

# Future-Proofing the EU Single Market: Closing the Skills Gap and Unlocking Labour Mobility

## Executive summary

European Family Businesses (EFB) welcomes the European Commission's commitment to strengthening Europe's competitiveness through the Union of Skills<sup>1</sup> and the Competitiveness Compass.<sup>2</sup> The EU faces a critical shortage of skilled workers and persistent barriers to labour mobility. According to Eurostat, four out of five SMEs struggle to find workers with the right skills — a challenge now ranked above regulatory or administrative burdens.<sup>3</sup>

To remain globally competitive and ensure a just green and digital transition, Europe must bridge the skills gap, foster mobility, and make education systems more responsive to real market needs. This paper proposes targeted measures to align skills supply with demand, enhance the recognition of qualifications, reduce administrative barriers, and promote entrepreneurship as a driver of innovation.

## 1. Building a Competitive and Skilled Europe

Europe's demographic shift, with an ageing workforce and fewer skilled graduates, is limiting the continent's growth potential. It is important to note that Europe also lacks traditional craftsmanship and artisanal skills as well as practical/manual labour skills all of which are vital for the practical implementation of the green and digital transition. Both higher and vocational education systems must adapt faster to emerging needs in green, digital, and technical professions. Member States must work together with businesses to ensure training systems produce the right talent in the right places.

A flexible, interoperable labour market is essential to match skills with jobs, regardless of borders. The Union of Skills can only succeed if its measures are implemented swiftly, consistently, and with strong business involvement.

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<sup>1</sup> Union of Skills, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52025DC0090>

<sup>2</sup> Competitiveness Compass, [https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34\\_en](https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34_en)

<sup>3</sup> Eurobarometer - SMEs and skills shortages, September-October 2023 <https://europa.eu/eurobarometer/surveys/detail/2961>

## 2. Boosting Vocational Excellence and Dual Education

Practical, hands-on learning remains one of the most effective ways to prepare workers for the evolving labour market. Dual education systems — combining classroom learning with workplace training — have proven successful in several Member States. However, not all EU countries have adopted this model, leaving gaps in skills formation.

Two thirds of the shortages experienced in craft occupations in Europe could be solved with Vocational Education and Training (VET).<sup>4</sup> VET must be accessible to all generations and integrated with lifelong learning. Moreover, it is vital that younger generations are taught the value of craftsmanship skills and manual/labour jobs. Today, the next generation are told that only a university degree will lead to a high paying job. In practice, however, this is no longer the case. A university degree is not a guarantee of a good job. As such, Member States and businesses need to look at how to support this reality in society and create practical roles and re-shape the job market to reflect the aforementioned reality. We also need practical/manual jobs for the economy. Thus, we argue that a strong European VET Strategy, supported by national initiatives, will ensure people are equipped for the twin green and digital transitions.

### Proposed Actions:

- Encourage Member States without dual education systems to establish them, adapting best practices from successful models.
- Expand and promote VET programmes to strengthen basic and technical skills at all ages.
- Diversify teaching methods to include practical training, apprenticeships, and reskilling pathways.
- Re-establish the importance of practical/manual jobs for economic development of the Single Market.

## 3. Making Skills and Qualifications Truly Portable

Cross-border recognition of qualifications remains a significant obstacle to labour mobility. Despite existing frameworks, businesses still face delays and inconsistencies when hiring from other Member States. Recognition should become faster, digital, and automatic — for both academic and vocational diplomas. The forthcoming European Skills Intelligence Observatory and Skills Portability initiatives offer an opportunity to align recognition mechanisms with real business needs.

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<sup>4</sup> Union of Skills, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52025DC0090>

**Proposed Actions:**

- Ensure automatic recognition of diplomas and vocational qualifications across all Member States.
- Deploy digital tools to streamline and accelerate the recognition process.
- Integrate employer feedback into EU skills intelligence platforms and recognition frameworks.

## 4. Streamlining Administration to Unlock Labour Mobility

Complex and fragmented administrative procedures discourage companies from hiring across borders. Businesses face delays when posting workers, inconsistent data requirements, and unclear rules on temporary assignments.

The proposed European Business Wallet<sup>5</sup> could simplify exchanges between companies and authorities, but its success depends on seamless integration with national systems and existing tools such as the Single Digital Gateway and the Internal Market Information System (IMI).

**Proposed Actions:**

- Harmonise administrative procedures for cross-border hiring and temporary postings.
- Ensure the European Business Wallet is interoperable with national systems and available in all EU languages.
- Prioritise the integration of existing tools over creating new, overlapping platforms.
- Encourage faster processing of temporary worker requests and promote best practices among national authorities.

## 5. Fostering Entrepreneurial and Financial Literacy

Europe's future competitiveness depends on cultivating entrepreneurial mindsets and financial literacy from an early age. Family businesses — which combine long-term vision with practical know-how — are natural incubators of such skills.

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<sup>5</sup> European Business Wallet, Legislative Train Schedule, <https://www.europarl.europa.eu/legislative-train/theme-a-new-plan-for-europe-s-sustainable-prosperity-and-competitiveness/file-european-business-wallet>

Embedding entrepreneurship and finance education into school curricula will help the next generation understand the value of innovation, risk-taking, and sustainable business. This must go hand in hand with promoting lifelong learning and micro-credentials.

#### Proposed Actions:

- Introduce entrepreneurship and financial literacy programmes for students before vocational or higher education.
- Promote intrapreneurship and the family business model as a source of resilience and innovation.
- Expand awareness and accessibility of lifelong learning initiatives, including micro-credentials.

## 6. Ensuring Legal Certainty for Posted and Temporary Workers

The lack of interoperability between national social security systems remains a major barrier to mobility. Many businesses report confusion and delays due to incomplete transposition of EU directives governing posted and temporary workers.

Key directives — including the Posting of Workers Directive and the Temporary Agency Work Directive<sup>6</sup> — must be fully implemented and monitored. The long-stalled revision of Regulation (EC) No 883/2004<sup>7</sup> on the coordination of social security systems is another urgent priority.

#### Proposed Actions:

- Encourage Member States to swiftly transpose pending directives and align national practices.
- Establish a monitoring mechanism to assess implementation and identify persistent barriers.
- Resume negotiations on the revision of Regulation 883/2004 to ensure clarity and fairness in cross-border benefits.

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<sup>6</sup>Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of service, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32018L0957>  
<sup>7</sup>Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, <https://eur-lex.europa.eu/eli/reg/2004/883/oj/eng>

## 7. Conclusion: Coordinating for a Future-Ready Europe

Closing Europe's skills gap and unlocking labour mobility requires coordinated action between the EU, Member States, and business stakeholders. Recognition of qualifications must become automatic, social security systems interoperable, and education aligned with real economic needs.

Europe has the tools — now it needs decisive implementation, stronger communication, and shared responsibility. A truly competitive and inclusive Single Market depends on empowering people to move, learn, and work freely across borders.

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OCTOBER 2025

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**European Family Businesses (EFB)** is a federation of national family businesses associations. Our aim is to make political decision makers aware of the contribution of family businesses to society at large and to promote policies that are conducive to long term entrepreneurship. Our members represent turnover in excess of one trillion Euro, 10% of European GDP.