



The Most Relevant Labour Market Competencies for Employers and their Assessment by Students

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Abstract: *Our paper is aimed at examining what principal business competencies (can) enhance the success and competitiveness of employees according to the employers and we also wish to explore what personality traits have a decisive effect on the decision-making mechanism in taking on new staff. At present employers can make selection from a lot of fresh graduates in economics so for them it is essential to know the competencies by which they are classified and ranked by the employers. However, it is also important to bear in mind from which aspects their opinion meet the employers' expectations. Based on surveying the employers' expectations, the required competencies play a vital role in the hiring process and they are mainly acquired in practical trainings. An answer is also sought to the question of how the rank order of competencies have been changed, how their role was appreciated and re-evaluated and what skills and abilities are no longer or only to a slight extent necessary for success in the labour market vs. the ones that were not required previously but have become indispensable these days. One of our further objectives was to create and test a competency structure tailored to the current Hungarian labour market situation and specialities on the basis of the professional literature.*

Keywords: competence, higher education, hiring, labour market

Background of the research

'According to Eurostat forecast only 45.52% of the EU's population is expected to be over 65 by 2040. [...] there will be shortage of highly qualified labour force in almost all areas [...] The situation is further aggravated by the fact that higher education usually does not meet the

requirements of the labour market, and, what is more, it really contributes to the unemployment of young graduates' (Gáthy, 2013).

As referred to above, currently employers can select from a lot of fresh graduates in economics so it is of vital importance to know the competencies based on which the employers classify, i.e. it is a key factor what competencies required on the labour market students are supplied with by the institutions.

Regarding the acquisition of competencies required by the labour market practical trainings must play a great role in higher education as companies expect graduates leaving theoretical frameworks behind to possess a practical way of thinking and utilisable knowledge. On the labour market the expectations include complex business-like way of thinking, integrated, process-oriented attitude and managerial decision making by increasing the proportion of practice, the number of classes spent at work or playing business simulation games to improve some competencies.

Referring to the previous problem of labour shortage we have to note that due to the periodicity of economics there are times when a lot of employees with similar qualification enter the labour market simultaneously, so many of them may not have a job that matches their qualification. The second problem is that in many cases and to a different extent the requirements of the labour market and the competence portfolio provided by the higher education institutions may not overlap.

In addition to general knowledge, the improvement of skills, abilities and competencies in higher education is also important to learn the tricks of the trade efficiently after graduation and ensure a quick and smooth transition from education to the world of work (Kiss, 2010).

Basically, universities should provide approaches and attitudes not trades. Regarding practice orientation, a question may arise whether the higher education training programmes and the courses are practice-oriented enough to provide better chances of finding a job.

General description of competencies

Competencies have become one of the key terms of human resource management as they help answer the question what factors are necessary for employers and companies to have excellent and competent employees (and thus, efficient organisations) who perform above the average.

However, there is no unified definition for competencies yet. When trying to define competencies, we rely on Spencer & Spencer's (1993) generally accepted definition. 'A competency is an underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or situation. [...] Competencies are sets of distinctive individual skills, related knowledge and attributes that allow an individual to perform a task or an activity within a specific function or job successfully' (Spencer & Spencer, 1993).

According to a general view competencies are only significant in bigger organisations and they are defined only there. However, necessary competencies can also be defined beforehand in small-scale production, as well (Magyari & Hajós, 1998).

In more complex intellectual jobs the role of competencies is much more important in predicting a better future performance than intelligence or reference letters. What differentiates those performing better is motivation, interpersonal skills and abilities, which are termed as competencies (Berger & Berger, 2003). Csehné & Hajós (2014) concluded that the better qualified employees, naturally with more necessary competencies, can better fit at work.

Nowadays on the labour market changes rapidly take place. In order to manage work and career it is essential to possess the suitable resources and career competencies (Ulrich et al., 2009). Career competencies are such knowledge ability and skill elements that play a central function in career development and which can be influenced by the individual (Akkermans et al., 2013). Today's workplaces expect employees to behave respectfully and support themselves. They also hope that employees identify with organisational values and objectives. Roizen & Jepson (1985) pointed out that employees take on the individuals with initiative and good problem-solving skills who understand their organisations and the society and also actively take part in it.

