

# Position Paper

## UEAPME<sup>1</sup> position on the EC Proposal for a Council Recommendation on establishing a Skills Guarantee – COM (2016) 382/2

### I. Introduction

The European Commission on 10 June 2016 published the New Skills Agenda for Europe, a package of measures with the aim to ensure that the right training, skills and support is available to European citizens. At the core of this Skills Agenda is the EC Proposal for a Council Recommendation on establishing a Skills Guarantee on which UEAPME presents its views in the current position paper.

#### Executive Summary

- UEAPME welcomes the principles for upgrading the basic skills, crucial for employability, of low qualified adults and to enable a smooth bridge towards VET and the labour market. It marks an important push for a renewed policy focus on better and more relevant skills.
- However, the concept “Guarantee” is inappropriate as it will create wrong expectations, especially as there are no additional financial means foreseen.
- UEAPME is very critical of the chosen objective of reaching EQF level 4 which is unrealistic. Achieving EQF level 4 requires disproportionate efforts and new resources that are not available. UEAPME requests the removal of a reference to specific EQF levels, which can in any case certainly not remain at EQF level 4.

### II. General comments

UEAPME welcomes the EC proposal for upgrading the basic skills of low qualified adults. As a policy focus and push for higher and more relevant skills this is a good approach.

**The lack of basic skills, skills shortages and mismatches are among the main concerns of Crafts and SME throughout Europe.** The need to upskill low qualified adults is urgent and requires comprehensive actions and tools, as well as strong partnerships and cooperation at local level.

<sup>1</sup> UEAPME subscribes to the EC's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is 55820581197-35

Nevertheless, a “guarantee” for basic skills cannot be considered as a right. Nor will it be the silver bullet solving the more fundamental problem on the ground. **Member States need to urgently improve the performance of primary and secondary education and training systems**, possibly through benchmarks, to deliver skills that are relevant for people’s lives and the economy. Monitoring systems such as PISA and PIAAC studies are of great help and should be further developed.

### Challenges

Education and training systems need to develop into two directions: they need to combine the acquisition of knowledge and skills relevant for each citizen’s life and to respond better to labour market skills needs. These objectives are essential to **sustain competitiveness, to enhance job creation, growth, productivity, innovation, and social inclusion**. Combining these two aspects will contribute to improving people’s **employability**, reducing risks of unemployment and giving to each individual real personal and career perspective.

The **lack of adequate reading, writing, numeracy, and digital skills** is striking and is a risk for Europe’s capacity of creativity and innovation, as well as for remaining in the global competition race and creating new highly qualified jobs.

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

**For UEAPME, the main aim of the efforts should be to enable a smooth bridge towards VET and the labour market, to make people able to learn further and remain employable, and enable enterprises to increase productivity with a well-skilled labour force.**

Among the main challenges related to the “Skills Guarantee” UEAPME stresses the need to clearly **distinguish two different steps: upgrading basic skills levels and then reaching higher levels of educational attainment**. Both are needed in view of the current skills challenges; however they require different policy efforts.

Efforts for reaching higher levels of educational attainment only make sense if they can build on acquired basic skills to make people employable and help them to learn further. **Attaching EQF levels to this objective is not adequate**. Moreover, measures for upgrading basic skills levels among the adult EU work force **should not impose disproportionate burdens on SMEs**.

### Local, targeted solutions

UEAPME broadly endorses the idea that through effective and upgraded partnerships at national, regional, and local level between authorities, education and training providers, business organisations and social partners, more can be done. This follows the logic of the Youth Guarantee (2013) as well as the initiative for Long-term Unemployed (2015). **At the same time, such efforts require sufficient financial means, which are not foreseen in the proposal for a Skills Guarantee**.

Next to more systemic efforts, an **individualised, targeted approach on the local level** is necessary to upgrade skills levels, reaching out to those who have left education at early stages, and making them better employable. In absence of additional funds, making best use of the EU structural funds (notably the European Social Fund (ESF)) will require well defined priorities while fully applying the partnership principle.

