



Overcoming skill gaps in the ICT and Green Economy sectors

Chapter 1: SMEs in Europe – the economic scenario



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CHAPTER 1: SMES IN EUROPE – THE ECONOMIC SCENARIO

Economic headlines are often and frequently dominated by news mostly referred to large or multinational enterprises; it is recurrent to hear about great takeovers as well as risks of mega bankruptcies.

This view actually hides the real core of the whole European business, which is made up by SMEs, that represent the 99% of business and employ two thirds of the private sector workforce, meaning SMEs contribute to more than half of the total value-added of business in the UE and constitute the real backbone of the European economy: SMEs are in fact largely responsible for R&D and innovation contributions to wealth and economic growth.

If we overlook the service sectors, considering ICT and Green Economy as a part of it, we find that its contribution to the value added produced in the EU-27 is the most part and SMEs contributed €2.1 trillion of the service sector total value added.

Still, the trade sector is the main contributor (almost €1.1 trillion), 68% of which is thanks to SMEs (€759 billion). Professional, technical and research services contribute €561 billion of value added in 2012, 77% of this is provided by SMEs.

The overall contribution of SMEs to total EU-27 value added in 2012 was more than 57%, about €3.4 trillion⁽¹⁾.

Though, SMEs are facing the global crisis in the same way large enterprises do, but with a smaller set of tools; this has conducted the European Commission to release the “Small Business Act for Europe”, a set of recommendations for the EU countries to issue measures aimed at simplifying procedures, widening access to credit and other actions to help SMEs keep their market positions.

Beyond interventions on energy supplies or taxations, adopted by mostly every country in the UE, within the most important measures for SMEs issued the NeMESI project partners countries and featured in the SBA database, the ones mentioned in the following chapter (adopted and/or implemented during 2012 and the first trimester of 2013) may be considered as crucial.

⁽¹⁾ Source: “A recovery on the horizon? Annual report on european smes 2012/2013” – European Commission, 2013
 (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm)





1.1 Main institutional measures for SMEs development in Italy

- **Agreement for the credit to SMEs:** Signed by the Association of Italian Banks, Business Associations, Ministry of Economic Development, Ministry of Finance and Ministry of Infrastructure and Transport, the Agreement aims at ensuring the availability of adequate financial resources for SMEs which, in spite of being hit by the crisis, still have positive economic prospects.
- **Reinforcement and new provisions of the Central Guarantee Fund for SMEs:** The amount of the Guarantee Fund for SMEs is increased by 400,000,000 Euro per year in 2012, 2013 and 2014. In addition, the Decree Law of 6 November 2011 brings some changes to the eligibility conditions and the general provisions for the administration of the Guarantee Fund, e.g.: the maximum amount guaranteed by the Fund for each individual enterprise is raised to 2,500,000 €. Moreover, a part of the guarantee fund must be reserved for micro-credit and to support micro enterprises.
- **“Simplified” & “Reduced capital” Limited Liability companies (LTDs):** Creation of simplified Ltd companies for entrepreneurs under 35 years old aimed at facilitating the access of young people into the labour market and at encouraging entrepreneurship by eliminating the bureaucratic barriers.
- **Start-up fund for internationalization:** Implemented by the Ministry of Economic Development, the new Fund will contribute to the share of capital of companies established ad hoc (NewCo) with a registered office in Italy (or in another EU country). The contribution of the Fund cannot exceed 49% of the social capital. Each contribution can reach a maximum of 200,000€. There is no bank guarantee foreseen and the contribution of the Fund to the NewCo has a duration between 2 and 4 years. Internationalization projects must be carried out in non-EU countries.
- **Reduction in the number of controls and acquisition of the single document of contribution regularity by the P.A.:** Facilities for people wishing to start a business, with the reduction in the number of controls and inspections, while those who are already running a business may obtain all relevant information by accessing the new databases available through the single points of contact of the municipal sites. Moreover, the acquisition of two important documents, namely the anti-mafia certification and the document that certifies the compliance with the tax payments to the social security system (Single Document of Contribution Regularity -DURC) will





be done directly by the government, without posing any further complication for businesses.

