of qualification alone largely misses the point.

Education and Training systems must focus on delivering the “right” qualifications and skills that are in demand on the labour market, and not just a certain number of higher education qualifications. The signal sent to young people in many countries is that higher education is the only “valuable” education. This is a worrying simplification. Academic tertiary education is of great importance for research and innovation, it provides companies with cognitive skills for jobs that demand knowledge and abstract reasoning. At the same time no one can deny that technical and hands-on skills are and will remain in high demand by companies.

VET at upper secondary and increasingly also at advanced level - VET at tertiary level or “higher VET” - can deliver these skills.

“Higher VET” requires particular attention and more effort is needed to foster and develop it. In most Members States “higher VET” does not constitute a consolidated pathway with a uniform qualification structure such as in higher education.

Therefore modern VET systems should be adapted in view of delivering qualifications which can lead to Higher VET and related excellence. Higher VET is part of the best options to deliver higher and more relevant skills needed on the labour market.

Flexibility, permeability and quality of VET systems should become the rule. Dead-end will not serve the purpose of employers nor students.

Developing new Higher VET systems or strengthening existing ones in parallel or in good coordination with Higher Academic pathways constitute the right solution to provide higher and more relevant skills and qualifications needed on the labour market.

7. Need to distinguish between skills and qualifications

In the discussions prompted by the New Skills Agenda one should clearly differentiate between the concepts of skills and qualifications. With the EQF, qualifications are now described in knowledge, skills and competences. Skills are only a part of a qualification. Skills can be acquired directly through a formal pathway of education and training systems or in a more informal or non-formal setting.

A well designed qualification is more than the sums of knowledge, skills and competences. Through this holistic perspectives qualifications function as important references to employers and are motivational to learners. Therefore when talking about recognition, it is essential to differentiate between validation of skills as qualifications (or parts) and recognition of qualifications as set-up in the Directive 2013/55/EU on the recognition of professional qualifications which notably applies for regulated professions.

For non-regulated professions there is no need to set-up a European system of recognition of qualifications even in the case of mobile or migrant workers.

The crucial element is to foster transparency for an easier understanding of content of skills and qualifications.

8. Identification of skills needs, role of labour market intelligence

A very relevant aspect for SMEs of the New Skills Agenda for Europe is the identification and anticipation of skills needs in order to tackle the existing skills mismatch which is a key challenge in many European countries.

SMEs don't have the resources to identify and analyse the new skills trends. They need the support of their business organisations very often at sectoral level and a good labour market intelligence to anticipate the labour market evolutions and adapt the curricula and training offer accordingly.

UEAPME agrees on a more systematic approach starting at the local and regional level where the real needs are best expressed and defined.

The EU level can give very useful information on general trends but the most relevant levels are national, sectoral and regional levels.

Several tools have been set-up such as the recently re-launched EU Skills Panorama managed by CEDEFOP, the Sector Skills Council and the Sector Skills Alliances which intend to provide further insights at sectoral levels about trends and skills needs in certain sectors.

CEDEFOP and EUROFOUND have also a role to play. The work they intend to carry out through a joint survey of employers should be further supported.

However the most delicate aspect is to draw the right conclusions and reflections at macro-level. There is a high risk of inaccuracy which might have severe consequences in the field of education and training for the young generation if they are strictly followed.

Such forecasts should always be checked with the local, regional and sectoral levels to reduce the risk of inaccuracies in terms of quality, quantity and content of forecasts.

9. Lifelong-learning, up-skilling and retraining

The issue of adult learning, up-skilling and retraining is an issue of particular concern for SMEs not only due to the high level of unemployment and the existing skills mismatch but also for increasing productivity, innovation and competitiveness of companies, anticipating change and maintaining the employability of workers.

Continuous training is a joint responsibility of companies, employees and public authorities. This responsibility should be clearly divided according to the type of training and the main goal of training measures.

