

SMEUnited priorities to tackle labour and skills shortages in SMEs - European Year of Skills 2023

Key messages

1. Ensure good orientation services for young people and adults
2. Build a closer partnership between the education and training world and labour market actors, especially SMEs
3. Improve the image of VET, including higher VET and apprenticeship
4. Improve skills intelligence tools for better identifying skills needs in the various sectors
5. Invest in upskilling and reskilling and foster lifelong learning
6. Enhance the recognition of qualifications and skills assessment tools for third country nationals

General comments

The current labour market situation is strongly impacting SMEs which are currently facing huge structural difficulties in recruiting qualified staff due to growing labour and skills mismatches and gaps. This structural problem has been further exacerbated by the Covid crisis. However it existed before due to a combination of factors, in particular the ageing of the population, insufficient anticipation of new skills needs, inadequate adaptation of education curricula to new labour market needs and reduced mobility in the European Union.

SMEUnited welcomes the European Year of Skills in 2023, announced by President von der Leyen in her State of the Union speech as a tool to give a new push to update education and training policies for all ages and focus on the new skills needs to ensure a swift and successful digital and green transition. SMEUnited stands ready to contribute to it, based among others on its [Annual Theme](#) work which promotes apprenticeship, vocational education and training and entrepreneurship education.

SMEUnited presents its six main priorities for the Year for Skills 2023:

1. Ensure good orientation services for young people and adults

SMEs offer a large choice of successful training experiences to young people and adults through well performing systems of work-based learning and apprenticeship. Information campaigns and sound orientation services for young people in different school levels are key to ensure the take-up of vocational education and training (VET).

Career information and counselling need to be stepped up and improved continuously. This should be done by providing adequate information about all relevant educational routes and career options. Basic services for young people should include face to face counselling, counselling for school classes, workshops for young persons and teachers, online interest profiles and first-time counselling at career fairs.

2. Build a closer partnership between the education and training world and labour market actors, especially SMEs

SMEUnited considers as a key priority to better align education and training systems outcomes and skills to changing labour market needs. This is particularly relevant for vocational education and training (VET) systems to deliver the right learning outcomes and ensure the employability of learners at all levels. The timely adaptation of curricula in cooperation with social partners, SME organisations, Chambers¹ and further relevant stakeholders at all levels is the right way forward.

Work-based learning and apprenticeship are best placed to deliver the newly required skills, as they are better acquired on the ground, based on practical work-experience. Initial VET (I-VET) allows young people to acquire soft and hard skills and attitudes for a successful transition from education to work. Continuous VET (C-VET) plays a key role in supporting active population or unemployed people to upgrade their skills and best adjust to the changing work requirements.

SMEUnited encourages the modernisation of the delivery of VET programmes by using the latest digital solutions. Specific trainings for teachers and trainers are essential. Stronger contacts between teachers and trainers in SMEs are also an important elements for the delivery of programmes responding to their skills needs.

SMEUnited considers essential to further foster entrepreneurial skills. This set of skills is paramount to successfully ensure the creation of new companies and the transition of existing

¹ In some Members States, Skilled Craft Chambers and Chambers of Commerce are responsible for delivering vocational education and training.

SMEs to the next generation of owners. Furthermore, when the education of entrepreneurial skills is introduced at an early age and nurtured throughout all levels of education, it will foster the entrepreneurial mindset of young people. It will also facilitate a better capacity of adaptation to the changing world of work. SMEUnited reiterates its support for programmes on entrepreneurial skills activities, such as Erasmus for entrepreneurs, and for the systematic use of [EntreComp](#), the European Entrepreneurship Competence Framework.

3. Improve the image of VET, higher VET and apprenticeship

SMEUnited would like to stress that increasing continuous training should strongly contribute to improve the image and visibility of Vocational Education and Training in our societies. Vocational Education and Training and apprenticeship contribute greatly to the development of human capital and skills that are strongly required by enterprises. Initial and continuous VET pathways including Higher VET have to be further promoted as an opportunity to acquire a strong set of skills linked to the real needs of the labour market and foster the employability of young people and adults. Transnational mobility of VET learners is an important incentive to encourage learners and students to take up vocational education and training. It will also contribute to the image of VET towards young people and their parents.

In order to improve its image and value, VET should not be seen as a dead-end, but a good path to higher education and training. Permeability with attractive progression routes in the sense of “pathways” or “qualification ladders” within VET as well as from VET to tertiary education is essential. Higher VET, which provides high level professional and managerial skills for VET graduates only exists in some Member States. Therefore, Higher VET as an alternative to academic education needs to become more prominent on the political agenda, both at European and national level.

4. Improve skills intelligence tools to better anticipate skills needs in sectors

Skills intelligence and forecasting is more than ever required to anticipate, identify the new skills needs and support skills governance structures at national level to adopt the most appropriate policies and adapted measures. Good skills intelligence should be regularly revised to ensure that people can acquire the in-demand skills for the current and future jobs. SMEUnited believes that further work is needed on identification of current skills needs and the anticipation of future skills needs in sectors, inter alia by improving forecasting analysis and tools. This is best done at regional or sectoral level as labour market intelligence and observatories are more reliable at these levels due to their close connection with the local ecosystems and labour market specificities.

SMEUnited would like to draw attention on the current methodologies, based on the online collection of data, which do not adequately reflect the skills needs of SMEs. Instead these current systems in place only capture high skilled jobs and skills needs of larger companies (e.g.

EURES, OVATE). SMEUnited recommends to reinforce the role of skilled craft chambers and sectoral SME organisations in skills forecasting as they are best placed to identify the current and future skills required by SMEs at local level. A mapping of the skills supply and not just the skills demand would also be useful.

In addition, it is extremely important to continue working on graduate tracking to increase transparency of qualifications. The data collected through graduate tracking and the feedback loop should be used for quality assurance and to make education and training more responsive. It would be useful to gather information on jobs taken-up by graduates to better understand the links between qualifications and jobs and adjust them accordingly. Transparent and easy to access information on the results of the graduate tracking contributes to create mutual trust. Transparency is much valued by employers to facilitate a quicker match between their job offers and the potential candidates.

Finally, SMEUnited insists on increasing the efforts on the dissemination of skills intelligence, so that it can be used by relevant stakeholders to rapidly adapt the training offer and the content of curricula and deliver tangible results.

5. Invest in upskilling and reskilling and foster lifelong learning

Aside from ensuring smooth transitions from education to work, policy measures should also focus on retaining people longer in the labour force, which can be promoted by ensuring access to lifelong learning. A new culture of lifelong learning and continuous training is particularly important in light of the digital transformation, demographic change and the adaptation to rapid labour market changes. Fostering continuous training, in particular on-the-job training, is one of the best ways to ensure that the labour force is equipped with the right skills at the right time for newly emerging tasks.

Lifelong learning, continuous training and Higher VET will help employers to maintain a productive workforce, to more easily recruit a skilled workforce and at the same time ensure workers' employability and career development. On the other hand, entrepreneurs themselves also need sufficient and targeted opportunities for continuous training and lifelong learning. As such, this will contribute to anticipate changes in the world of work and avoid costly skills mismatches and shortages. Training and, in particular, upskilling and reskilling will thus help alleviate qualitative labour shortages.

Therefore, the implementation of the Council Recommendation on Upskilling Pathways needs to be reinforced and training strategies at EU, national and regional level should set the goal of promoting continuous training including Higher VET and lifelong learning. A particular attention should be addressed to inactive and unemployed people, to support them keep their skills updated or to be reskilled if needed. Public and private employment services responsible for the inactive and unemployed should design and implement appropriate Active Labour Market Policies in line with the EASE Recommendation.

Among different policy interventions, SMEUnited recommends improving the targeted provision of information to SME employers and workers about training opportunities in the Member States and to strengthen guidance and counselling, thereby enhancing the motivation of workers to participate in continuous training.

SMEUnited also stresses that employee training is a shared responsibility between employers, workers and public authorities to invest in the current and future necessary skills. Member States and social partners have put in place different tools for upskilling and reskilling in respect of the national specificities. Individual Learning Accounts (ILAs) could also be a possible tool among many to ensure upskilling and reskilling of the working-age population. Well-functioning continuous training approaches or systems in place in Member States, especially those managed by social partners such as training funds, should be fully respected. The main challenges SMEs face are the cost of training, the lack of an adequate training offer, the lack of time on the part of SME employees, the difficulties to motivate workers, and the need for a strategy with return on investment for both sides. Another major problem for small businesses is the lack of necessary resources and support to design a professional development and training plan. Therefore, it is necessary to set up support programmes, including financial support for SMEs, enabling them to put in place concrete measures to attract and manage talent effectively. Social partners, business organisations, chambers and training centres have an important role to play in assisting small businesses with the design and content of adequate solutions for continuous training in a way that contributes to the delivery of training outcomes which are adapted to businesses' and workers' needs.

6. Enhance the recognition of qualifications and skills assessment tools for third country nationals

Economic legal migration is an important aspect of the overall policy mix to overcome the demographic ageing of the European population and the lack of labour and skills shortages. It will contribute to support SMEs fill in their skills gaps as long as the skills and qualifications of the third country nationals correspond to the labour market needs. SMEUnited welcomes the skills-based and demand-driven approach linking economic legal migration to the needs of the labour market. SMEUnited is looking forward to the EU Talent Pool to be launched in 2023. In addition, validation procedures for the recognition of skills and qualifications need to be set-up or enhanced at national level, to make such procedures more transparent and efficient. Mutual learning through the exchange of good practices on the assessment, validation and recognition of skills and qualifications is strongly welcome.

The recognition of qualifications and the lack of portability could undermine the possibility of finding the right candidates for job vacancies in SMEs. Strengthening the relations with VET providers from third countries could be a good strategy to improve the transparency of qualifications for European employers.

Brussels, 8 December 2022.

For further information on this paper, please contact:

Liliane Volozinskis, l.volozinskis@smeunited.eu

Valentina Guerra, v.guerra@smeunited.eu