GEAR 2030 Working Group 1 Project Team 4 – 'Human Capital'

DRAFT RECOMMENDATIONS

Introduction

The GEAR 2030 Human Capital Project Team was established to "Identify the impact on employment in the EU, prepare approaches for mitigating possible negative consequences and develop a strategy for ensuring that the necessary skills will be available in 2030" for the EU automotive industry. The work has assessed the landscape of existing initiatives across the EU, looked at what trends will impact the sector up to 2030 and developed recommendations and actions to support the development of the automotive sector and the future skills required to ensure its continued success.

The automotive industry is undergoing unprecedented rate of technological change. As it moves towards a new era facing new challenges, human capital will be the driver of the change. People's skills lead the evolution of vehicle manufacturers, suppliers, after-market, and service providers. These actors of the automotive value chains can only succeed with the right skilled workforce. To ensure that the industry delivers continued strong growth and remains competitive, it must adapt and create new skills and employment opportunities across the EU.

The automotive value chain faces acute skills challenges. Shortages of engineering, scientific, consumer-facing and soft skills represent a structural problem for the industry and need to be urgently addressed. However, there is one over-riding theme for all the players: **digital skills.** Without a sufficient supply of workforce equipped with digital skills, a move to digitalised industry with increased efficiency gains and developing novel products and services will not be possible. In addition, mobility of talent is impeded by a lack of qualification recognition among Member States and their limited transferability across the EU. At the same time, on-going trends require substantial resources from all the participants of the automotive value chain to constantly upskill staff and to ensure a flow of apprentices to support the industry in this time of change.

Much work has already been undertaken in Member States on analysing skills gaps and the need for growth in engineering and technical education, so the Project Team made the decision to review existing studies and initiatives. Moreover, while basing its work on the outcomes of the Project Team 1, Project Team 4 supplemented the list of key Mega Trends [1]with the 'Ageing Populations: Demographic change' analysis as having a major impact on the automotive value chain from the perspective of the human capital. For each Mega Trend, a mapping of the impact of each trend on different skills sets and needs within the value chain was undertaken. The outcome of this mapping exercise highlighted that similar future skills challenges exist throughout the value chain at OEM, supplier, aftermarket and

[1] The identified Mega Trends are: Connected and Automated Vehicles (CAV): Radical change in vehicle design and use; Decarbonisation: Electrification, alternatively fuelled vehicles and advanced ICE; Advanced Materials and Manufacturing: Digitalisation of industry; Smart Mobility: Future mobility trends and models; and, Ageing Populations: Demographic change

provider levels, and brought the overarching digital skills challenge into focus. In its work, Project Team 4, examined a wide range of tools and enablers focussing on three distinctive human capital pillars and pathways:

- **Vocational Education and Training (VET) and Apprenticeships**
  - The pathways for new talent in to the whole automotive sector at all levels and at scale.
- **Academia**
  - The right educational offer and throughput from universities with course content relevant to modern automotive industry.
- **Upskilling of Workers**
  - Addressing challenges of demographic change and re-skilling the workforce to mitigate the impact of digitalisation on future employment.

A major issue facing all engineering industries is the **attractiveness of industry to young people**. This issue has repeatedly been discussed at EU, national and industry levels, with many initiatives launched to try to address it. It was decided that focussing on the attractiveness of industry, per se, through GEAR 2030 would be too big a challenge to address. However, each of the recommendations will have a positive impact on attractiveness of careers in the automotive industry for young people by providing clarity on job specifications, supporting free movement of young talent and supporting member state actions.

Draft Recommendations

The recommendations developed by the Project Team 4 - Human Capital are supported by a suite of proposed actions which the EU, Member States and industry can implement. Implementing these recommendations and actions will not solve all industry's human capital challenges, but they will support industry to face the challenges and the exciting future of the industry as it moves into the era of digitisation. Existing tools at EU and national level should be used to pursue these recommendations wherever available, for instance the recently launched Blueprint for Sectoral Cooperation on skills in the automotive sector and the multilingual classification of European Skills, Competences, Qualifications and Occupations (ESCO).[2]

Two overarching principles should be considered when implementing the relevant actions:

a) **Ensure SMEs are at the nexus of addressing skills challenges in the automotive value chain.** Large companies, at OEM and major supplier levels, to a large extent have the means to attract talent and address their skills needs. However, this often leaves skills gaps in their supply and value chains. The 3 recommendations and actions proposed below are, therefore, developed with a focus on addressing human capital needs of SMEs in the value chain. Some incorporate large companies in their scope but with the aim to ultimately provide support to SMEs

[2] Other examples include: the European Alliance for Apprenticeships; the portal for sharing European youth opportunities (Drop'pin @ EURES); the Digital Skills and Jobs Coalition; Europass.

b) **Focus EU and member state actions on developing Digital Skills.** This is an overarching recommendation. GEAR 2030 has shown skills challenges across the value chain of all types, but digital skills emerged as a common 'thread' to deliver the identified Mega Trends. By developing EU Human Capital actions which are underpinned by the need to develop digital skills for the future, the EU, member states and industry will have a focussed, but broad response to the challenges we face as we move towards the digitisation of industry.

The following 3 recommendations are all underpinned by the focus on digital skills:

1) **Facilitate Standard Frameworks**: Building on ESCO, GEAR 2030 should bring together Member States and the automotive value chain to commit to detail and promote the take-up of standard job profiles, as well as standard content for education and training modules. Setting common standards providing cross-EU consistency of job roles and associated skills across industry and the value chain and shared understanding of the content of the work, education and training would be a first step to create a background for an **internal market for skills.** It would enable cross-industry recognition of skills and their cross-EU transferability. It will ensure that SMEs, in particular, have clarity on job roles and provide job seekers, especially young talent, to see clearly what is needed in a particular job or domain to increase its attractiveness.

   Specific actions:
   - Based on occupational profiles (ESCO) develop sector-wide agreed European training modules which then can be integrated into initial vocational and tertiary education and training or into continuing training of the workforce
   - deployment of EU competency portfolio for workers based on ECVET principles (mobility/record of in-work qualifications as used in Belgium)
   - On the basis of a common framework, develop an online tool to provide career path to specific jobs in the automotive value chain.

2) **Increase the transferability of skills and qualifications**: Despite efforts at various levels of education, recognition and transferability of skills remains patchy. The EU and member states must renew efforts to recognise qualifications and skills, develop common frameworks and support a throughput of talent as we move towards digitisation of industry. This will support youth find opportunities, gain skills in one Member State, for them to be recognised so as to have the opportunity and ability to find employment across the EU, supporting mobility of workers. This will support SMEs to find and recognise talent.

   Specific actions:
   - Develop tools for transferability, recognition and eLearning to foster transparency, quality assurance (online educational material), validation and recognition of skills and qualifications. This could be through accreditation stamp for VET studies, eLearning resource banks or creating common training content at EU level.
   - Safeguard the free flow of talent by maintaining a pipeline of talent from schools, colleges and universities through work experience, apprenticeships and graduate

opportunities. Opportunity for EU level mobility and coordination activities. Inspiring the next generation.

3) **Develop an EU wide Apprenticeships Market**: The EU should leverage its existing tool – the Alliance for Apprenticeships – to develop recognition and participation in apprenticeships. This will support the attractiveness of industry to youth and support SMEs to find and upskill labour to address digital skills challenges where currently traditional skills exist.

   Specific actions:
   - An EU level apprenticeships matching service should be developed, to link emergent talent into employment across the value chain. EU Alliance for Apprenticeships should be leveraged to stimulate participation in the Alliance and generate wider participation in the programme by the automotive industry at all levels of the value chain. In addition, an EU industry-wide apprenticeship matching service should be created to ensure that companies across the value chain, especially SMEs with limited resources and possibilities to attract apprentices, to have the conditions and means to access a shared talent pool (building upon the UK's successful model).
   - On the basis of the successful apprentice programmes, the EU could develop a scheme supporting mobility of young people to take training in companies located in different Member States.

The impact to the labour market of the Mega Trends has not yet been fully evaluated. A future activity is required where the outputs from the other GEAR 2030 Project Teams could help provide such an insight.