The Frontiers of Digital Learning: bridging the SME digital skills gap

30 June 2021

A joint webinar of the OECD "Digital for SMEs" (D4SME) & "Geography of Higher Education" (GoHE) Initiatives
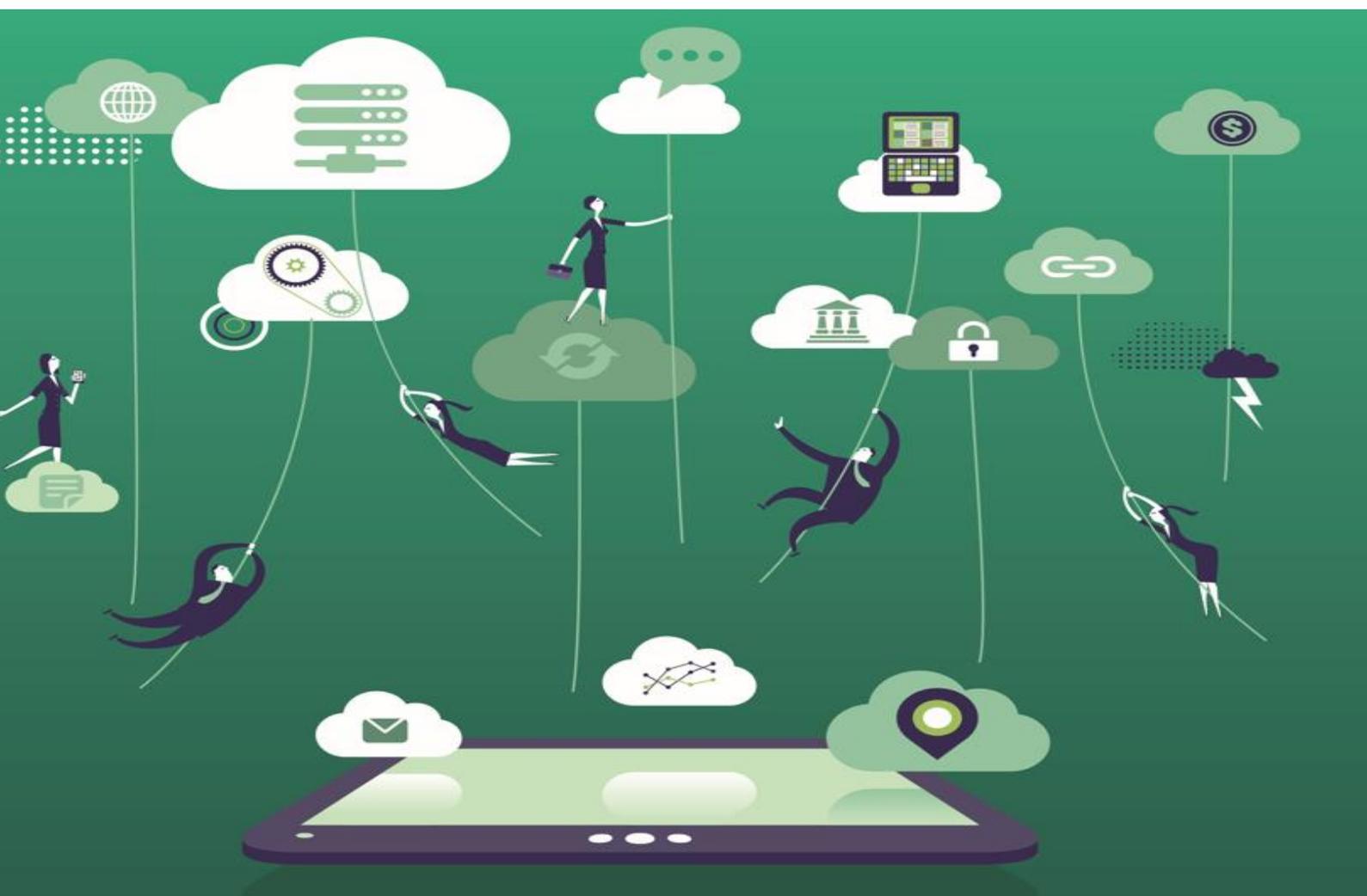
Event and attendance

The D4SME & Geography of Higher Education webinar on **The Frontiers of Digital Learning: bridging the SME digital skills gap** was held virtually on 30 June 2021. It gathered over 135 participants from 44 countries – including representatives from 24 Ministries of OECD countries, 13 public agencies (including SME agencies), 14 business associations and chamber of commerce, 21 business representatives from SMEs and corporate, 9 International Organisations and 26 Universities and Educational Institutions.