Next to limited guidance and awareness, for UEAPME, one the most important reasons for the current low rates of adult participation in continuous vocational training is a **lack of adapted training offers enabling SMEs to engage in upskilling their employees**. For SMEs to be part of the solution, support will be needed to overcome a number of obstacles in upskilling or re-training of adults including jobseekers, workers as well as future entrepreneurs.

In absence of new financial means, **targeting efforts to sub-groups of low-skilled adults and skills needs of the labour market will be key to the success or failure of the Skills Guarantee**. Flexibility for Member States to adapt to national realities and concepts is of crucial importance. This is addressed in the explanatory memorandum, but not in the Recommendation itself, where it should be integrated.

**UEAPME recommends focusing on the first objective upgrading basic skills levels**. And if other stakeholders notably employers are involved in upgrading skills levels or reaching higher levels of education, the baseline should be that **enterprises need to find it worthwhile to invest in training**. **Upskilling and reskilling is a shared responsibility between employers, workers and public authorities**.

### **III. On the proposal for a Council Recommendation**

UEAPME welcomes the targeted effort for upgrading the basic skills of the European adult work force, and to enable a smooth bridge towards VET and the labour market. The policy focus and push for higher and more relevant skills is a good approach.

**At the same time, UEAPME is very critical of the lack of financial means for a possible Skills Guarantee**. The term 'Guarantee' reminds of the Youth Guarantee, which involved additional financial resources. Without these, efforts will merely boil down to a re-shifting of policy focus and money within already available funds. The question needs to be asked whether expectations can be met. It is important to strongly coordinate between the Skills Guarantee, the Youth Guarantee, and the initiative for Long-term Unemployed.

Moreover, looking critically at the set objectives, without additional funds they risk placing **new responsibilities and burdens on stakeholders including SMEs and micro-companies**. It is very important to clearly outline and respect each other's responsibilities in the process of upskilling and/or re-training.

#### **Objectives**

##### **1) Acquire a minimum level of literacy, numeracy and digital skills**

As outlined above, UEAPME broadly endorses the objective to upgrade the levels of basic skills among the low-skilled adults but not of a Guarantee as such. **The main aim should be to enable a smooth bridge towards VET and the labour market**. In fact, **UEAPME strongly recommends that Member States focus their efforts on this first step**, as upgrading basic skills levels requires full attention, notably in absence of added financial means.

2) **Progress towards a qualification at EQF level 4 or equivalent, acquiring a wider set of skills, building upon the Recommendation on key competences for lifelong learning**

- **UEAPME is particularly critical of the chosen objective of reaching EQF level 4**, even if progress towards higher levels of education is to be supported as a principle. Next to basic skills, there is an increasing need for advanced skills on the labour market. Moreover, it is important that people receive qualifications which lead the way towards participation in VET and the labour market. Efforts enabling this are in principle welcome. Nevertheless, basic skills are a far more urgent priority. **UEAPME opposes any reference of the second objective to EQF levels, which can** in any case certainly not remain at EQF level 4.

- **EQF level 4 is unrealistic and creates expectations that cannot be met**

Achieving such a high level of educational attainment, upper secondary qualifications, should not be part of a Guarantee. Reaching such levels requires acquiring new knowledge and skills that are and should be part of regular education and training pathways.

Moreover, the EC admits itself that “EQF level 4 is the level at which most countries place their upper secondary school level qualifications and equivalents”. UEAPME believes that this means that if not all countries do this it should not be used as a standard in EU legal texts.

- **EQF level 4 stigmatises people who are perfectly employable with lower levels of educational attainment, as well as training pathways delivering the best employability outcomes**

The EC writes in its explanatory memorandum: “EQF level 4 [...] is increasingly becoming the minimum educational attainment level for access to skilled work on the labour market and progression to further education and training”.