- Employers are responsible for developing competences of staff needed to face new customers' requirements and market activities, new work and business processes or changes in work organisation aimed at increasing competitiveness.
- Employees and individuals themselves should be responsible for their own development, inside or outside of the workplace. Employability is a precious factor that has to be taken care of and which cannot be entirely delegated to others.
- Public authorities have a key role in preparing the integration of young people, inactive people or the unemployed into the labour market and to tackle social inclusion, notably through modern and responsive education and training systems.

SMEs are facing specific challenges. Contrary to what the European Commission has stated, SMEs and notably micro-companies are doing a lot for their staff but mainly through a non-formal approach. The main activities are "on the job training". With a flat hierarchy and a strong multitasking dimension, small businesses offer a unique learning environment at work.

SMEs, notably the smallest, have difficulties to overcome the traditional existing external and internal obstacles for skills development, among which the most common are:

- Problems of limited financial resources
- Problems in sending people off on formal training

- Lack of training programmes and methods suited to their specific needs as these enterprises are often highly specialised
- Lack of knowledge of training offer
- Lack of motivation of workers for further training
- Risk that well-trained workers leave the company immediately after the successful training completion.

Despite all these barriers, owners and managers of SMEs are increasingly aware of the importance of improving workforce skills for their innovation capacity.

- **The importance of non-formal and informal training in SMEs**

Non-formal and informal training is very common in micro and small enterprises, but it is never taken up in official statistics. On the job training is the most widespread form of continuous learning in small businesses. It is particularly relevant in companies where alternating training represents an important part of initial vocational training. In fact, companies well acquainted with “on the job learning” tend to more easily apply it for continuous training. Not surprisingly, many employers see it as the best form of specific training available. It is easily taught, highly specific, can be applied at the exact time and place needed and enhances the productivity of employees and of company immediately. Employers see it as one of the best ways to overcome the classical obstacles for continuous training and workers can see its direct application at work.

These skills acquired on the job should also be validated in case of workers would like to move to another company or simply to do some up-skilling or start further learning.

Public policies should acknowledge the different goals of governments and companies. Businesses should not be held accountable or declared responsible for training of basic skills or general skills.

Companies’ decisions on whether or not to train a person in a particular field are based on efficiency criteria and return on investment.

Public policy should intervene where this “efficiency approach” leads to a suboptimal allocation of training. This is **the equity logic that should lie at the heart of public policies** and where governments can intervene by providing training at a lower cost in general skills, ensuring notably the training of the low skilled, the unemployed, inactive population or certain groups at risk with a view to reintegrating them in the labour market.

Instruments addressing companies in pursuing the equity goal, such as training rights and other obligations such as a possible skills guarantee, mainly lead to an inefficient use of companies’ funds. This is particularly true in small businesses, unless workers’ training is accompanied by specific measures for company strategy development.

Therefore, public policy should not request companies to pursue equity goals, but rather support companies and notably small businesses in following their own logic to training.

Public policies should strengthen the different stakeholders to assume this responsibility:

- For companies, by setting up financial incentives such as tax reduction and other incentives to train their employees for where the company identifies a training need (company logic);
- For individuals, by providing incentives such as learning accounts for individually chosen training (individual logic);
- Publicly financed continuous training for special target groups and in particular for low qualified adult, notably for the 65 millions of low qualified adults.

- **SMEs require tailor made support measures and services**

Even if small companies are well aware of the need for and relevance of skills, they have difficulties to identify more precisely future skills needs. In general, they react to customers or employee demands.

Role of guidance and counselling: Small business employers should be accompanied by experts and professionals from the same sector to guide them, give advice and find out the most suitable forms and content of training to their specific case.

SME business organisations, Chambers of Crafts and professional bodies play a major role to support them with tools for a tailor made analysis and comprehensive strategies. Several examples exist in different countries where SME employers/owners are the target group for setting-up human resources strategies,

Importance of social dialogue: Anticipating skills needs require a strong dialogue between employers and employees. The skills needs' assessment to set up a company plan might be used as a good opportunity for a dialogue with each employee.

Relevance of acting at local level: Many employers of small enterprises are significantly influenced by the practices of similar companies in their immediate vicinity. The creation of company networks can strongly contribute to convince reticent employers to do more for continuous training of their staff.