Background

Life-long learning systems are critical to improve availability and access of digital skills to SMEs, in all regions and cities. The OECD report on [The Digital Transformation of SMEs](#) highlights that the digital skills gap is one of the greatest barriers to SME digital adoption. Due to size and resource constrains, many small firms are more dependent on their ecosystem and networks to access the relevant skills to transform their business models to be digital, and accordingly be more productive, sustainable and resilient. SMEs have to be aware about their needs in terms of digital skills and proactive in reaching out to their ecosystem and networks to up-skill, re-skill, or externalise digital functions.

Actions are needed to help SMEs access digital skills within their ecosystems and close the digital skills gap. Higher education institutions, governments, large firms and technology practitioners can work together to develop practical and innovative digital learning for SMEs. Proximity among these actors can facilitate collaboration, but proximity alone it is not enough. Impactful digital learning is achieved when stakeholders from private and public sectors and education institutions have the skills, capacity and resources to implement an effective lifelong learning system.

The D4SME and the GoHE Initiatives

The "**Digital for SMEs**" Global Initiative (D4SME) is a multi-stakeholder dialogue engaging governments, large and small businesses, industry experts and associations on how to enable all SMEs to seize the benefits of digitalisation.

The "**Geography of Higher Education**" (GoHE) aims at understanding how Higher Education Institutions (HEIs) are generating value for their surrounding communities and networks.

These initiatives are led by the **OECD Centre for Entrepreneurship, SMEs, Regions and Cities** (CFE) in collaboration with Business at OECD.

The panelists

Anastasia Chalkidou
Accounting Director, Co-Founder
Quantum BITS

Anastasia Chalkidou is a graduate of the Athens University of Economics and Business and an ACCA member since 2011. She initiated her career at PwC Greece as a senior auditor until 2007 when she joined the financial services sector as an IFRS expert at EFG Eurobank. She was the first Greek to work as a Project Manager at the Accountancy Europe in Brussels until 2014, when she co-founded Quantum BITS, a company providing accounting, tax and IT services. She has been a lecturer in Accounting and Finance Bachelor and Post-graduate programs at the City Unity College in Greece until 2017 and since then she is a pro bono mentor for non-for-profit organizations promoting entrepreneurship in Greece.

David DeVallance
Vice Rector for Internationalization
University of Primorska

David DeVallance is Vice Rector for Internationalization at the University of Primorska (UP) in Koper, Slovenia. He is responsible for leading UP's internationalization research and education efforts. DeVallance is also the Renewable Materials Composites Group Leader at InnoRenew Centre of Excellence. He earned his PhD and MS degrees at Oregon State University, and a BS degree from the Pennsylvania State University. Prior to moving to Slovenia, DeVallance was an Associate Professor at West Virginia University. He is a Past President of the Forest Products Society and past AIEA Presidential Fellow.

Yossi Hayut
Head of education
Wix.com

Yossi Hayut is the Head of Education at Wix.com. In his role, Yossi is responsible for formulating and executing Wix's educational vision – to teach and inspire the next generation to create stunning things with technology, deriving the main goal of having every child learn the skills of the 21st century. Prior to Wix.com, Yossi Founded a civic startup and served as head of product. Previously, Yossi founded the clinical legal education program that provides pro-bono assistance to Holocaust survivors at Tel Aviv University's Faculty of Law. He was also an instructor in the Economic Justice clinic, specializing in social business and microfinance loans for women in poverty, also at Tel Aviv University.
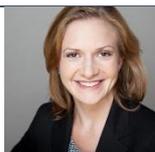
Anna Klissouras
EU Public Policy Manager SME
Amazon

Anna Klissouras is the Public Policy SME spokesperson at Amazon Europe. Previously, she held communications and marketing roles including at the Amazon Seller Services business, at an SME solar technology company and at the United Nations, and has entrepreneurial experience as the founder of an e-commerce company. She holds two master's degrees in International Business from ESCP Europe and MDI India, as well as in Philosophy and Art History from Humboldt University.

Quang-Minh Lepescheux
EU Government Affairs
Microsoft

Quang-Minh Lepescheux is Director, EU Government Affairs, for Microsoft, based in Brussels. He is responsible for the European Parliament relations, and has an individual focus on Skills and SMEs. Prior to moving to the Brussels team, Quang-Minh was Government Affairs Manager at Microsoft France, based in Paris. In that capacity, he also served as chair and spokesperson of the Business Software Alliance (BSA) France. Before joining Microsoft in 2011, Quang-Minh was Legal & Government Affairs Manager at Union des Fabricants (Unifab), the French IP association, and was previously Legal Counsel for Louis Vuitton. Quang-Minh holds a bachelor's degree in Business Law from the University of Paris and a Master's degree in IT Law from the University of Strasbourg.

Beth Ann Lim
Director of Policy Programs and Government Outreach for Asia Pacific
Facebook

Beth Ann Lim is the Director of Policy Programs and Government Outreach for Asia Pacific at Facebook and Global Head of SheMeansBusiness. Prior to this role, she was responsible for Facebook's Small and Medium Businesses Community Engagement initiatives across the Asia Pacific region. Lim has over 18 years of experience in Asia working with small and large organizations to help develop and build strategies focused on digital transformation, economic development, and digital literacy. She is passionate about helping small and medium businesses succeed and is an active mentor in the start-up and accelerator community. Lim holds an undergraduate degree from the University of California, Berkeley in East Asian Languages and speaks Mandarin.

Paolo Manfredi
Head of Digital Transformation Strategies
Confartigianato Imprese

Paolo Manfredi is head of digital transformation strategies of Confartigianato Imprese, the major Italian association of SMEs. He coordinates a national network of Digital Innovation Hubs, aimed at providing training and services focused on digital transformation to SMEs and artisans. He is a blogger, a public speaker and the author of two books on the relations between SMEs and innovation and on the changing role of provincial territories in the metropolitan century. His areas of expertise encompass inclusive innovation, SMEs and crafts, the relations between innovation, education, SMEs and local development. He holds a degree in Contemporary History at the University of Bologna.

Jeff Sandhu
Head of 42KL
Sunway iLabs

Jeff Sandhu is currently spearheading an innovative & creative thinking computer science education platform called 42 Kuala Lumpur, part of Sunway iLabs FutureX Talent division. He has over 15 years of leadership experiences in the field of media, production, and creative, having held various positions championing an entrepreneurship mindset. He is the first Malaysian representative for the Asia-Europe Foundation (ASEF) 2015 Young Leaders Summit in Luxembourg where he helped build a foundation for entrepreneurship and education among the two continents. Jeff Sandhu is also the recipient of the U.S Department of State IVLP 2019 Programme on leadership and journalism.

Claudia Suaznabar
Lead Specialist, Technology and Innovation Division
Inter-American Development Bank

Claudia Suaznabar is currently Lead Specialist at the Competitiveness Technology and Innovation Division of the Inter-American Development Bank (IDB) where she has worked for the last 15+ years. She now leads the Digital Transformation Cluster focused on the digital transition of firms. Claudia has worked extensively with several Latin America and the Caribbean countries in topics related to competitiveness, science, technology, innovation and SME development policies. She has a Bachelor's Degree in Business Administration from CUNEF, Spain, and a Master's Degree in Public Administration and International Development from the Kennedy School of Government at Harvard University.

Key Takeaways

- **Digitalisation is key for Small and Medium Enterprises' (SMEs) resilience**. As the OECD/Facebook/World Bank "State of Small Business" report and the latest OECD "SME and Entrepreneurship Outlook" show. SMEs who already had an online presence (e.g. social media profile, e-commerce capabilities) before the pandemic experienced less of a decrease in revenue throughout the crisis. Some SMEs were also able to adapt and increase their adoption of digital tools. As Ms. Lim *(Facebook)* highlighted, consumption patterns have changed during the pandemic (for ex. increase of online purchases) and at least part of these changes are poised to last, which demands SMEs to scale-up their digital tools.

- **Lack of skills is one of the greatest barriers to SME digital adoption**. Most panellists convened that the lack of digital skills is often a result of SME **resource constraints** such as access to finance, lack of motivation to undertake or complete training, awareness and time constraints.

- Panellists, including Ms Suaznabar *(Inter-American Development Bank)* and Mr Manfredi (*Confartigianato*), suggested that offer and demand for digital skills training and development have evolved at different pace. Many **SMEs are overwhelmed by the amount of choice** on the market for digital skill training and often need assistance to understand and navigate the offer and identify the solutions that best fit their needs.

- In addition, **entrepreneurs have very little time to navigate through the increased offer of digital training**. Some SMEs turn to online courses (such as MOOCs) but the attrition rate (i.e. the number of students that drop off the course without completing it) is high as highlighted by Ms Suaznabar (*IDB*).

- In this regard, **Higher Education Institutions can play fundamental role in helping students and entrepreneurs find the digital course best suited to their schedule and needs**. HEIs also offer informal learning opportunity through entities like incubators and accelerators, which can result in positive digital benefits for SMEs. Increasingly, HEIs provide interactive training mentorship and offer a wide range of courses on digital (such as artificial intelligence, data science, industry 4.0), as highlighted by Professor David DeVallance (*University of Primorska*).

- **Higher Education Institutions are also developing research frontier digital teaching**. This is the case, for example, of the University of Primorska in Slovenia, whose HICUP Lab (Humans Interacting with Computers) hosts a group of international researchers working on making digital resources more interactive and profitable for users.