- **Network Contracts:** Network Contracts are designed to help entrepreneurs to cooperate on the basis of a common network program so as to exchange industrial, technical, and commercial information or services or to jointly implement one or more activities envisaged in their business scope. By extending the use of these contracts to universities, research centres and foreign companies and by envisaging a specific credit "rating", small enterprises may be able to grow, to operate on the international markets and to improve their credit rating.
- **Aid to economic growth:** This measure provides for the reduction of the tax on the return on equity reinvested. This applies for firms subject to the corporate income tax.
- **Certification of firms' credits towards PA:** In order to ensure more liquidity to enterprises, the measure has established the modalities through which credits for supplies, provisions or procurements provided to the PA, may be certified, even in telematic form. Furthermore, it defines simplified procedures to transfer or notify the certified credits.
- **Payment by installments of fiscal debts:** The measure foresees the possibility for companies, that are going through serious economic conditions, to make payments by installments for the reimbursement of fiscal debts towards the PA. Installments may be fixed or variable. Such provision is not foreseen for debts related to social security.
- **New regulation for Italian innovative start-ups:** The measure has specified the category of "innovative start-ups" and has foreseen benefits and incentives for the first 4 years to facilitate the company creation and its development and growth.
- **New incentives for young people employment in the green economy:** New incentives have been introduced in the form of support funding for companies developing new R&D/investment projects and employing young people in the green economy field.





1.2 Main institutional measures for SMEs development in the Slovak Republic

- **Young Innovative Entrepreneur 2012:** National competition for young entrepreneurs who apply innovative approaches in their companies.
- **Possibilities for financing measures to promote solutions to youth unemployment and intensifying support for SMEs within the operational programs of the National Strategic Reference Framework:** Key features of this measure are
 - 1) Increasing employment and support for young people up to 29 years
 - 2) Support for small and medium enterprises in order to promote economic growth.
- **Operational Programme Competitiveness and Economic Growth:** Key features of this measure are:
 - 1) The development and establishment of SMEs through access to investment finance
 - 2) The development of entrepreneurial skills of SMEs
 - 3) Improve the access of SMEs to the single EU internal market and use compliance certification products to the European standard
 - 4) Strengthening the technological capacity of SMEs.
- **Governmental draft act amending and supplementing Law no. 184/2009 Z of vocational education and training:** the act has been conceived to tailor education and training to labour market requirements.
- **Micro lending program:** This measure concerns small business development, increasing the survival rate of small entrepreneurs and start-ups, creation of conditions for maintaining employment and creation of new jobs in the regions of Slovakia, through solving the problem of access to capital for small businesses.





1.3 Main institutional measures for SMEs development in Spain

- **Programme of quality and administrative simplification:** This programme aims at providing legal security and the reduction of the administrative procedures when dealing with the administration.
- **Programme of support to Centres of Entrepreneurship:** This programme aims to increase the cooperation among the current business promotion centres.-This programme covers the support of initiatives proposed by three members from three different centres of promotion of entrepreneurship.-The initiatives that can be supported are those related to the analysis of the business plan, training, tutoring and advisory services of the business plans, information about public support programs, fiscal and legal matters related to projects. Overall budget 1.733.687,76 euros which have been awarded to 42 projects.
- **Support to Business Angel Network:** This measure aims at supporting the development of the network of business angels to facilitate the development of new SMEs.
- **Network of contact points for promoting Entrepreneurship:** this measure is compliant to the policy of continuing to work to reduce the time required to set up a business to less than one week, where this has not yet been achieved and to implement the recommendation set out in the SBA Action Plan to reduce the start-up time for new enterprises to 3 working days.
- **Emprendemos Juntos:** This programme works as a platform to support innovation initiatives at regional and local level. It combines the efforts of universities, clusters and the network of centres of innovation.
- **Plan de Emprendedores:** This programme intends to create support the private initiative by creating the figure of the entrepreneurs with limited liability, supporting the second opportunity improving the procedures to set up a business, developing the educational contents to start an innovative and entrepreneurial activity, facilitate the working permits for self employed people of people with working permits or those residents already in training programmes.
- **ENISA Growth Lines:** It mainly provides a SME growth fund(Fondo Pyme de expansion) targeting SMEs with great growth potential. The measures also covers innovative and viable projects. It mostly covers the form capital loan formula. -This





programme covers the creation, growth and consolidation process. It can also be complemented with risk capital and business angels options.