Role of training offer and training providers: Training institutions should strongly adapt to the diversity of companies. The training supply should be customised to the reality of small businesses and meet their specific training needs. A company with a limited number of employees should benefit from tailor made support in terms of content and methods of training. In countries where alternate training is well anchored in initial vocational training schemes, such as the dual system and other apprenticeship system, the professional organisations as well as Chambers of Crafts play a key role in providing the tailored continuous training offer for small businesses. This is especially the case in Austria, France, Germany, Luxembourg or Poland. Unfortunately, more and more training institutions are investigating this new market without necessarily ensuring high quality, professionalism and adequacy to SMEs' needs.

- **Need for adequate financial incentives fitting the reality of SMEs**

The financial dimension plays a crucial role for further training of workers. The sectoral training funds jointly managed by social partners are one of the many possible solutions. However, such mechanism does not always fit the reality of small businesses. It often lacks flexibility, remains too bureaucratic and consequently is not sufficiently attractive for these companies.

It is therefore necessary to rethink the different financial incentives for small businesses which are generally insufficiently used by SMEs because not adapted to their reality.

The European Structural and Investments Funds should be better used for supporting SMEs and in particular small businesses willing to invest in their human resources.

10. Supporting learning mobility

UEAPME have constantly advocated for promoting learning mobility in VET including apprentices as a good way to acquire additional skills and notably generic skills. Increasing transnational mobility in VET not only contributes to equal opportunities for students in all types of education but adds to the attractiveness of VET. It also raises the employability of learners through their cross-border experiences. However VET, due to its intrinsic dual learning nature, has different characteristics than most types of higher education. Focus should therefore be to make mobility in VET attractive for both, VET learners and companies offering work-based learning.

There is a clear scope for increasing the budget for mobility, provided that it is used efficiently and with a better allocation of resources. Evidence shows that there is an increasing demand for VET mobility, and that we are far to reach the **objective of 6% mobility in VET**. As a result, half of the requests cannot yet be granted. It also appears that Erasmus + has been very much geared towards the needs of academic education. For many training providers in VET (including companies offering apprenticeship training) the programme is too bureaucratic. Instruments such as the online linguistic support (OLS), which work quite well for the preparation of university students, are not suitable for learners in VET. This makes it clear that the one-size-fits-all-approach which has been pursued by Erasmus + is not the right approach to follow.

We don't see the need to introduce longer term mobility in VET as currently supported by the EU Parliament. On the one hand also short term mobility phases have an enormous added-value for learners in VET. On the other hand there are still many practical obstacles to overcome before promoting longer term mobility can be introduced.

An important concern is that in dual learning systems and work-based learning where large parts take place in a company (especially apprenticeship training), the owner of a company needs to be on board. Company owners, particularly in SMEs and even more in micro-companies, often cannot afford to have the apprentice out of the company for several months. They simply need them, which is the main reason **that 75% of VET mobility in 2014 took place for shorter than one month**.

For most companies, not being able to retain the person after the mobility period is an additional risk. Furthermore, as the dual learning system is based on a work contract, companies still bear the legal responsibility, but also continue to pay for the remuneration and social security contributions of the mobile VET students. These are major obstacles that need to be addressed.

11. Benchmarking and national reforms

Modernising education and training for better skills result is an important feature of the debate. The EU Commission has presented as part of the European Pillar of Social Rights a Guarantee of access to life-long learning and (re)training.

UEAPME does not see the need for such a Guarantee. More importantly is the real implementation of Country Specific Recommendations, notably the ones related to the modernisation of education and training as well as the use of benchmarks to screen employment and social performance.

UEAPME fully supports efforts to promote national reforms through the Open Method of Coordination used under the E&T2020, the Copenhagen process on VET with the new Riga conclusions on work-based learning as well as through the European Semester. The EU has a strong role to play in analysing broader trends and coordinating efforts of Member States to modernise their education systems. National social partners should be involved.

An EU benchmark system related to vocational education and training could have a real added value since many Member States have recently introduced work-based learning or apprenticeship systems or up-graded their VET systems towards more work-based learning systems.

