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# 'Bridging the gap between education and the workplace: equipping people with the right skills for today and tomorrow's jobs'

Brussels 24 June 2015

## REPORT



On 24 June 2015, ACCA (the Association of Chartered Certified Accountants) and PwC jointly organised a conference called **'Bridging the gap between education and the workplace: equipping people with the right skills for today and tomorrow's jobs'**, which was hosted by MEP Dlabajova at the European Parliament in Brussels.

After a welcome speech by **Martina Dlabajova MEP** and a key note speech by **Danuta Jazlowiecka, MEP**, a roundtable - moderated by **Jennie Bruce**, Head of Qualifications Content, ACCA, and composed of **Markus Stock**, Head of EU-Office of the Austrian Federal Economic Chamber, Permanent Representation of Austria to the EU; **Jasper van Loo**, Senior Expert, European Centre for the Development of Vocational Training (Cedefop); **Chiara Rioldino**, Skills and Qualifications unit, DG Employment, Social Affairs and Inclusion, European Commission; **Simone Baldassari**, Unit "Clusters, Social Economy and Entrepreneurship", DG GROW, European Commission; and **Michael Kane**, Director of Education and Skills, PwC - discussed the possible steps that the EU, national policy makers, educators, as well as businesses could consider to address the risk posed by the "skills gap" between the EU education systems and the real needs of companies.

The debate revealed that:

- It is time to take actions and risks to address the skill gap and educational mismatch problems in Europe, with a need to change mentalities and perceptions about so-called "traditional manual" professions and VET (Vocational Education and Training).
- The focus should be on transversal, soft skills, but also very importantly on managerial and entrepreneurial skills, which must be developed in young people as early as possible. In addition, the acquisition of skills must be combined with a strong focus on employment, which requires improving the attractiveness apprenticeships.
- 15000 hours of education at school can be wasted if those going through the education process are not better informed about the skills businesses are looking for. The importance of continuing professional development and the ability to be able to adapt quickly to our evolving world was also highlighted.
- SMEs, the biggest employer in Europe, are strongly affected by the skills shortages. It is imperative to listen to, and address their needs, but it was also stressed that the labour market is sometimes offering low quality or low paying jobs, meaning there is also a job mismatch.
- The social responsibility of companies' owners should be more centred on the potential of human capital, and for SMEs to be encouraged to invest in their employees.
- The role of large employers in helping small employers should not be disregarded. All stakeholders must be involved in sharing and spreading success stories and best practices.
- Every policy must be based on evidence, with decision-makers needing data to design policy, and not the other way around.
- It is very helpful when young entrepreneur, who have made it, tell their success stories to students.

## Main highlights

### **Martina Dlabajova, MEP**

- The European Union needs to move from passive towards active employment policies. From the business perspective, matching skills and jobs is crucial and we need to take action at the European level.
- The discussions around the report on [creating a competitive EU labour market for the 21st century: matching skills and qualifications with demand and job opportunities, as a way to recover from the crisis](#) are interesting and sometimes philosophical, although they look political at first. The report will be taken to the plenary vote. We now want to listen to experiences from people and businesses.
- The labour market situation is unstable and the unemployment rates remain relatively high. Most importantly there are huge differences between the member states. Especially worrying is the youth unemployment situation in southern countries. We have the best numbers in Austria, Germany, Denmark and the Netherlands. Those are the countries with the dual system and it might be something we could learn from.
- There is still an increasing demand for skilled labour combined with rapid technological changes.
- We still have 2 million vacancies in Europe and the mobility is very low. Reforms are needed to increase labour market flexibility and mobility. We see the best results in Germany where the reforms started 10 years ago; therefore, if we want results, we must start as soon as possible. We have to recognize the talent, develop it and to commit to keep it in Europe.
- We need to motivate younger generations to study and to work. This motivation is essential to enable them to strive for their goals, as well as to give them assurance that if they want to achieve something in life, they can do it. My personal traineeship programme called "PročByNe?" - "Why not?" offers around 12 traineeships per year, putting effectively into use the business and academic network acquired through my previous professional life.
- Another important part of the report is the forecast of future skills need. There is no real synergy between educational training systems and industries that know what the needs are. We need that data from the businesses. All stakeholders have to get involved in this forecasting. We need to create more partnerships between schools, universities, businesses and authorities at local, regional and European levels.
- We should develop a European example of traineeships and apprenticeships and to give young people the possibility to have better connection with the labour market. Responsibility and sense of initiative for young people should be encouraged. The right guidance and counselling can help them address individual needs.
- Exchange of best practices in the EU is crucial. They are often acknowledged but rarely properly used. It is important to motivate not only people but also member states to start with reforms and concrete steps.
- We must find better opportunities and incentives for older workers as well – they have the experience that they can pass on.
- Social responsibility is a change of mentality. Corporate social responsibility is high on the agenda of every company. Education and training system should be socially responsible in the same way.
- Many decisions related to the education and professional qualifications of young people are being made in families. Education of parents is therefore crucial. According to a recent study, 95% of decisions regarding the future career of young people are made by their mothers. It is imperative for them to be well informed to be able make the right choices and provide good guidance.