- **CERSA financing support:** The measure covers the risk of collateral credit schemes by SMEs in order to reach financing for innovative projects or new enterprises. It is under the CIP programme of the EU. The programme grants guarantees as collateral for the financial needs of SMEs.

1.4 Main institutional measures for SMEs development in Germany

- **Financial support for seminars relating to business successions in the framework of the support scheme "Promotion of Corporate Know-How by Seminars and Workshops":** The Federal Ministry of Economics and Technology supports the accumulation of know-how in start-ups and small and medium-sized enterprises by seminars that focus on topics relating to business succession:
 - Organisers of such seminars can get up a funding of 50 € per participant
 - The maximum duration for one seminar is 24 hours, the minimum duration is three hours
 - The minimum number of participants is 7, the maximum number is 20
 - Organisers can apply online for funding (within one month after the seminar has ended). Funds are managed by the Federal Office of Economics and Export Control.
- **Start-up allowance (Gründungszuschuss):** Start-up allowance aims at assuring means of subsistence and is paid to unemployed persons starting their own business. Within the first six months the allowance equals former unemployment benefit plus 300 € lump-sum covering social security. Another nine months of support may follow amounting 300 €.
- **Accommodation and Trade Statistics Modification Act:** The German Accommodation Statistics are modified to meet the requirements of the European Regulation on tourism statistics. At the same time, the threshold for reporting obligations is raised from nine to ten beds, so that more small enterprises will be completely freed from these obligations. In the set up of the Trade Statistics, data collection from companies is partly replaced by using information from





administrative bodies. Hence, companies have to report less information to the statistical offices.

- **Modification of the Foreign Trade Statistics Regulation:** The modification of the Foreign Trade Statistics Regulation reduces the reporting obligations of companies by raising the threshold for the obligation to report trade within in the European Union on a monthly basis from 400,000 to 500,000 €.
- **Financing for Social Enterprises:** The programme is aimed at supporting the growth of young social enterprises with an already proven/ viable business concept and the legal status of a corporation. The precondition for being supported is the existence of a side-investor. The KfW (German Development Bank) acquires a nominal share of up to 50 per cent of the supported enterprise. The size of possible investment ranges from a minimum of 50,000 € to a maximum of 200,000 € per company. Eligible enterprises can hand in applications at the KfW. Every application has to include the financing statement of a side-investor.
- **European Angels Fund (EAF) Germany:** EAF Germany was jointly launched by the German Ministry of Economics and Technology and the European Investment Fund in March 2012. EAF provides equity to Business Angels and other non-institutional investors for the financing of innovative companies in the form of co-investments.
- **Mezzanine Fund of Funds:** The Mezzanine Fund of funds is established as an answer to the wall of maturity in the German Mezzanine market. It invests in investment funds with the purpose to facilitate the access to mezzanine finance for viable SMEs, e.g. needing to refinance existing mezzanine loans. The main geographical focus is Germany.
- **Financial Support for seminars relating to the implementation of in-house safety systems against economic crimes in the framework of the support scheme "Promotion of Corporate Know-How by Seminars and Workshops":** The Federal Ministry of Economics and Technology supports the accumulation of know-how in start-ups and small and medium-sized enterprises by seminars that focus on the implementation of in-house safety systems against economic crimes:
 - Organisers of such seminars can get up a funding of 50 Euros per participant,
 - The maximum duration for one seminar is 24 hours, the minimum duration is three hours,
 - The minimum number of participants is seven, the maximum number is 20.





- Organisers can apply online for funding (within one month after the seminar has ended). Funds are managed by the Federal Office of Economics and Export Control.
- **Central Innovation Programme SME (Zentrales Innovationsprogramm Mittelstand - ZIM):** In order to enhance the research and innovation efforts of SMEs, to strengthen the collaboration of SMEs and research organizations and to intensify the development of new products, processes and services ZIM provides funding for R&D projects of SMEs.
- **SME Initiative for the energy transition:** The initiative supports German SMEs in the implementation of the energy transition. It provides companies with information about financial support for energy saving measures. The programme offers help by providing information and qualifications and brings companies together with experts.
- **Financial support for investments in cross-sectional technology:** The programme consists of non-reimbursable allowances (of up to 30 % of the costs) for investments in cross sectional technologies (motors, pumps, air conditioning systems, compressed air devices, heat recovery and waste heat utilisation) that contribute to an increase in energy efficiency within the company. The investment scheme is administered by the Federal Office of Economics and Export Control (BAFA).
- **SME Market Entry Initiative:** The SME Market Entry Programme aims at promoting the export activities of German companies (especially small and medium-enterprises) First steps to implement the programme have already been undertaken in 2011; a steering committee for the Initiative was put in a place. The Initiative supports German companies, and especially small and medium-sized enterprises, i.a. by the following measures:
 - Cost-free informative events on selected foreign markets (with experts from these markets and detailed information on conditions, regulations, and business opportunities; furthermore, the events can enable the exchange with potential customers and German companies already active in the market),
 - Trips to selected countries organised and accompanied by the respective German Foreign Chamber of Commerce (part of these trips are events with





- local experts and organisations as well as opportunities to get into contact with potential customers),
 - Trips of foreign buyers to German companies (intended to create relevant business contacts),
 - Trips of foreign decision-makers to Germany (intended to transfer knowledge about German know-how and technologies).
- **Export Initiative for German Security Technologies and Services:** The Export Initiative “Security Technologies and Services” aims at promoting the export activities of German companies in this sector and is part of the new overall programme “SME Market Entry Initiative”. First steps to implement the Export Initiative “Security Technologies and Services” have already been undertaken in 2010. The Initiative supports especially small and medium-sized enterprises, amongst others by the following measures:
 - Information events on selected foreign markets in Germany
 - Trips of German delegations (including companies and high-ranking political representatives) to selected countries
 - Trips of foreign decision-makers to Germany.

1.5 Skill gaps management in SMEs

Employing the widest amount of people among enterprises naturally brings the issue of identifying, hiring and training the right skills for the right jobs.

It is also a challenging topic to define a clear, exhaustive and shared competence framework for the ICT and Green Economy sectors, mainly due to the fast and wide proliferation of new professions, strictly chained to the innovative features of the two sectors.

Also, information about professions and competences for the two sectors are often hidden or split within other macro-sectors. For instance, using the Eurostat classification, ICT services are often referred to as “Scientific and technical activities”, while Green Economy services can be puzzled in the waste management or environmental protection” sectors but also in the energy supply business as well as in the “Scientific and technical activities” group.





A study performed in 2013 in the UK⁽²⁾ has revealed that skills gap are hindering SME growth in Great Britain; with the provided view of the economic scenario, it is likely that a similar situation can be found in the other EU countries.

Though, in the latest years – since the SBA Act has been issued – most of EU countries (both EU members and non-EU members) achieved noteworthy progresses in implementing SBA policy measures related to Skills and Innovation.

Nevertheless, implementations of the 8th principle of the SBA Act still cannot be found in deep interventions in local competency management systems; as a consequence, national frameworks for Green Economy – not significantly more than ICT – are still at an early stage.

This is made more visible by the latest EU Commission Communication “Green Employment Initiative: Tapping into the job creation potential of the green economy”, in which⁽³⁾ it is still stated that, *“while a green economy will create new jobs and open new markets, Europe’s competitiveness innovative capacity and productivity will strongly depend on the availability of skilled workers. [...] While Member States are developing “green” skills classifications, it is now established that the transition to a greener economy will have a significant impact on the skills needs, with increased demand for skilled workforce in growing eco-industries, up-skilling of workers across all sectors, and re-skilling of workers in sectors vulnerable to restructuring.”*

Following the reading, it is clear how, still, the implementation of the 8th principle of the SBA Act is at a “recommendation” level: Member States are required to foster skills development, better forecast skills needs and anticipate change, in order to foresee and overcome skills gap prior to market change.

The SBA Fact Sheets database (realized to evaluate the SME performance review) shows that, according to the 8th principle of the SBA Act, the overall evaluation of the EU countries behaviour, each compared to the average of the other EU countries, is significantly different.

The following pictures show the performances of the NeMESI project partners countries.

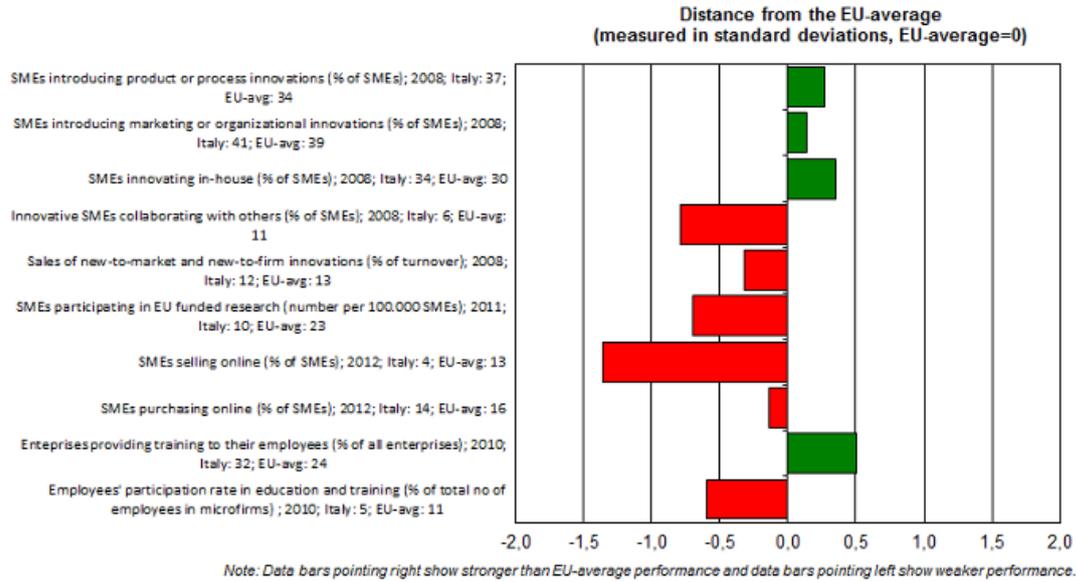
⁽²⁾ “Albion Ventures Growth Report 2013” – Albion Ventures LLP, London, 2013

⁽³⁾ “Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Green Employment Initiative: Tapping into the job creation potential of the green economy” – European Commission – Brussels, 02.07.2014