This could entail, the share of work-based learning in overall initial VET (as proposed in the European social partners framework of actions on youth employment) or the percentage of training time spent in an enterprise or a new employability benchmark for VET as it exists for young graduates adopted in May 2012 by the Council. By 2020, the share of employed among the 20-34 year olds graduates having left education and training no more than three years before the reference year should be at least 82% as compared to 76.5% in 2010.

UEAPME views on tools: building or adapting the tools for tomorrow

1. Possible Revision of the European Qualifications Framework

EQF has been one of the EU initiatives in the field of education and training which has been really successful at national level to launch in depth reflexions and discussions about qualifications content and structures and the need for change.

At the same time EQF is showing important weaknesses in delivering on its specific objectives for transparency, better understanding of qualifications and further comparability

EQF is suffering from inconsistencies in the levelling of national qualifications. These inconsistencies do not help to ensure mutual trust, a sine qua none condition for widening the EQF scope towards any recognition function.

EQF still presents problematic shortcomings on referencing of qualifications as done until now by Member States.

Referencing process cannot be a one off exercise but should be a repeated process informed by horizontal comparisons, PLAs, pilot projects etc... covering all educational areas.

Further technical and political work will be necessary for making learning outcomes definition and understanding more homogenous.

Learning outcomes require a bottom up approach since skills and qualifications are organised by social partners in close collaboration by public authorities.

The idea of a common format to describe qualifications in terms of learning outcomes finds UEAPME's support. Such a common format however can only be in addition to the approaches used at national level. A European format should be used to make easy comparisons of qualification. For this purpose, the description should be short and concise.

However as explained in our paragraph 7 above, learning outcomes cannot be deemed equivalent to skills. Learning outcomes entail much more and notably knowledge and competences.

The initial objectives of EQF should be further deepened in order to become a real tool for transparency, better understanding of qualifications and could serve for further comparison.

Lastly the EQF currently is not mature and not stable enough for cross-referencing with third countries.

In case of migrants, there is less the necessity to recognise qualifications, but more a screening and validation of their skills. To help their rapid integration on the labour market, employers and trainers have to better understand the level and state of play of their acquired skills in order to adapt accordingly and offer them either a further training or an immediate integration on the labour market.

UEAPME is of the view that EQF recommendation indeed needs to be updated but not in the sense of a full revision or giving the EQF new functions.

In the same perspective, EQF is not suited to become a tool for the recognition of qualifications.

2. EUROPASS

Europass has been very useful and well used by the European citizens. In particular the European CV template has been extremely successful and well understood by employers. It should remain simple and should not be overloaded for whatever purposes.

The Europass Certificate Supplement is another useful document very much appreciated for recruitment purposes.

3. ESCO

The European taxonomy for skills and classification of occupations, which is currently under development, might be a useful to promote a better matching on the European labour market once it is completed with a fully operational final version.

Furthermore ESCO is introduced as a translation tool between the labour market world and the world of education. As this must be first proven, it will require time for ample testing, robust pilots and an in-depth evaluation.

4. Development and coordination of future Skills Services

The relation between the different transparency tools is still unclear and notably between ESCO, EQF and the other transparency tools such as EUROPASS. As long as there is such a lack of clarity, it is difficult to decide which tool should be further maintained and which not.

It is important to clarify the objectives for each tool avoiding overlaps and 'shopping list' as well as to develop tools that are user friendly and adapted to the real needs of potential users.

The main question is to what extent each European tool brings added value on the national, regional or local level and how the various stakeholders are using them.

UEAPME supports efforts to streamline documents, improve synergies between and integrate European initiatives while respecting the national and regional structures of skills providers.

The existence of a plurality of tools and their use by different stakeholders should now drive a comprehensive effort with a strategic approach, to have a better integrated approach and make them easier to use by the different stakeholders, competent authorities, national centres, social partners, business organisations, chambers of crafts and chambers of commerce training centres and end users.

The European Commission should avoid creating ever new platforms and initiatives and instead focus on what is really needed for the economy to work well and deliver growth and competitiveness. An assessment could be undertaken on how the different instruments are used by different stakeholders, and to question which products should be developed at European level.

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