

BEYOND SUBSIDISING TRAINING COSTS
How policy instruments support MSMEs
to increase their training provision
13th Cedefop Brussels seminar

15 December 2022
10.00-12.30 CET
Virtual event

#CedefopBrusselsSeminar



Beyond subsidising training costs – How policy instruments support micro, small and medium-sized enterprises to increase their training provision

Cedefop Brussels seminar
15 December 2022, 10.00-12.30 (CET), Brussels, Belgium

General information

Organiser Cedefop
In cooperation with The Czech Presidency of the Council of the EU

Venue Online

Participant profile Brussels-based stakeholders from the Permanent Representations of Member States to the EU, European Commission, the European Parliament, European business and sector associations, trade unions and employee organisations

Working language English

Cedefop, together with the Czech Presidency of the Council of the EU is presenting the 13th Cedefop Brussels seminar. Organised in cooperation with the rotating EU Presidency, these seminars build on Cedefop's research and analyses and address issues relevant to European debates on vocational education and training (VET), skills and employment.

Focus of the seminar

The 13th Brussels seminar will present Cedefop's research findings on supporting micro, small and medium-sized enterprises (MSMEs) to increase their training provision.

Background

Safeguarding access to lifelong learning opportunities for everyone has been a top priority of European Union policy-making for the past two decades, with support for lifelong learning re-emphasized in the [European Pillar of Social Rights](#) and [the 2020 European Skill Agenda](#). The EU set the target that by 2030, 60% of all adults should participate in training each year. The recent [Commission proposal to make 2023 the 'European Year of Skills'](#) (following President Ursula von der Leyen's announcement in her 2022 State of the Union address) calls for 'promoting increased, more effective and inclusive investment in training and upskilling to harness the full potential of the European current and future workforce'.

It is undisputed that employers play a vital role in the implementation of lifelong learning. They sponsor a vast majority of continuing vocational education and training (CVET). Nine in 10 participants in job-related training received support from their employers, who either contributed

to the costs or devoted paid working time to the training activity ⁽¹⁾. Employers are therefore key partners in any coherent strategy to safeguard individual access to lifelong learning.

However, it is still contested whether employers invest sufficiently in CVET. The large differences between individual enterprises' training investment within and across economic sectors or countries support the view that many enterprises might not be fully tapping into what CVET can offer them.

It is also undisputed that MSMEs provide considerably less employer-sponsored training than their larger counterparts. A higher proportion of MSMEs, compared to large enterprises, does not provide any training at all. MSMEs include fewer employees in training, spend less on training, and provide fewer training hours per capita than larger organisations ⁽²⁾. Given the MSMEs' role as a motor of employment and economic growth, accounting for 99.8% of all non-financial enterprises in the EU-27 (NFBS), 53% of the total value added produced, and 65% of employment in 2020, this must attract the attention of policy-makers. The 'MSME training gap' poses a challenge to both policies supporting lifelong learning and economic performance, as well as to the development of the MSMEs themselves.

What are the reasons for the MSME training gap? MSMEs face several barriers preventing them from providing (higher levels of) training. One of the most significant ones is the lack of financial resources ⁽³⁾. Apart from cost, other important barriers include risk aversion ⁽⁴⁾, lack of know-how, lack of awareness of training opportunities, lack of managerial capacity or lack of time to implement training. Further, training tailored to MSMEs' needs may not be on offer in the market. Moreover, motivation of managers/owners to promote training or of employees to participate in training may be low. Lower levels of MSMEs' investment in training may also be a result of weak cooperation among companies or between companies and training providers, insufficiently developed collective agreements between employers and trade unions on training-related issues may also hamper MSMEs' training provision. Overcoming these barriers is essential to helping MSMEs identify and meet their training needs, as shaped by their current way of doing business and organising work and the overall economic environment they face.

The MSME training gap may also be partly explained by the limited opportunities of smaller organisations to make good use of CVET. While acknowledging that some smaller organisations can even be technological leaders, in aggregate, MSMEs use a smaller range of technologies, are less likely to cater to international markets, and apply less complex organisational processes. They utilise a smaller range of skills and provide less on-the-job learning and CVET opportunities for their employees.

MSMEs should therefore be supported to innovate, expand their range of business activities, and/or change their work organisation so that more high-skilled jobs are created. It is necessary to help MSMEs to overcome not only their barriers to training, but also their potential barriers to innovation and organisational learning. These may include lack of funding or managerial resources to implement innovation, or lack of know-how. MSMEs' personnel, including managers, may not be aware of the importance of innovation and may lack skills ('absorptive capacity') to implement it. Weak cooperation among companies and R&D organisations may also hinder innovation.

⁽¹⁾ Cedefop (2015). [Job-related adult learning and continuing vocational training in Europe: a statistical picture](#). Luxembourg: Publications Office of the European Union.

⁽²⁾ According to the latest data available (2015), in the EU-27, large enterprises (with 250 or more employees) provide on average 11.7 hours of training per person employed, compared to 7.2 hours in small enterprises (with 10-49 employees). For more information see Cedefop (2019). [Continuing vocational training in EU enterprises – developments and challenges ahead](#). Luxembourg: Publications Office.

⁽³⁾ The costs of training may be too high in relation to the expected training outcomes/returns on investment (ROI). This may be due to absence of economies of scale.

⁽⁴⁾ MSMEs face a higher risk of losing out on their training investment. This includes the situations where skills acquired by employees remain underused or trained employees leave the company due to poaching.

In summary, to improve MSMEs' training performance and narrow the MSME training gap, it is necessary not only to support MSMEs' to meet their current training needs, but also to work towards an increased use of skills (by promoting innovation) and thereby long-term use of training. This requires adopting a holistic approach and designing the right policy mix using instruments developed in different fields of policy-making, including lifelong learning and skills, business development and innovation, and active labour market and employment policies.

Cedefop has recently reviewed a broad range of policy instruments intending to increase CVET provision by MSMEs and implemented across the EU-27. Particular attention has been paid to how policy approaches are combined to increase effectively the provision of CVET within MSMEs.

Objective

The objective of the seminar is to present and discuss:

- the review of different policy instruments implemented in EU countries intending to increase MSMEs training provision;
- the approach developed for studying the effectiveness of policies targeting increased MSME training provision. This includes the interplay of various policy instruments supporting MSMEs and individual employees (including ILA-type instruments);
- results of the selected case studies, assessing the existing support arrangements for training in MSMEs in different national, sectoral or regional settings;
- the role of the EU and social partners in promoting training in MSMEs.

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PROGRAMME

Thursday, 15 December 2022, 10.00-12.30 (CET)

9.30-10.00 Accessing the event platform – technical check

10.00-10.15 Welcome and introduction to the seminar

Moderator: Patrycja Lipińska, Cedefop

- Martin Fatura – Director of EU Affairs Department, Czech Ministry of Education, Youth and Sports
- Jürgen Siebel – Executive Director, Cedefop

10.15-10.30 EU policy context for training in MSMEs

- Julie Fionda – Deputy Head of Unit, European Commission, DG-EMPL

10.30-11.30 Presentation of Cedefop research

- *Policy instruments to support MSMEs to increase their training provision* - Patrycja Lipińska, Ernesto Villalba, Cedefop experts
- *Support for training in MSMEs in skills ecosystems: Case study examples* - Günter Heffler, 3s
- *Outlook: ongoing and planned Cedefop activities related to training provision in MSMEs: Research on ILA and training funds* - Patrycja Lipińska, Cedefop expert
- *Discussion*

----- 15-minute break -----

11.45-12.25 Panel discussion with European stakeholders – The role of the EU and social partners in promoting training in MSMEs

Moderator: Mara Brugia, Cedefop Deputy Director

- Liliane Volozinskis – Social Affairs and Training Policy Director, SMEunited
- Robert Plummer – Senior Adviser, BusinessEurope
- Carlo Frising – Deputy Director, Chambre des Salaries (Luxembourg), ETUC member
- Felix Rohn – Policy Officer, European Commission, DG-EMPL

12.25-12.30 Concluding remarks

- Mara Brugia – Cedefop Deputy Director

----- End of the seminar -----