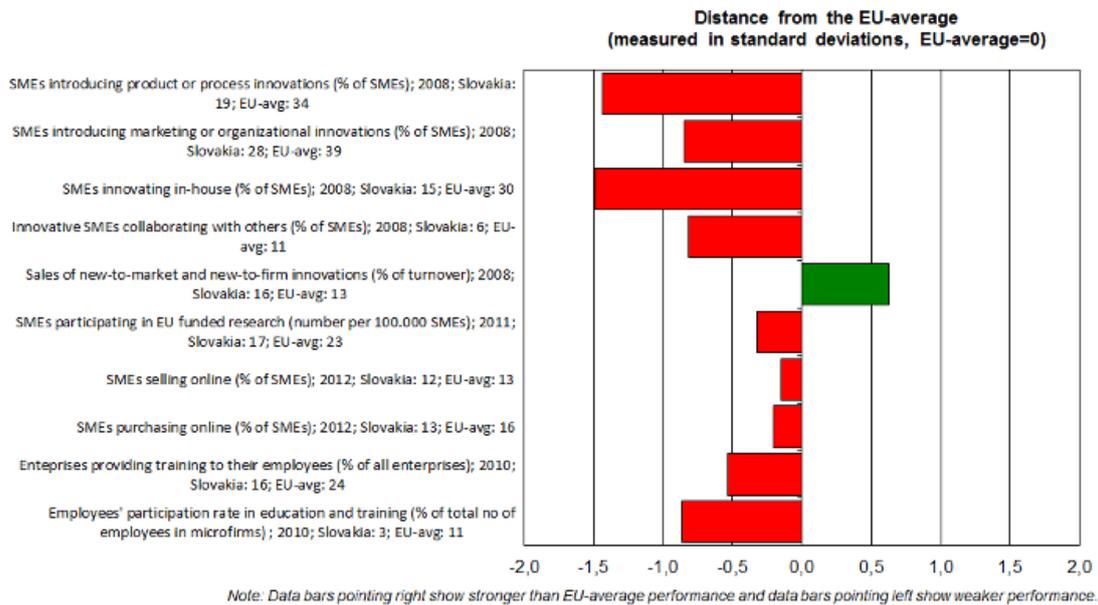




1.5.1 SBA performance in Italy

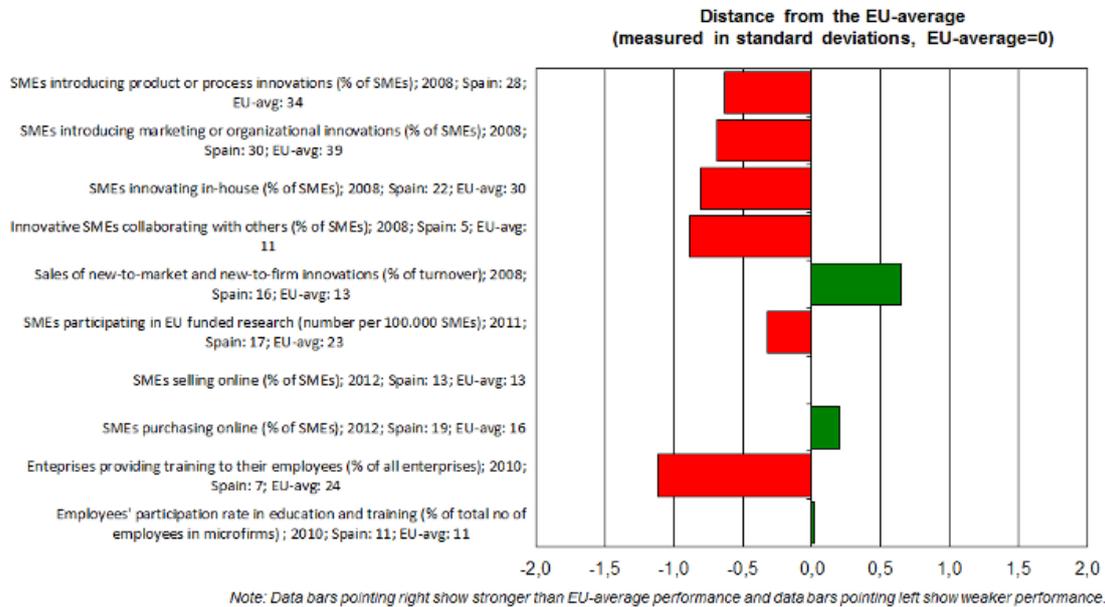


1.5.2 SBA performance in the Slovak Republic

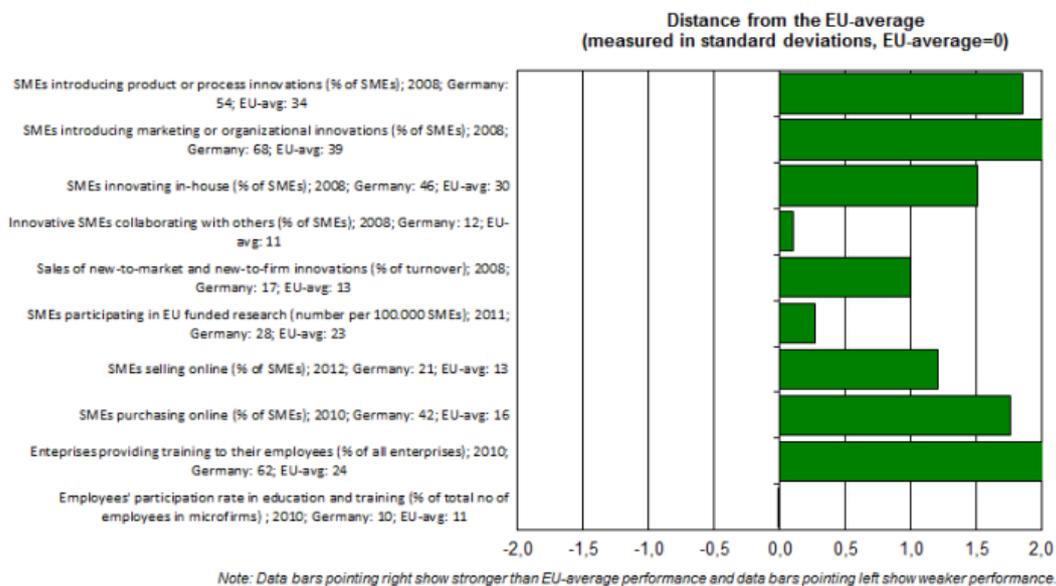




1.5.3 SBA performance in Spain



1.5.4 SBA performance in Germany





1.6 Focus on the ICT sector

According to Eurostat⁽⁴⁾, more than 500 thousand ICT jobs will be vacant in Europe by 2015 and this is due to a skill gap in highly-skilled jobs, such as Management, Architecture and Analysis positions, where e-Leadership skills are required as well.

Results of the "European e-Skills 2013 Conference" organized by the European Commission on 10 December 2013 in Brussels show that "Governments are significantly increasing their efforts to address the skill shortage through dedicated policies, initiatives and partnerships". Particularly, in the NeMESI project partners' countries, data show that the Level of policy and stakeholder activity on e-skills in Europe in 2009 and 2013, based on the e-Skills Activity Index⁽⁵⁾, has changed as shown:

- Italy: from 1.5 to 2.5 (+1.0)
- Slovak Republik: from 2.0 to 1.5 (-0.5)
- Spain: from 1.0 to 2.0 (+1.0)
- Germany: from 3.5 to 4.0 (+0.5)

⁽⁴⁾ Eurostat LFS, IDC Europe. Empirica GMBH calculations and forecasts – e-Skills: Monitoring and Benchmarking Policies and Partnerships in Europe (Final Report for the European Commission, December 2013)

⁽⁵⁾ The "e-Skills Activity Index" is a benchmark indicator to evaluate e-Skills Policies in EU Member States to develop initiatives in the Educational, Training and VET systems aiming at enhancing the level of skills in the ICT sector. The index rating is on a range from 1 to 5, where ratings have the following meanings:

Rating 1:

- No relevant policy or stakeholder activities of significant scope
- Policy debate is non-existent or sketchy

Rating 2:

- Some relevant policy or stakeholder activities
- ... but limited in size and scope and poorly integrated
- Weak links with mainstream policy-making, no proper evaluation

Rating 3:

- A larger variety of policy and stakeholder activities
- ... but limited coordination/integration and sustainability
- Policy debate well developed but not yet involving all target groups

Rating 4:

- Has master strategy on e-skills/ ICT practitioners ...
- ... or no master strategy but policies and stakeholder activities are comprehensive and well embedded in the national e-skills landscape
- Policy debate well developed and involving all key target groups
- Some shortcomings remain (e.g. sustainability, evaluation, coverage)

Rating 5:

- Has master strategy on e-skills/ ICT practitioners, strong policy leadership
- Many relevant policies and initiatives involving all main stakeholders
- Policy action also strong at sectoral and regional level
- Policies take a medium to long-term view perspective, proper evaluation





1.7 Focus on the Green Economy sector

In the “Skills needs in greening economies” report⁽⁶⁾, more than referring only to skills for the Green Economy sector, the concern is about developing skills for “green jobs” that will help the overall “greening” of the economy, in the most sustainable view of the future.

If this on one side helps defining “green jobs” and related competencies and skills, on the other side does not precisely address jobs “for SMEs operating in the Green Economy”.

Nevertheless, the report shows how several assets – many of which also addressed in the NeMESI project – are indispensable to establish a framework within which qualifications can be designed. One of these assets is cooperation by social partners, considered essential at any level, as the following:

- “Central level, where they are consulted and/or share responsibilities with the authorities in accordance with national practices;
- Industry level, where they can have a key role in forecasting skills needs and designing adequate sectoral training initiatives;
- Enterprise level, where they can contribute to greening workplaces, while enhancing competitiveness and productivity of enterprises;
- Individual companies and their union representatives where they exist, regardless of company size, can make a difference as well⁽⁷⁾.”

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⁽⁶⁾ Skills needs in greening economies – ETUC, BUSINESSEUROPE, CEEP, UEAPME – Final Report, 31.01.2014, Brussels

⁽⁷⁾ Ibid.





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