Competence improving methods

Various references have already been made to the importance of competencies and the role they play in business life. Similarly, some researches have also been dealing with competence improving methods.

Several researchers have expressed that real experience gained under real circumstances at the practical places (with the companies) also improve the competencies of students who take part in business and economic education. We have also had the same experience acknowledged by the students themselves. That is why we also join the line of researchers who previously gave an account of this topic.

In addition to practical training or combined with it, business simulation games can improve competencies very well. It is described, among others, by Williams (2011) who pointed out to the improvement of entrepreneurial skills and abilities while learning through business simulation games.

Business simulation games form a sub-category of simulation games where the game is determined by business purposes. Their main advantage is that certain simulated events can be tried without undertaking serious financial risks. Business simulation games in real are about the competition of strategies playfully (Kiss, 2010).

Simulation gives an insight into the financial and economic operation and structure of the given organisation. Complex business-like way of thinking, integrated process-oriented approaches, managerial decision making skills, team work and managerial special knowledge are eventually improved by business simulation games. In most cases strategic, financial, human political, marketing and/or commercial decisions have to be made.

Moreover, adaptation is necessary to the changing environment while effectively working in a team. This experience-centred education supporting the gaining of individual experiences can be regarded as a more efficient and thorough form of education (Kiss, 2010).

Material and methods

Among others, our research was conducted to survey what competency maps Hungarian employers have had in mind nowadays by asking the employers themselves. As one of the important objectives, we also examined what competencies played a greater role in hiring and selecting newly graduated applicants these days as well as in a successful career. The analysis was carried out on a sample of 519 members.

Based on the literature review we have supposed that it is not practical to talk about competencies in general, rather the adequate competency profile and portfolio has to be reviewed in a certain job or profession. Due to the volume and content constraints as well as the high number of competencies in our primary research we have selected one of the segments of personal competencies and the eight key competencies defined by one of the EU committees in 2006. Our competency structure can be regarded of novel nature as such a mixture of competencies has never been examined in Hungary.

Before the quantitative phase of the research qualitative research was also conducted. A focus group examination was carried out on the basis of a semi structured interview guide where interviews took place in heterogeneous groups based on company size. In the second phase while processing the quantitative data this pre-tested and finalised competency structure was analysed. In the examination 33 competencies presented by Table 1 were used. We have chosen interviews as a method of primary research and standardised questionnaires were designed as an instrument.

Table 1. *List of the 33 competencies examined*

ability to learn	flexibility	persuasion
communication in foreign languages	hard working	preciseness
communication skills	independence	punctuality
cooperation	initiative	problem solving
coping with stress	IT skills	reliability
decision making	learning from mistakes	self-discipline
discretion	loyalty	self-improvement
economic skills	motivation	sense of responsibility
endurance	organisational skills	social awareness, empathy
entrepreneurial skills	patience	taking risks
EU basics	persistence	technical skills

During the examined period altogether 525 questionnaires were returned of which 519 could be assessed. The same competencies were used in the questionnaires for students. For the examination 745 assessable students' questionnaires were returned.

Results

Our examinations indicate that there are significant deviation between the rank order of competencies expected from fresh graduates on the labour market b the employers and the evaluation of these competencies by the students. Table 2 presents the differences between the rank orders which can be regarded significant.

We asked students what competencies they thought employers preferred when taking on fresh graduates and whether these competencies have been appreciated, depreciated or their significance have not changed much. The results are summarised by Table 2.

