

UNION OF SKILLS A Joint Employers' Input

21 February 2025

INTRODUCTION

1. This note constitutes the joint views and priorities of BusinessEurope, SGI Europe and SMEUnited as regards the policy priorities and measures that the Commission should consider for inclusion in the Commission's Union of Skills initiative.
2. European enterprises constitute the cornerstone of the EU's competitiveness and attractiveness as a place to live, work and invest. However, they are being held back by skills and labour shortages, which place them at a competitive disadvantage in global markets and discourage job-creating investment in Europe.
3. Therefore, European employers welcome and broadly support the objectives of the Union of Skills initiative. In doing so, it is imperative that any measures resulting from this initiative fully respect national competences and the role of social partners within existing national industrial relations systems and education and training practices.

EMPLOYERS' PRIORITIES FOR THE UNION OF SKILLS

Increase the Attractiveness of Vocational Education and Training (VET)

4. It is important to continue **strengthening the role and profile of VET**, which is well-positioned and recognized as a driver of productivity and innovation. Draghi's report argues that what is central to this is the closer involvement of social partners, particularly employers, in the design, delivery and governance of VET.
5. Further efforts are needed to increase the attractiveness by making **VET a first choice for prospective students**, by improving its parity of esteem with university education, fostering excellence, and enhancing its relevance and effectiveness. This would not only boost individuals' employability and employment prospects but also better address employers' skills needs. The Commission could support this through effective public campaigns throughout Europe and by supporting Member States in developing **higher VET**.
6. In this context, **strengthening apprenticeship opportunities** is essential, ensuring they are accessible to people of all ages. European employers strongly support apprenticeships as a means to address companies' skills needs and facilitate labour market transitions. Greater involvement of social partners in the governance of national apprenticeship systems is crucial to achieving these goals.

7. Furthermore, the **provision of guidance on career and professional counselling** is vital in order to raise awareness among students and workers about training opportunities and to improve the motivation of students and workers to do training. The closer cooperation between the Commission DGs EMPL and EAC in this political cycle is an opportunity to come up with a coherent EU strategy on career and professional guidance.
8. These measures are essential for ensuring the Union of Skills initiative strengthens VET, making it a central pillar for fostering a highly skilled and adaptable workforce across Europe.
9. In addition to improving the attractiveness of VET, it is necessary to strengthen the role of higher education in supporting the up-skilling and re-skilling of workers. This includes the provision of microcredentials and other forms of short courses that can be offered by universities through blended learning approaches or full distance learning. This should be seen as part of a wider approach towards a greater focus on learning outcomes and the employability of university graduates, whether in an initial or continuous education context.
10. On the proposal for the development of a European VET diploma, European employers ask the European Commission to refrain from implementing European VET qualifications in parallel to national qualifications. A European qualification could be a complement to a national qualification and include content/learning outcomes in a clear and transparent manner, taking inspiration from the diploma supplement approach in higher education. Moreover, additional EU badges/digital credentials in the framework of Europass attached to national diplomas and certificates could increase the visibility and transparency of VET and, therefore, contributing to enhancing mobility. An initiative on an European VET diploma should only be developed with European social partners in the driving seat and in close consultation with Member States. This topic would benefit from a further discussion in the Advisory Committee on Vocational Training.

Improve the Attainment of Basic Skills

11. The recent 2022 PISA study shows **that 30% of EU students do not reach a minimum proficiency level in mathematics**, and around 25% fall short in reading and science. These are concerning figures, as basic skills are crucial and fundamental for individuals' daily lives and for sustaining a competitive economy. Failure to achieve sufficient levels of basic skills attainment puts Europe at a competitive disadvantage compared to other global players, such as the US and Japan. Without adequate basic skills, individuals may face challenges in progressing in their education and training or adapting to a fast-changing and dynamic labour market.
12. Employers have reported that **individuals increasingly lack the basic skills expected at the point of entry into the labour market**. At the same time, it is not the responsibility of employers to provide training in the workplace that compensates for a lack of basic skills attainment, knowing that such skills should be acquired during compulsory education.