UEAPME disagrees with this statement and believes in addition that it stigmatises people who have achieved valid qualifications, well recognised on the labour market, at lower EQF levels. Many well-recognised training pathways, delivering perfectly employable people, offer qualifications that are placed at EQF level 3 or even lower. This goes in particular for the vast majority of qualifications delivered by initial Vocational Education and Training (I-VET) through dual pathways with strong work-based elements, and in particular apprenticeships in several Member States. **These education pathways are often the ones delivering the best employability outcomes and the people receiving such qualifications should under no circumstance be stigmatised.**

- **Defining an EQF level draws attention wrongfully away from employability to qualifications**

UEAPME believes that the main purpose of the Skills Guarantee should be to make people employable, and smoothen the way towards VET and the labour market – and not to stare blind on a specific qualification level that creates burdens for SMEs. Importantly, **pushing for higher educational attainment needs to be addressed mainly through reforms in education and training systems.** A qualification is not an assurance of sufficient levels of basic skills, which UEAPME considers to be more important criteria for employability.

Therefore, if the EC insists on relating new education and training achievements to EQF, it should be limited to EQF level 3 as an ambitious but realistic target, as it brings low-skilled adults into the VET system in several Member States. It could thus smoothen the way for people to enter the labour market.

However, if the purpose is to achieve a certain level of educational attainment, UEAPME favours that specific EQF levels are not mentioned at all. In fact, **becoming employable can be done through other ways**, as is shown in several cases.

In several Member States, specific mechanisms have been developed, in strong cooperation with social partners, to define the competences of people who have not reached a certain EQF level, with the explicit objective to show their employability for the labour market. A good example is CLÉA<sup>2</sup> in France, developed with the social partners, a testing tool enabling people who have not even reached EQF level 3 to demonstrate that they are employable. Also, in Austria, the Wirtschaftskammer (WKÖ) developed a ‘Talente check’<sup>3</sup> to determine the actual suitability for a profession. **UEAPME favours that solutions in the context of the second objective of the Skills Guarantee are found in this direction.**

**The examples show that EQF level 4 is too high as an objective, but even more, that using EQF levels at all as an objective is rather irrelevant.**

**UEAPME requests that any reference to a specific EQF level is avoided. .. Instead, the objective should be to “progress towards qualifications at upper secondary level, acquiring ...”. If this is not feasible, UEAPME requests that the target is lowered towards EQF level 3.**

- **EQF level 4 imposes disproportionate burdens on SMEs and micro-companies for upskilling and re-training**

If EQF level 4 is maintained, this will mean in practice that companies and other stakeholders will have to engage in training that goes far beyond what they are already doing in the context of IVET or informal training of employees. Contrary to general belief and EC statements, SMEs are doing a lot for their employees in a non-formal context, mostly “on-the-job training”. Due to a flat hierarchy and a great multi-task dimension, SMEs create a particular learning environment (See further the Annex on upskilling and re-training in SMEs).

**However, especially without additional financial means, the objective of reaching EQF level 4 will undoubtedly create new costly obligations for which SMEs and micro-companies cannot be held responsible and which UEAPME strongly opposes.**

### Three steps

The three-step approach of skills assessment, a tailored and flexible learning offer and the validation of skills acquired goes in the right direction. UEAPME welcomes the effort to step-up the pace to have skills assessed that are acquired to non-formal and informal ways.<sup>4</sup> People are not always aware of their skills levels, and making these more visible is a welcome effort if it helps bringing them into the VET system.

<sup>2</sup> <http://www.certificat-clea.fr/>

<sup>3</sup> [https://www.wko.at/Content/Node/Service/Bildung-und-Lehre/Berufs--und-Bildungsberatung-in-Oesterreich/oe/Talente\\_Check.html](https://www.wko.at/Content/Node/Service/Bildung-und-Lehre/Berufs--und-Bildungsberatung-in-Oesterreich/oe/Talente_Check.html)

<sup>4</sup> See further UEAPME's position on the EC proposal for a Council Recommendation on the validation of non-formal and informal learning (2012): [http://ueapme.com/IMG/pdf/UEAPME\\_PP\\_proposal\\_Council\\_Rec\\_NFIL\\_Final.pdf](http://ueapme.com/IMG/pdf/UEAPME_PP_proposal_Council_Rec_NFIL_Final.pdf)

**The tailored and flexible learning offer** should be made in close cooperation with the stakeholders involved such as business organisations, professional chambers, E&T providers etc.

## Coordination and partnership

UEAPME welcomes that the efforts foreseen in the context of the Skills Guarantee should become integral part of active labour market policy, early school leaving measures and the integration of third-country nationals.

Essential is to guarantee consistency and continuity of approach. Single points of contact and tailor-made offers leading to (re)integration, adapted to the personal situation at local level, are an appropriate way to do so. **UEAPME also stresses the importance to clearly define and explain principles of rights and obligations of the target groups, and commitments to be respected.**

Cooperation between Public Employment Services, E&T providers and business organisations at local level, notably (SME) business organisations, chambers of skilled crafts and chambers of commerce and industry, is key. Public-private partnerships are essential at local level where jobs are created and (small) businesses are embedded. Companies, notably start-ups, are best placed to tell how and where skills are needed.

## Outreach, guidance and support measures

UEAPME broadly endorses the idea that through effective and upgraded partnerships at national, regional and local level between authorities, education and training providers, business organisations and social partners, more can be done to upskill the adult workforce and **reach out to those who have left education at an early stage.**

UEAPME agrees with the proposed outreach and support measures, in particular the notion of financial or tax incentives for both learners and employers for upskilling their employees. **However, UEAPME stresses that the Guarantee should not be perceived as a right and points out that the term Guarantee bares this risk.**

## Budgetary implications

**UEAPME is very critical of the lack of additional financial means for this instrument.** Structural funds and in particular the European Social Fund are the first and most adapted EU tools for this type of measures, but using these will automatically mean a shift or a new focus of policy away from other priorities. Moreover, ESF Operational Programmes are already being implemented, meaning that a priority and budgetary shift is not likely to be expected in the short term. UEAPME has therefore strong reservations towards the feasibility of achieving the policy objectives outlined in the Skills Guarantee.

In absence of dedicated financial means, **being able to target efforts to the right sub-groups of low-skilled adults and skills needs of the labour market will be key to the success or failure of the Skills Guarantee.**

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## Annex: Upskilling and re-training in SMEs

The real work to upskill the European work force will have to be done in close cooperation with enterprises including SMEs and micro-companies. It is therefore essential to understand how this works in practice.

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 shared responsibility between employers, workers 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 notably with the rapid digitisation of the economy.
- 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.

### **1. Obstacles for skills development**

With a flat hierarchy and a strong multi-task dimension, small businesses offer a unique learning environment at work. This poses several challenges. However, contrary to general belief, it is important to understand that SMEs and especially micro-companies are doing a lot for their staff but mainly through a non-formal approach. They are often engaged in "on the job training". It is part of their daily business to adapt to sudden changes in human resources, teach others new skills, and improvise on a non-formal basis.

This is particularly relevant in companies where alternating training represents an important part of initial vocational training (IVET). In fact, companies well acquainted with "on the job learning" tend to more easily apply it for continuous training. 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.

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

In particular, but not limited to the formal training approach, SMEs and micro-companies have difficulties to **overcome traditionally existing external and internal obstacles** for skills development, such as:

- limited financial resources
- the impact on production processes of sending people off on formal training
- the lack of training programmes and methods suited to the learning environment and the high level of specialisation of these companies
- the lack of awareness of training offers
- the motivation of workers for further training
- the risk of well-trained workers leaving the company after completing their training

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

## 2. SMEs require tailor-made support measures and services

Because of this specific nature of up-skilling and re-training in a small company, **SMEs, to be part of the solution, will need support to overcome these obstacles.**

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 and advise them on the most suitable forms and content of training.
- SME business organisations, Chambers of Skilled Crafts and professional bodies play a major role in support 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 and needs. 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 IVET schemes, professional organisations as well as Chambers of Skilled Crafts play a key role in providing the tailored continuous training offer for small businesses.

## 3. Need for adequate financial incentives fitting the reality of SMEs

The financial dimension plays a crucial role for further training of workers. Perspective of a return on investment is decisive for further training in SMEs.

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.

## 4. Public policies

**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 their 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);
- For individuals, by providing incentives such as learning accounts for individually chosen training
- Publicly financed continuous training for special target groups and in particular for low qualified adult, notably for the 70 millions of low qualified adults.