Table 2. Changes in the significance of competencies in the last 5 years according to the employers (% , frequency of mentioning, the missing values represent decrease of significance)

Rank by employers	Competency	Significance in the last 5 years		Rank by students
		increased	no change	
1.	communication in a foreign language	71	20	2.
2.	IT skills	69	28	1.
3.	persistency	58	26	33.
4.	problem solving	57	34	9.
5.	ability to learn	52	32	16.
6.	flexibility	51	40	29.
7.	self-improvement	51	37	31.
8.	communication skills	50	45	3.
9.	endurance	50	34	24.
...				
16.	technical skills	43	39	6.
17.	persuasion	42	45	11.
...				
19.	entrepreneurial skills	42	48	10.
20.	learning from mistakes	40	53	4.
...				
23.	economic skills	36	53	5.
24.	discretion	34	53	7.
...				
32.	self-discipline	22	57	8.
...				

After processing the questionnaires we selected the competencies, namely 9 out of 33, whose importance had increased these days at least by 50% of the employers. The 'no change' alternative was also counted in and a rank order was set based on the frequency of mentioning to which the ranking by the students was also assigned. The competencies mentioned at

least by 50% of the students but less than 50% of the employers are also presented here.

As several deviations were also noticed while using the previous method, we also ranked them by the students' opinion. This way 11 such competencies were noted that were mentioned by at least 50% of the students. The ranks by the employers were also assigned here in a similar way as we did when assessing the employers' judgements.

In addition to the not surprisingly leading communication in foreign languages and IT skills, respondents thought that it was persistency, problem solving, flexibility, ability to learn and self-improvement of the personality values and competencies whose significance had increased.

Our previous papers (Varga, Czeglédi & Hajós, 2015) presented the results of our research with both the students and the employers. Based on this examination the significance of communication skills, foreign languages and IT skills were reflected by both analyses with the students and the employers.

However, we must draw attention to the fact that the students do not possess adequate knowledge and fail to meet the requirements of the labour market. It is supported by the finding that of the 9 criteria considered more intensely when hiring in the last five years by the employers, the students mentioned only four (communication in foreign languages, IT skills, problem solving and communication skills) while the majority, i.e. 5 (persistency, ability to learn, self-improvement, flexibility and endurance) were not treated as important competencies.

A delicate issue is that while persistency was ranked 3 by the employers, the students considered it last but also flexibility, self-improvement and endurance were also placed at the end of their list although they were ranked 6-7-8 by the employers.

If we examine the competencies through the eyes of the students what they think are required after graduation we have to remark that 11 such competencies of the 33 were mentioned by the students whose significance in hiring had increased or had not changed.

Also, some substantial differences may be detected in this approach, which may refer to the inadequate knowledge of the students about the conditions of selection.

All this is illustrated by Table 3 where the 11 competencies mentioned previously are highlighted which were appreciated in the labour market in the last 5 years by at least 50% of the students. As in this case the difference between the opinion of the students and the employers could also be detected here, only the greatest ones are presented.

The changes in the significance of competencies in the last 5 years were assessed differently by the two examined groups. According to the respondents in addition to the not surprisingly leading communication in foreign languages and IT skills; communication skills, learning from mistakes, economic skills, technical skills, discretion, self-discipline, problem solving, entrepreneurial skills and persuasion have been appreciated.

However, significant differences between the students' and the employers' assessment could also be traced down here. While learning from mistakes, economic and technical skills, discretion, self-discipline and entrepreneurial skills were thought to be increasingly vital

competencies by students, the employers regarded them to be of slighter importance. In addition to the above mentioned ones, employers also assessed persuasion to be more valuable.

Table 3. Changes in the significance of competencies in the last 5 years according to the students (% , frequency of mentioning, the missing values represent decrease of significance)

Rank by students	Competency	Significance in the last 5 years		Rank by employers
		increased	no change	
1.	IT skills	83	1	2.
2.	communication in foreign languages	72	8	1.
3.	communication skills	62	5	8.
4.	learning from mistakes	60	12	20.
5.	economic skills	60	6	23.
6.	technical skills	57	8	17.
7.	discretion	55	22	24.
8.	self-discipline	53	25	32.
9.	problem solving	51	14	4.
10.	entrepreneurial skills	50	10	19.
11.	persuasion	50	8	16.
...				
16.	ability to learn	47	12	5.
...				
24.	endurance	38	27	9.
...				
29.	flexibility	32	14	6.
...				
31.	self-improvement	26	14	7.
...				
33.	persistency	21	15	3.

However, in contrast with the above-mentioned competencies, several more can be detected whose significance did not increase according to the students while employers think about them the other way. A case in point is endurance, self.-improvement and persistency.

We also asked the employers what changes they think would be required in higher education to achieve a greater harmony between the requirements of the business sector and the competence portfolio provided by education.

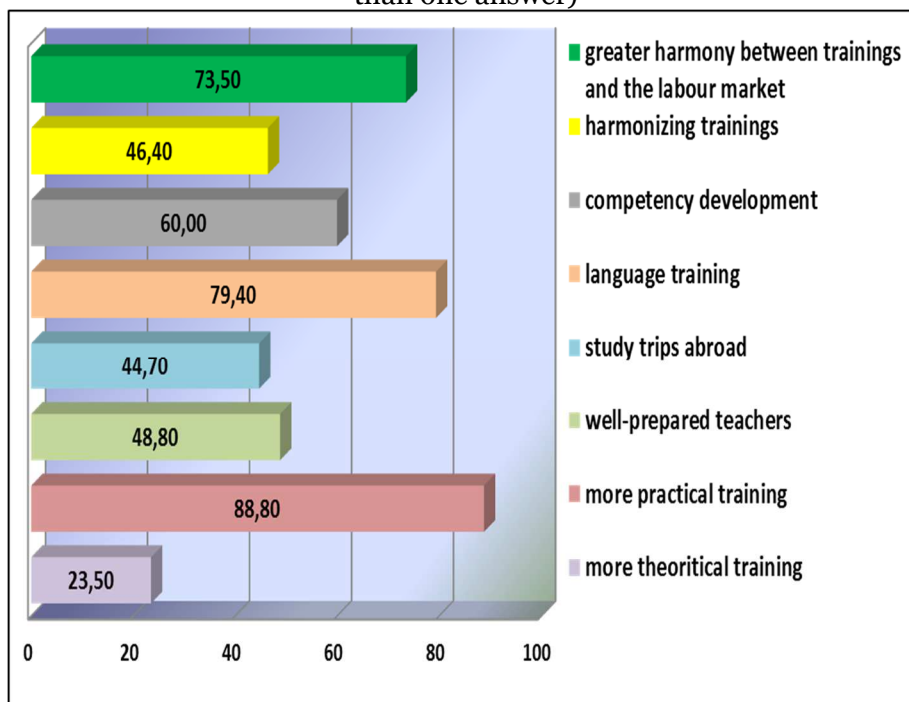
As presented by Figure 1 practical training and language competencies should be developed the most.

A greater harmony between labour market requirements and knowledge imparted should also be taken into consideration. Both employers and students were asked what forms of competency improvement they would suggest for achieving better harmony.

Figure 2 reflects the opinion of the employers while Figure 3 presents the results of the research with students.

When comparing the two figures it can be seen that the students do not entirely agree with the employers about the methods that could be used to help prepare them meet the requirements of the labour market.

Figure 1. Changes suggested in education (in percentage, relative frequency, more than one answer)



However, they agree that professional practice is the most important but while students regard individual (project) tasks to be more important than competence improving trainings, the employers think it the other way around. It is interesting to note that the competence improving trainings were only mentioned last by the students while assessing the opportunities of preparing well for a job or career.

Figure 2. Forms of competency improvement by the employers (in percentage, relative frequency, more than one answer)