13. In addition, there is a **significant need to foster entrepreneurial skills**, as they are essential for driving the creation of new enterprises. Introducing entrepreneurial education and engagement with enterprises at an early age and nurturing it throughout all levels of education helps develop an entrepreneurial mindset among young people, enabling them to better adapt to the rapidly changing world of work. Practical-oriented teaching, practical skills, and differentiated teaching methods should be expanded as a pervasive element in compulsory school. Practical skills should be integrated into all subjects, including mathematics and physics.
14. These **considerations are key to the success of the Union of Skills initiative**, which should prioritize strengthening basic, and entrepreneurial skills from an early age, and should go hand in hand with continued efforts to further reduce early school leaving rates. This will support the development of a skilled workforce capable of contributing to Europe's long-term competitiveness and innovation.
15. The European Commission's intention to propose an **EU teachers' agenda**, aiming at improving their working conditions, training and career prospects should fully respect the autonomy and competence of social partners who negotiate on these issues at national level and European level.

STEM and Digital Skills

16. As highlighted by the Draghi report, **STEM and digital skills are imperative** for the EU in order to close the competitiveness gap between Europe and other global actors. Adding to the challenge the EU's labour markets faces with the twin transitions, the STEM and digital skills gap must be urgently addressed. STEM and digital skills are frequently highlighted by employers as the most in demand skills set. The skills and competences that STEM graduates acquire go beyond the 4 subject areas alone and also include the development of critical and systemic thinking.
17. STEM skills are often thought of as being acquired at upper secondary and tertiary levels of education. However, these skills can be acquired at all levels of education and training, including at primary and secondary school, and through general or vocational education.
18. It is essential that more people, including women are attracted to STEM related subjects. Increasing interest in STEM fields may require longer-term cultural and social changes to address stereotypes. Therefore, it is important to conduct more awareness raising activities, such as public campaigns and sharing of best practices. BusinessEurope has been advocating for several years that **25% of all tertiary graduates study STEM-related** subject areas by 2030 (the figure is currently around 22%). Furthermore, European employers recognise and fully support policy coordination efforts at EU and national level aiming to foster cooperation between research, education and innovation, the so-called knowledge triangle. Within this, developing partnerships between employers and education and training providers at all levels is also important for furthering STEM skills attainment. The strengthened EU coordination on competitiveness is an opportunity to make progress with the available resources in the next Multi-Annual Financial Framework and the specific financial

programmes - involving the structural funds, Horizon and Erasmus -, and monitored via the European semester processes.

19. There is a need to reflect on how **AI changes job profiles and skills needs**, and on the possibilities and limitations of AI. Research by Cedefop suggests that 61% of workers surveyed need new knowledge and skills to use AI. It can also be noted that technology more often replaces tasks rather than entire jobs, while actually creating a lot of new ones. Therefore, the question is how we can get people ready to work alongside AI and how and what type of training and jobs do we need for that. This underlines the role of skills anticipation and assessment.
20. While there is an increase in **demand for skills related to AI and big data analysis, core transversal skills and STEM skills are projected to continue to be in high demand**. AI can support companies in assessing and developing the skills of their workforce and help to fill skills gaps. AI can also support the provision of career guidance and advice as well as job matching.
21. It is also **essential that teachers and trainers are equipped with the competences** to design, deliver and assess digital education and training courses and curriculum. Therefore, teachers and trainers need to be supported in their continuous professional development. This includes facilitating their exposure to diverse enterprises' realities, so that they have a better understanding of the skills and qualifications required by employers.
22. Overall, there need to be a **better alignment of education and training systems with labour market needs**, including through the more timely and effective updating of education and training curriculum, taking into account the rapid pace of digitalisation as well as the interlinked process of the adaptation of labour markets to the green transition. It is necessary that EU and national actions to update training curriculum are well coordinated including through mutual learning opportunities at EU level. This was among the priorities of the Osnabruck Declaration and remains a priority for its successor.
23. **European employers consider these efforts as integral to the success of the Union of Skills initiative**, which must prioritize closing the STEM and digital skills gap to enhance Europe's competitiveness and support its green and digital transition.

Support Employers' Provision of Training

24. The European Commission has identified that **employers already fund around 90% of job-relevant training in the EU**. These numbers clearly show that employers take their responsibility by providing relevant training to their employees. At the same time, given the extent of the challenges posed by prevailing labour and skills shortages and ensuring that workers have sufficient skills sets in response to the digital and green transitions, it is valuable to provide targeted support to employers, especially those in smaller and medium sized enterprises, in the provision of training.
25. **Through a more coordinated approach, across policy and funding initiatives, at EU level, Member States should be encouraged to use ESF+ resources** and other

relevant EU funds, as appropriate, to design in the Member States, in a coordinated way, financial incentives to stimulate labour market relevant employers' investments in the skills of their workforce. Following Mario Draghi's advice, ESF+ resources must be allocated better to achieve greater impact regarding job-relevant training. They should follow strict accountability and impact evaluation.

