

PROPOSAL FOR KEY POLICY RECOMMENDATION

INTRODUCTION

New challenges faced by Craft/Micro-Small-to-Medium Sized Enterprises (SMEs) are emerging as well as uncertainty remains in the existing business environment, especially during the current times of the COVID-19 crisis. Some of these challenges are related to global changes that intensify competition or to new skills needs and new market conditions which call for further adaptability and raising awareness on the recovery and growth potential of digital and ecological transformation.

Moreover, the risks of Internal Market fragmentations, due to diverging and unprecedented market competition conditions for craft and SMEs, will need to be addressed with specific and well-targeted support programs by EU/ National/regional policymakers. There are also societal issues, like climate change, inequality or fewer opportunities for third countries that increase SMEs concerns. Alike, the fourth industrial revolution (industrial Revolution 4.0) affects significantly the structural basis of production and entrepreneurship.

Taking all the above challenges under consideration, European Council Recommendations on “upskilling pathways”, National Recovery and Resilience Plans which have been approved in July 2021 by the European Commission should be geared, exploited, and monitored to the emerging sector training and new competencies needs of craft and SMEs¹

1. A GENERAL ASSESSMENT

Overview: During this project research work various studies have identified significant divisions/ dualisms between:

- The “online economy” and how businesses are running in traditional sectors (digital divide and skills), in the metropolitan areas as remote areas (insular, inner areas, mountain)
- The economy’s growth and the sustainability need of the planet,
- People as group of individuals (including vulnerable retired/unemployed/refugees/ indebted) vs vested interests/ group of stakeholders/ economic democracy

With regard to vocational training, certain conditions have to be addressed, among others: lack of practices anticipating the VET needs in SMES; lack of link between the demand of VET and the training programs; lack of cooperation between different actors (Regions, Social Partners, schools training centers intervening in the improvement of the actual situation.

¹ European Council Recommendations 19.12.2016 (2016/C 484/01), EESC European Economic and Social Committee Opinion, Committee of the Regions

On the other hand, significant information gaps still exist as it regards the available EU policy tools, to be summed up as follows:

- Individuals and businesses wish to know more about opportunities given by Green Deal, Recovery and Resilience Plans, and digital transition
- Crafts and SMEs have often adaptive capacities but lacking information for the available and accessible financial tools
- Lack of advanced, up to date and competitive, “specific vocational training craft sectors” and more in general SMEs training needs analysis & research in some EU Member States.
- The increasing needs for new forms of socioeconomic collaboration by inviting new actors and perspectives with different cultures and experiences
- Skills and training programs that are adjusted to current SMEs needs. Automation and e-commerce change and reconfigure the production, consumption and logistics models, in particular for craft and SMEs part of global value chains or business clusters.

SMEs could contribute significantly on closing these gaps by:

- Drawing more attention on how to use those new skills about ourselves our communities and our planet
- Rebuilding local democratic institutions by engaging in open local dialogue and sharing new ideas.
- Working together and producing local synergies to adapt to changes
- Sharing responsibility for resolving community problems

Regarding what have been said above, a re-engineering of VET (vocational educational training), and especially of CVET (continuous vocational training) is needed in order to face all the above mentioned current and future challenges, based on the following 4 pillars:

1. **Responsiveness**, by aligning training with skill needs
2. **Flexibility & inclusiveness**, by making VET accessible to a diverse group of learners
3. **Supporting transitions**, by developing transversal skills; providing career guidance
4. **Innovation**, by adopting innovative technology and pedagogical approaches

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Taking under consideration:

- The following main recommendations by CEDEFOP studies for the modernization of VET across EU:
 - Establish Platforms of Centres of Vocational Excellence and exchange of good practices/methodologies
 - Promote digitalisation
 - Strengthen support to apprenticeships/support services
 - Develop European vocational core profiles
 - Focus on skills development

- Peer reviews on quality assurance
- Today's learners (adults in the workplaces amongst others) will have to learn how to apply their skills to a variety of situations beyond their future jobs.

A new European strategy needs to strengthen CVET policies and measures at all training levels, to ensure that the new job opportunities created by the transformations of the economy will outstrip job displacement and meet craft and SMEs needs.

More specific, a new European CVET Strategy should:

- Address to SMEs and craft in their different sectors and business environments, as one of the main target
- Improve guidance structures, specific monitoring and assessment joint sector analysis, networking for good practices exchanges on
- twin transition, sustainable business models
- Provide targeted financial and content - oriented support technical and technological support
- Shape HR to secure skilled workers and tackle the challenge of digitalization, market knowledge
- Promote workplace learning support initiatives

2. Concerning CVET in third countries, should be mentioned that Continuous VET (CVET) is part of several policies where both the EU and neighbouring countries are encouraged to reform their VET systems, develop partnerships, bridge social dialogue platforms at national and regional level.

There is a huge gap between the labor markets and the education systems in third countries, such as in all EU countries. More specific, SMEs in third countries seek C-VET in several areas such as: Financing, Entrepreneurship, R&D and Trade: funds and policies to develop these areas must be granted by EU and national institutions.

Moreover, the VET systems in the great majority of the third countries are under a reform process. Amongst others, some of the third countries such as Serbia, Turkey, Bosnia and Herzegovina are potential candidates for European Union (EU) membership since the modernization of their VET systems is part of this process.

The contribution and effective, inclusion of third country nationals, young and women in particular, into continuous and vocational and training policies, will play an important role in European and national small business startups sustainability and will enrich EU entrepreneurship culture and values.

SMEs and VET internationalization and the opening to the Third Countries could be an opportunity for all EU economic and social actors, as well as for public and private training bodies in countries of transitions and countries of origins. EU SMEs and Vet Providers will have the access to new markets and the third country SMEs and Vet Providers to develop their human resources and improve

their capacity to handle VET issues effectively. Third Countries can become stronger in the field of VET, in the development of specific Institutional capacity building support programs EU and what all these actors aim to succeed in their cooperation locally.

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- The strengthening of synergies among Erasmus+ and Territorial Cooperation Programs to promote transnational co-operations and networks in the field of CVET is crucial for the further development of SMEs' competitiveness and internationalization. **The new generation of Territorial Cooperation Programs during the period 2021-27 should allocate more resources in priority axis, measurable results, concerning the development of human resources in craft and SMEs.**
- There is a huge gap between the labor markets and the education systems in third countries, such as in all EU countries, that should be covered. SMEs in third countries seek C-VET in several areas such as: Financing, Entrepreneurship, R&D and Trade: funds and policies to develop these areas must be granted by EU and national institutions.

3. **National Recovery Resilience Plans** represents an opportunity for lasting and sustainable growth. Regarding PNRR there are 3 confluent factors for the future of VET policies: 2008 crisis, pandemic and structural changes (environmental, technological and demographic).

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- The sufficiency of the funds will depend on the capacity of each State and how they manage them.
- The impact of such efforts geared to EU training policies, will require an appropriately monitoring with permanent

SME representative organizations partnership agreements, converging and EU harmonizing models, towards VET excellence.

- SMEs take a relevant motivation in the designing of new training policies to achieve VET excellence.
- There is a need of cooperation between organizations, regions and countries in order to improve VET. It is crucial to develop strategies to involve actively SMEs and C - VET providers in this process.
- Covid pandemic has accelerated some changes in VET and it's necessary for the countries system to adapt to the changes accelerated by Covid pandemic if they want to take a proper use of funds and take benefit of them.
- There is an urge for the countries to adopt a transformed scenario and develop a structural change.
- The profile of workers needs a modification to make them more versatile and specialized (transversal training and lifelong skilling). Knowledge of foreign languages and soft skilling are fundamental to gain new market opportunities as well as to attract the interest of trainees.

- Training and retraining shouldn't be the unique answer to increase productivity or to reduce unemployment. Other tools, paths, or ways: Investments and access to adaptable SMEs financial needs, for the creation of jobs by giving motives or creating clusters.
- The success of the funds will depend on achieving a mix of reforms and investments. Starting by making a good diagnosis of where we are, the challenges, and the goals.
- Young people, apprenticeship policies are an opportunity to make a structural change in training: upskilling and reskilling. Guidance is a quality assurance to gain that goal.
- Training in digital skills before the entrance to the labor market is a key point given the future prospects.
- The production structure should adapt to offered skills. As professions and specialties change through time and so must skills.

4. Digitalization process

SMEs face new challenges after Covid 19 pandemic. The digitalization of SMEs is a crucial factor to deal with these challenges and compete in a new labor market. Digitalization process still poses major challenges in the skills domain of SMEs, which are illustrated below:

Digital divide, technical capability, Lack of Awareness in marketing, Time and financial resources to invest, Lack of required skills, Lack of internal financial funds, Lack of access to finance, Lack of public financial support.

Digital transformation can:

- Improve general efficiency of SMEs and craft in their most exposed sectors (production/services)
- Generate engagement and motivation coming from employees
- Gains reputation for the brand and internal/international mkt
- Create social value within the community

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- In order to have an impact we need to keep a sectoral approach: digitalization is an umbrella term but it is quite different passing from a sector to another.
- There is still a huge problem of lack of digital skills: for this, we need different C-VET systems: a new model of training and of C-VET governance (i.e. centers where universities work together with c-vet providers and SMEs Associations to innovate didactical models and techniques, for training adults on the workplace)
- Involve SMEs, their associations and C-VET providers to have an active role in the use of Next-generation funds.
- Promote use of the funds to upskill not only employees but entrepreneurs too.
- Develop more efficient, attractive and flexible training formulas for SMEs as, for example, digital learning and microlearning that allows SMEs to adjust training with their business priorities and their organizational needs

- Upskilling as a leverage to achieve sectoral transformation in specific sectors

5. Climate Change and Green Skills

A new European CVET Strategy towards green economy and just transition of craft and SMEs, specifically for each sector, should consider some major reflections on the implementation of Green Deal policies.

These are, the need of SMES to adapt to the current green priorities (green efficiency, disaster management, green skills, sustainability).

Indicatively, we describe some initiatives that shall be taken at European and national level to form concrete policies on green reskilling.

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Circular economy and energy efficiency

- Transfer of know-how to SMEs, effective inclusion in green economic metropolitan, rural and business clusters
- Promote circular economy as a field for the development of clusters of SMEs
- New techniques of energy efficiency in buildings and in product/service development, repairing and maintenance

Sustainable development

- Access to green finance tools for SMEs
- Energy costs savings policies from businesses

Climate crisis

- Dealing and preparedness with natural disaster management/ training projects, exchange of training practices
- Reduction of emissions / zero waste

Green employment

- Training programs with focus on green reskilling of employees, high skilled and low-skilled adjustment
- Study implications of energy transition to many different jobs of small and medium enterprises