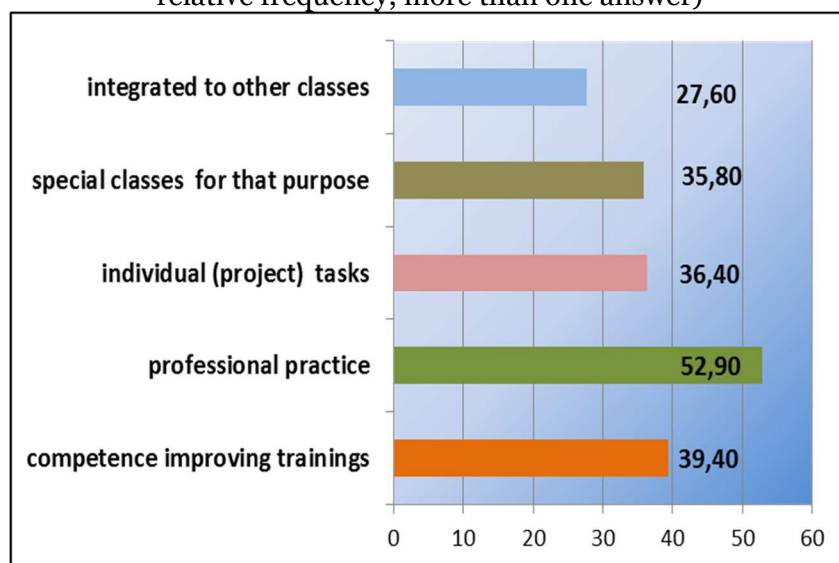


Figure 3. Forms of competency improvement by the students (in percentage, relative frequency, more than one answer)

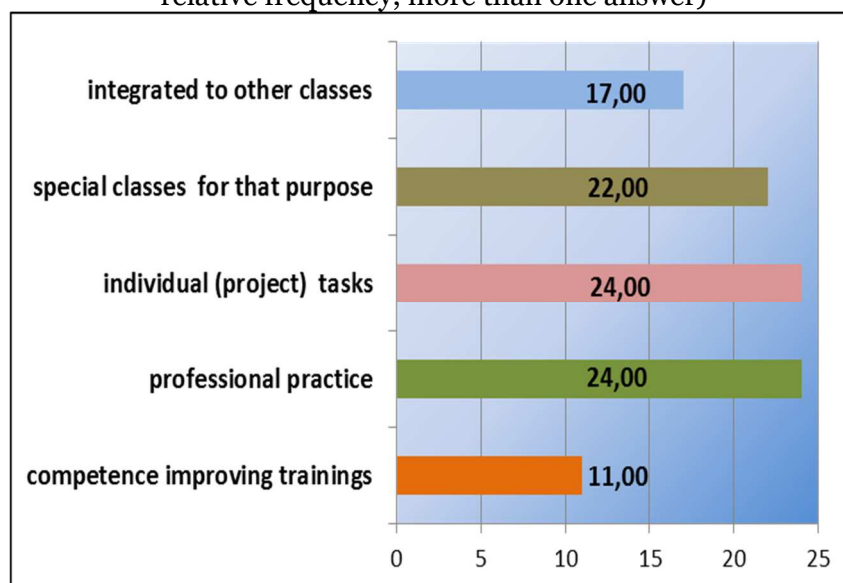


Figure 3 is also a good illustration of the fact that due to lack of relevant practice the students do not and may not have a unanimous and definite opinion on this issue, as three factors were practically assessed similarly.

Conclusions and recommendations

As there is a need for developing the examined competencies from the side of both employers and employees, we would suggest developing these competencies more intensively either at schools or even beyond them, in non-formal education. It must also be noted that updating the personal competencies and putting a proper stress on them are of vital importance in the content of the training, which could promote (better) harmonisation between the labour market and education.

A little gap between labour market requirement and competency development by higher education was also present here. This finding can be utilised in rethinking competency development at schools and in higher education to show the shift in importance and also the skills that have to be stressed and developed by education in order to meet the demands of the labour market. By looking at the methodology of competence improvement the importance of individual (project) tasks were pointed out by both parties.

As a result of the examination we have also concluded that it is necessary to improve the practical side of education as well as developing professional and general skills and abilities. It is one of the points where the dialogue between the labour market and education could be improved.

We hope that the most important finding of our paper is to highlight what business competencies were regarded essential that (can) enhance the competitiveness and success of employees. By creating and testing a unique competency structure we tried to draw attention to the reassessment and the importance of updating personal competencies.

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