26. In this context, as part of the next programming period of **the ESF+ (2028-2034)**, **50% of ESF+ resources should be earmarked** for the implementation of actions to support skills development within the context of helping to address labour and skills shortages. Within this earmarking, 15% should be allocated to financial incentives to encourage employers to provide training.
27. **Supporting employers** in the provision of training inherently **benefits workers** by giving them access to re- and up-skilling opportunities, enabling them to develop and progress in their careers. In this context, social partnership and social dialogue can play a vital role in tailoring training provision and content to better meet current and future labour market needs. Keeping in mind that further training must be geared to the specific needs of enterprises and not to the political priorities of the European Commission or Member States.
28. Depending on the national context, social partners play a leading role in the governance structure of training funds - translating enterprises skills demands into quality training offers. Taking into account the diversity of national labour market systems and existing education and training practices, training funds can help to improve the provision of, and participation in, training. The European Commission should support those Member States and Social Partners that want to create or further develop the training fund approach.
29. **Access to training is best left to the national level, taking into account national industrial relations systems and the respective role of enterprises in providing training. A right to training at the EU level is not the right approach.** The EU must respect that, as set out in article 166 TFEU, Member States are responsible for the content and organisation of vocational training. The same article excludes the possibility to create such a right at the EU level, since it specifies in its paragraph 4 that the EU can only adopt recommendations. The harmonisation of national laws and regulations on vocational training policy are explicitly excluded.
30. As such, the European employers consider that **no further EU legislative action** is appropriate or desirable in this area. The Union of Skills initiative should focus on fostering skills development opportunities rather than becoming a source of further regulatory initiatives.

Skills Portability and Skills Recognition

31. A core goal of the EU is to maintain a well-functioning single market, with the free movement of workers as a key pillar. In this respect, **mobility and the mutual recognition of skills and qualifications has an important role to play.** Regardless of how or where skills are acquired, the aim should be that they are understandable

and transferable across borders within the EU. The development of digital credentials, which could be stored in the EU digital wallet, can also help to foster skills portability.

32. In the case of non-regulated academic qualifications, as well as **VET qualifications, recognition in one Member State does not automatically ensure recognition in another Member State.**
33. The **recognition of qualifications in the context of regulated professions, governed by the Professional Qualifications Directive, is heavily dependent on varying national approaches to determining which professions are regulated and which ones are not.** Member States have different requirements when it comes to guaranteeing the quality of services, care, and the health and safety of consumers and patients, that are reflected in the qualifications for professions. This difference in national requirements poses a challenge, as different Member States have different requirements for certifications, however it also ensures that the level of quality of services in the Member States is guaranteed according to their national laws and practices. European employers see the need for enhancing transparency as well as the potential for the stronger coordination of national recognition approaches through the ENIC-NARIC Network. This network should be further developed, so that it can better contribute to a more common EU system for making the different national qualification requirements, recognition procedures and possible compensatory training offers understood and accessible and in a facilitated way. In addition to assisting individuals with their recognition needs, the network could also aim to provide guidance and support measures for employers.
34. **For non-regulated professions within the EU, European employers support a trust-based approach,** with formal recognition occurring only when there is a clear need. In the case of regulated professions, the European Commission should explore and promote the potential for developing common training principles on a voluntary basis.
35. However, it is important to emphasise that these **measures should be pursued through cooperation, not regulation,** as education and training remains the responsibility of individual Member States.
36. A future EU initiative towards an improved portability and recognition of skills should also go hand in hand with the ongoing work at EU and national level to step up the role of microcredentials in education and training as well as on the labour markets. Wherever microcredentials are organised - VET, universities, companies own frameworks - it is essential to ensure the inter-operability of microcredentials, notably in terms of learning outcomes.
37. Regarding the implementation of individual learning accounts, it is important to note that the Council Recommendation on individual learning accounts provides flexibility for existing national models and emphasizes the involvement of national social partners when considering their introduction.
38. In parallel to intra-EU mobility, it is also important to emphasise the important role of economic migration. In particular, employers welcome the proposal for creating an EU Talent Pool. The targeted matching of skilled third country nationals, of all skill levels,



with vacancies in the EU can help to alleviate the pressure of labour and skills shortages that companies in Europe are facing. As part of this, it is important to make further progress on the recognition of third country qualifications.