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### **Danuta Jazłowiecka, MEP**

- We have the issue in Europe of skills mismatch. Acquisition of skills must be combined with a strong focus on employment. We have to improve attractiveness of partnerships and apprenticeship, encourage being active and innovative. We must address the needs of technical professions, increase the motivation of young people, and teach them to be responsible for their own professional life.
- SMEs need to be encouraged to invest in their employees. It is important to prepare parents, especially mothers, to give responsible and effective advice.
- Member states should monitor the imbalances of their labour market in order to forecast the future skills and share good practices among each other. We need to develop innovative monitoring and forecasting tools. Member states have to introduce and implement structural reforms, education and social policy needs to be modernised.
- Member states should be more open to collaborate with the European Commission and the European Parliament on these issues. The Commission directorates such as DG GROW or EMPL should work closely together when drafting legislation.
- Skills mismatch is a complex issue. SMEs are affected by the shortage of skills. But very often the labour market is offering low quality or low paying jobs. This means that there is also a job mismatch.
- We need to improve social responsibility of companies' owners and adapt better human resources and higher quality partnership practices. There is a lot of work to be done in social responsibility and in changing mentality in our society
- One of the most important things is to invest in teachers.
- EU policies and projects must be closer to citizens, companies and their real needs. Politicians should learn to sometimes close their mouths and open more their eyes and ears.

### **Jennie Bruce, Head of Qualifications content, ACCA ACCA**

- This debate is very close to ACCA's heart. ACCA's mission is to support its members and students worldwide, helping them to develop successful careers in accounting, finance and business, and equipping them with the right skills required by employers in our evolving digitalised and globalised society.
- We are convinced of the need to increase the interaction between education and the business community. It is crucial to listen to the needs of employers to ensure that our qualifications open up the job opportunities that our students aspire to.

### **Simone Baldassari, Unit "Clusters, Social Economy and Entrepreneurship", DG GROW, European Commission**

- SMEs create 85% of all jobs in Europe. Yet, it is SMEs that are particularly affected by the shortage of skilled labour. They do not have the same possibility as larger organisations to train their own workforce, and they can invest less in recruitment policies.
- An important gap is in areas requiring middle level qualifications, which are typically acquired through vocational education. Especially in vocational and in higher education, the acquisition of skills should be combined with a strong focus on employment: apprenticeships, placements in enterprises and traineeships are particularly important because they offer the opportunity to young people to acquire both the needed skills and work experience.
- Technical knowledge can be acquired in the classroom, but, in a company, students will learn how to apply such knowledge.
- In a number of countries the dual model has proven to be extremely effective in linking education and industry and in offering young people better opportunities for employment, as well as in providing industry with the skilled workforce it needs. Enterprises should be therefore recognised as key 'shareholders' in education. However, we need to improve



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the image of technical professions within crafts and SMEs and their attractiveness for young people.

- A necessary element is to promote visits of SMEs to schools. We need to showcase SMEs: show their diversity, and where they are successful. While technical skills are extremely important for our economy and for companies, those skills alone are no longer sufficient today. Technical skills need to be combined with transversal skills, such as entrepreneurial knowledge, skills and attitudes.
- Young people who received education in entrepreneurship are more employable. “Intra-preneurship” – being entrepreneurial as a paid employee within an organisation – is every bit as important as entrepreneurship in its classic definition. Investing in entrepreneurship education is therefore one of the highest return investments that we can make.
- Policy makers and end-education leaders increasingly recognise the benefits that higher levels of entrepreneurial attitudes and skills can bring to the economy, but also to education and to society at large. Some studies show that entrepreneurial education increases the motivation of students, and makes them more ambitious both in their studies and in their career choices.
- The way in which entrepreneurship is presented to students is different compared to some years ago, as it is no longer solely focused on how to draft a business plan. Leading universities are beginning to focus more on mindset and attitudes and less on particular business skills.
- Experience-based methods are crucial: traditional pedagogies, such as lectures, are not an effective way of inspiring entrepreneurial attitudes and behaviours.
- The European Commission is strengthening cooperation between different departments in this field. The effort is to act as one voice with one policy, to give clarity for stakeholders so they know who to talk to.