- Panellists agreed that it is important to **make a distinction between basic digital skills and advanced digital skills**. This is rather obvious when we refer to the use of advanced technologies such as Artificial Intelligence (machine learning algorithms for data analysis) or Distributed Ledger Technologies (e.g.

blockchain). But it is important also for how effectively cheap and accessible digital tools are used (e.g. setting up a social media account for basic use versus using it to launch a structured digital marketing campaign). Thus training must be as tailored as possible to the specific needs of different groups of entrepreneurs and students in order to provide them with the right tools, as highlighted by Mr Sandhu (*42 Kuala Lumpur*).

- When addressing the digital skills gap, it is important to consider the large **heterogeneity of SMEs**, as small firms have different needs and **sectorial differences** can be large**.**

- Governments can play an important role in reducing the SME digital skills gap. Ms Chalkidou *(Quantum BITS)* as a small business owner herself called for **governments and international institutions to provide financial and tax incentives for SMEs to undertake trainings**. Ms Suaznabar (*IDB*) brought the example of the *Coding Boot Camps* financed by IDB and governments, offering scholarships in various Latin American countries, that are meeting an extremely high demand from local communities and especially young people and entrepreneurs.

- Some key messages emerged from the discussion on how to design impactful digital skills training for SMEs. These include the need to keep the design simple with the **needs of SMEs at the core,** the importance of **measuring the impact of skills programs** to allow the initiatives to continually improve, and as Mr Sandhu (*42 Kuala Lumpur*) highlighted, not to neglect educating SMEs on how to develop a **digital strategy**.

- Mr Manfredi (*Confartigianato*) highlighted that the focus of initiative should not just be on upskilling or reskilling SMEs, but also on enabling SMEs to outsource and **access the relevant digital skills within their ecosystems and communities**.

- There is an important role to be played by **large firms and technology providers**, many of which provide the digital tools and platforms that SMEs use to go online. Mr Lepescheux *(Microsoft)* referred to this as "big techs" responsibility. Panellists mentioned initiatives and programmes that exemplify the private sector offer of practical and accessible digital training for SMEs & entrepreneurs, such as Microsoft's *Global Skilling Initiative*, Amazon's *small business Accelerator* programs, Facebook's *She Means Business* and Wix's *online boot camp* bringing together youth and local small firms, as described by Mr Hayut (*Wix*). These programmes usually offer a mix of general digital skills training and practical insights on the most effective ways to leverage the digital services offered by the large technology providers.

- There is a need to **strengthen the links between higher education institutions, the private sector, technology providers and the public sector**. Ms Klissouras *(Amazon)* shared Amazon's experience with such cooperation on the small Business Accelerator programs and suggested they are essential to deliver relevant digitalisation education, as governments alone do not always have direct access to smaller firms or the specific skillset to educate them. Cooperation is also essential to design courses that are relevant for SMEs and that provide entrepreneurs with basic skills. Ms Lim shared from Facebook's experience that

collaborating with local partners to deliver training has been highly effective and that **the free flow of data between countries** can help SMEs use digital tools to reach new customer and integrate in global value chains.

- A great emphasis is being placed in many countries on transforming the crisis into an opportunity for SME digitalisation. HEIs and private sector programmes play a critical role in **enabling SMEs to develop and access digital skills, a prerequisite for them to build back better for a digital, inclusive and sustainable future**.

For further reading

The Digital Transformation of SMEs

Despite potentially tremendous benefits, small and medium-sized enterprises (SMEs) lag in the digital transformation. This report looks at recent trends in SME digital uptake, including in the context of the COVID-19 crisis. It focuses on issues related to digital security, online platforms, blockchain ecosystems, and artificial intelligence. It identifies opportunities, risks of not going digital; barriers to adoption and policy actions to speed SME transformation.

Increasing SMEs' resilience through digitalisation: the case of Korea

The report investigates the role of government programmes in strengthening SMEs' resilience to external shocks, by focusing on SME digitalisation policies implemented in Korea during the COVID-19 outbreak. The report examines how digital tools and services contributed to enhancing SME resilience during the pandemic and how policy programmes facilitated the strong acceleration in SME uptake of digital technologies.

OECD SME& Entrepreneurship Outlook 2021

Reviews the latest trends in SME performance and provides a cross-country overview of business conditions and policy frameworks for SMEs and entrepreneurs, with a forward-looking perspective on emerging opportunities and challenges, including digitalisation.

Going Digital: Shaping Policies, Improving Lives

Identifies policy areas where governments can shape the digital transformation and improve lives, highlights key opportunities, challenges and related policies, and offers new analysis and recommendations for better policies in the digital age.

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