



# Skills2Capabilities

POLICY BRIEF 2.0

## Skills2Capabilities for a Union of Skills

**From better intelligence to better utilisation in Europe's VET and workplaces.**

The Skills2Capabilities project has been tackling some of the most pressing questions facing Europe's labour market: how to support workers to update their skills, navigate career transitions, and stay resilient throughout life – and how to give employers access to a workforce ready for the demands of green and digital transitions, while also understanding what skills and capabilities employers value most in transforming labour markets. This brief brings together six policy insights gleaned from the research undertaken across the multi-year Skills2Capabilities project. Together, these evidence-backed policy insights which can support the European Skills Intelligence Observatory and national skills intelligence authorities ensure that skills intelligence is usable and supports responsive and proactive training systems.

## Project summary

Skills2Capabilities undertook research to enhance skills systems for better labour market transitions, focusing on vocational education and training (VET) and adult learning (AL) programs. These programs are crucial for aligning workforce skills with economic demands and individual aspirations. The project integrates traditional human capital theory, which emphasizes meeting employers' current skill needs, with the capabilities approach, which prioritises learners' intrinsic interests. By combining these theoretical approaches, Skills2Capabilities supports better matching of skills supply with employer demand while offering individuals opportunities to thrive. In addition to the policy insights reviewed in this brief, there is a knowledge hub of data-rich findings underpinning these insights available on the project website: [skills2capabilities.eu](https://skills2capabilities.eu)

# Policy insights from Skills2Capabilities

## 1. Make skills policy explicitly place-based and region-sensitive.



Structural change – and its implications for persons with vocational, i.e. intermediate-level qualifications – is uneven **across regions**, so policies (funding, provision, guidance) need regional tailoring and data to target interventions.

Use regional **transformation diagnostics such as those developed in S2C** to identify and prioritise regions within member states which are facing high digital transformation and weak absorptive capacity. **Ensure coordination** among regional and national stakeholders and target funding publishing results on public dashboards.

## 2. Balance responsiveness (to immediate employer demands) with proactiveness (broad, future-proof capabilities).

To ensure the VET and AL remain responsive to the changes in the world of work and employer demand, reduce mismatches and support employment rates, systems must strike a balance between providing immediate or rapid response to employer demand for skills with a proactiveness which seeks to ensure future-proof capabilities and avoids the trappings of short-termism.



Use **social-partner input in system governance** to avoid crowding out smaller firms and **employee interests**. Create long-term **skills strategies with update points** to adjust to changing policy priorities and technological change. Adopt a curriculum update programme to include annual micro-updates and a 4-year deep review within national standards to **ensure curricula and employer demand are aligned**. In the annual cycle, prioritise **modules with proven wage or employment gains**. Facilitate **within-standard specialisation and flexibility** to support employer utilisation.

### 3. Treat skills utilisation and work organisation as part of skills policy.



Evidence shows that participation in training depends on workplace characteristics, including job complexity and the scope for utilisation of skills. Pairing training investments with job design or management practices that enable workers develop and use their skills.

Fund training *and* the work re-design that makes training count. Incorporate a ‘skill utilisation plan’ into funded training projects and ensure employers have flexibility to specialise their training within national standards.

### 4. Clarify shared responsibilities and co-investment across state – employers–individuals – and make learning more portable.

In the push toward more flexible labour markets, clarity is needed to understand who is responsible for investment in skill development. Long-term settlements with stable funding can ensure stable supply of skills across economies.



Clarify funding responsibilities in skills strategies and set simple rules and publish a matrix of ‘who pays for what’ (general and specific skills) for adults, apprentices, and the unemployed. This will support long-term planning and shared ownership among stakeholders. Apply cost-sharing rules transparently and accredit CVET to increase their portability in the labour market.

## 5. Invest in lifelong guidance as core infrastructure for smoother transitions.



Investment in lifelong guidance as a key component of skills infrastructure can support more seamless labour market transitions. Lifelong guidance is also an opportunity to expand capabilities across the life course.

Create ‘guidance first’ sessions, available at life-course transition points (completion of upper secondary, redundancy, return to work), to support improved transitions and satisfaction. Integrate guidance KPIs into strong skills strategies to reduce fragmentation and support implementation.

## 6. Leverage social partnership and sectoral coordination.

Coordination between stakeholders, particularly the social-partner process, can work to enhance quality and efficiency of skill systems and curricula. Drawing on existing national pacts or alliances as delivery vehicles for coordination of skills systems and to create clear feedback mechanisms and routes that align with national, local or sectoral contexts.



Convene sectoral skill compacts to align curricula, utilisation practices and funding.



For more information and to read the full reports, visit

**[skills2capabilities.eu](https://skills2capabilities.eu)**

Skills2Capabilities brings together researchers from 11 partner institutions across Europe and the Globe.

## Partner institutions



Co-funded by  
the European Union

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the Agency. Neither the European Union nor the granting authority can be held responsible for them.