**Markus Stock**, Head of EU-Office of the Austrian Federal Economic Chamber, Permanent Representation of Austria to the EU

- In Europe we have a high level of formal education and high graduation rates from higher education, however, at the same time we have very high unemployment levels, especially regarding youth unemployment. The good news from the business community is that companies are willing to recruit. There is a clear need to fill vacancies with skilled employees.
- There is a clear skills mismatch, and we need to bridge that gap. We should all ask ourselves what kind of skills are needed. [Cedefop Skills Forecast](#) demonstrates that mainly the medium-level skilled people will have the biggest opportunities to find jobs in the future. By 2025 about 50 percent of all work occupations will be at medium-skilled level.
- From the Austrian perspective, those skills are clearly linked to the Vocational Education and Training (VET) system. Many member states are beginning to see that work-based learning helps to tackle the skills challenge and to fight youth unemployment.
- We also need to be aware of different situations and traditions in the member states. It will not be possible to have a one size fits all solution. It is critical to show success factors and to offer that to other member states so that they can learn and apply them in their systems.
- A crucial success-factor is the ownership of companies. In order to have a sufficient number of companies that offer apprenticeship placements, it is necessary to make the system effective. We have to ensure that companies are involved in their governance and design. We have to provide support for companies when they prepare for getting involved in apprenticeship training. In Austria, one of the key success factors is the strong involvement of Social partners and the support provided to companies by the Economic Chambers.



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- We need to be aware that we cannot start vocational education and training at zero basis. It is important to improve basic skills. In order to have well working apprenticeship schemes, it is necessary that the apprentices have the right basic skills.
- The attractiveness of the apprenticeship schemes is important not only for young people, but also for their parents because they are hugely involved in the decisions on educational pathways.
- We need to send the right signals at European level and to show that the VET is a good and promising starting point for a professional career. It is also important to increase the possibility to move from the VET system to the higher education system.
- European VET systems need reforms and we need not only recommendations, but also the respective follow-up actions.
- We need to avoid narrowing down professions to specific tasks – as they change too rapidly, but rather to continuously adapt the different occupational profiles according to the skills required by the labour market.

### **Jasper van Loo, Cedefop**

- When there is a skill mismatch, there are important consequences. Not only for enterprises that cannot find the right people, but also for citizens that cannot find matching jobs.
- Cedefop started working on it in 2007 before the economic crisis hit our economies. It is important to point out that: first - shortages have gone down since the crisis and have stayed below their pre-crisis levels and second - not all recruiting difficulties reflect true skill shortages.
- Skill mismatch should be based on evidence. Because skill mismatch is such a complex issue, existing data are not always sufficient to answer important questions. Therefore Cedefop has recently carried out a new survey to shed more light on skill mismatch issues.
- When we talk about bottleneck vacancies, it is important to acknowledge that only part of the hiring difficulties that employers report are due to a real absence of skilled individuals in the workforce. Cedefop's analysis reveals that typically not more than a third of vacancy bottlenecks can be genuinely linked to a shortage of applicants with the right skills. The other bottlenecks in attracting skilled labour arise due to the offer of low-quality or low-paying jobs, or other inefficiencies in human resource practices. This means that there is not only skills mismatch, but also 'jobs mismatch'.
- That does not mean that we should not continue reforming vocational education and training systems. The genuine skills shortages often occur in firms operating in competitive and international markets. They suffer real costs in terms of lost productivity and innovation. And shortages are likely to increase in the next decade due to the ageing workforce.
- It is important to enhance the image, attractiveness and quality of VET systems, but the education and training system cannot battle all skill mismatches on its own. Countries with lower shortages are also those in which firms adopt better human resource practices and offer higher quality jobs.
- Firms have a role to play in terms of better using the skills of the workforce by offering high quality apprenticeships, investing further training and offering stable, challenging and motivating workplaces.
- The cooperation of enterprises with VET institutions and their overall engagement with the skill formation process is still a challenge in many countries. Policies to help business and VET find each other or those that support staff exchange between VET and enterprises are not well developed in more than half of the countries in Europe.
- Other challenges are: 1) encouraging creativity and innovation in our schools, 2) ensuring high quality apprenticeship also in small companies, 3) incentives for VET providers to use state of the art technology and innovative ICT, and 4) validation of non-formal and informally acquired skills.



