

Will the Updated EU Skills Agenda effectively address Europe's growing skills gaps?

European Commission will adopt its Updated Skills Agenda in mid-March, hence Martha Schultz and Aigars Rostovskis, Co-Chairs of the EUROCHAMBRES Skills and Entrepreneurship Committee look at the key issues that need to be addressed.

Business concerns about skills shortages

To optimize labour markets, everyone should have an opportunity to work and every employer should be able to find staff with the competences required. If this is not the case, it means that there is a structural problem. Evidence of such structural labour market problems is piling up.

At each edition of its biennial European Parliament of Enterprises since 2010, EUROCHAMBRES has asked entrepreneurs if it is harder to recruit staff with the right skills than five years before. And each time the percentage of entrepreneurs replying 'yes' has increased, from 57% in 2010 to 84.1% in 2018¹! Businesses responding to the EUROCHAMBRES Economic Survey 2020 named lack of skilled workers as the second greatest challenge for the year ahead, the highest position ever in this ranking². Similarly, the 2018 PwC's CEO Survey reports that almost 80% of CEOs worry about finding and hiring employees with the right skills³, while over 70% of European firms report in a 2018 EIB study that lack of skills is a major impediment to their investments⁴.

Skills mismatches are caused by a rapidly changing labour market and a lack of adequate education and training, which is in turn linked to shifting European and global economic trends. For example, the automation of many processes heavily impacts many professions, which sustainability goals necessitate new approaches to production and service provision. In parallel, people are mobile, and society is aging.

The causes of skills mismatches are significant, as are the damaging socio-economic implications, so they need to be addressed effectively.

Joined up, EU wide solutions

Skills shortages are a pan-European phenomenon, so pan-European solutions should be defined and pursued; this must be reflected in the European Commission's Updated Skills Agenda.

Structural unemployment can be tackled through collective effort of governments and stakeholders. European Chambers of Commerce & Industry provide many solutions to prevent and alleviate unemployment, such as provision/facilitation of vocational education, career guidance or promoting basic/entrepreneurial skills, and many others. The Updated Skills Agenda

¹ Data come from the European Parliament of Enterprises 2010 and European Parliament of Enterprises 2018

² EUROCHAMBRES Economic Survey - <http://bit.ly/EES2020Report>

³ PricewaterhouseCoopers 21st CEO Survey - <http://bit.ly/PWC-CEOSurvey>

⁴ European Investment Bank - <http://bit.ly/EIBArticle>

might be a chance to readdress issues of skills mismatches in Europe. In 2016 the focus was still given mainly to the repercussions of economic crisis. In 2020 we need to look forward. And current challenges need to be addressed by the EU to ensure that Europeans will be able to find jobs that Europe needs.

The general direction defined in the 2016 Skills Agenda remains valid, but it was rather a set of separate ideas, than a comprehensive approach. Some of the initiatives were warmly welcomed by EUROCHAMBRES, such as prioritization of VET, which four years later appears to be commonly considered as a critical tool for tackling skills mismatches. Emphasis given to entrepreneurial attitudes, digital skills, and skills profiling for refugees were constructive concepts which rightly addressed burning issues. However, good plans often struggle with adequate implementation. And widening skills mismatches in the labour market require determined solutions.

Way forward

The European Commission is due to adopt an Updated Skills Agenda on 18 March, addressing current and future labour market challenges. As with the 2016 edition, the Updated Skills Agenda will not contain binding regulations, but it will offer new policy directions and support for their development and implementation. And this is the key: everything will depend on the quality of implementation of this new initiative, and on the member states' will and determination to prioritize skills. To ensure provision of the right skills for the workforce, governments need to involve employers in the governance of education and training, reform school curricula and make apprenticeship schemes and other forms of work-based learning attractive to employers. Without this commitment and methodology, even the most insightful initiatives of the EU will not prepare Europe for the jobs of the (very near!) future.

Further information: Mr Adam Gajek, Tel. +32 2 282 08 64, gajek@eurochambres.eu
Press contact: Ms. Karen Albuquerque, Tel. +32 2 282 08 62, albuquerque@eurochambres.eu
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