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- Skills strategies which only help fill immediate job vacancies are unlikely to be successful. A successful skills strategy should focus on balancing investments in key competences and adaptability with meeting labour market needs.
- Policy priorities are: building stronger vocational education and training institutions; using skills intelligence better in VET and active labour market policies (ALMPs); strengthening social dialogue to sustain the development and utilisation of skills in high quality jobs; coordinated action. If we do not look and take action on several policy fronts, mismatches and shortages might become more pronounced as we exit from the prolonged economic crisis.

**Chiara Riondino**, Skills and Qualifications unit, DG Employment, Social Affairs and Inclusion

- Europe is not competitive enough. Lots of jobs have been destroyed during the crisis and jobs that are being created now require totally different set of skills. People who lost their jobs because of the crisis are not able to get back to the labour market.
- European social model is really in danger. We don't have enough people at work, our productivity levels are not competitive and we don't make the most of technology. We don't want to compete with, while other regions of the world on low wages and low costs, but on productivity and innovation.
- We must get more people into the labour market – young people, but also older workers, women, low-skilled, and the long-term unemployed. We need to make the most of the talent(s) that we have.
- It is also important to ensure that the skills that are out there are used effectively. There are skills in the labour market that are acquired informally and formally. It is often not reflected in the certification. We must not ignore that and give value to those skills. There should also be better transparency and recognition of skills and education so we can stimulate geographic and occupational mobility. Other obstacles related to recognition of qualifications hinder mobility of workers: for example the recognition of school level qualifications for the children of mobile workers.
- Unfortunately, we see that the social economic background of parents is still very much determining the education of kids. This is a failure of education and training systems. DG EMPL is working on a cross-cutting Skills Agenda with all other DGs, as per President Juncker's mandate to Commissioner Thyssen. The approach is based on better anticipation of skills needs, effective skills development and increased transparency and recognition of qualifications.
- The Commission is also looking into ways to bring all the European tools closer to citizens and companies. A lot is being done but many people are not aware of all the possibilities. They need better accessibility to the information and to services.
- Education and training fall within Member States's competences. We would like to encourage the national authorities to make this a national priority.
- It is important to keep in mind the needs of sectors for designing specific qualifications but it is also important to be aware of excessive specialization, that could lead to segmentation and lack of flexibility. Everything is interconnected; we need to start thinking in terms of different pedagogies, using modern innovative teaching and learning methodologies, incorporating the so-called soft skills and combining elements from different sectors (e.g. more work-based learning also in higher education).

**Michael Kane**, Director of Education and Skills, PwC

- A few years ago, in the UK, if you had not gone to university, you stood very little chance of getting a job in the professional and business services industry. With around 20 percent of youth unemployment, trying to diversify access to the accountancy and audit profession became a fairly strategic issue.
- PwC started with looking at apprenticeship frameworks existing at the time and quickly realised that one didn't exist to best meet the needs of the industry. To become a



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chartered accountant or a tax professional there were no frameworks that one could study outside the formal academic programmes. Therefore PwC designed one. The [Professional Services Higher Apprenticeships](#) programme is designed to help people develop their business skills while completing formal training and studying towards qualifications.

- This programme is developed in cooperation with other employers, large and small, and professional bodies across the UK<sup>1</sup>. We prepared a professional qualification at level 4 in the UK, where we were recruiting people who didn't have the degree in third level qualifications in place.
- It was important not to go solo on this project - collaboration was and remains fundamental. Our sector is known for fierce competition, but we shouldn't be competing in skills.
- A big policy move in the UK over the last few years was the movement from supply side driven to demand side driven funding. More of the funding now and in the future will be moving into the hand of the employers. They will be able to dictate what skills they want and what price they're prepared to pay for them. That's a big policy move that gives organisations an interest in being involved.
- The Employer Ownership of Skills is a policy initiative in the UK and a vehicle through which we are supporting between 300-400 small businesses with whom we have 1500 apprentices currently training. They are not employed by PwC, but by small businesses. PwC takes responsibility for their training contract and ensuring a quality product is delivered.
- We should not disregard the role of large employer in helping small employers. It is about providing quality and opportunities for people. We are trying to change the brand of apprenticeships. Helping SMEs must remain a priority.
- Getting people into jobs is a priority; however the fundamental thing is the progression in work. This is what will generate the economic prosperity.
- We are not doing enough yet, but we are doing more than before. Intervening in the value chain much sooner is the priority for the future – individuals should be clear much sooner of what their options are. It is fundamental to treat people equally.

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<sup>1</sup> PwC and ACCA are on the UK government's steering group that is designing new apprenticeship standards see <https://www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers>