

# FEATURES OF TALENT MANAGEMENT AMONG 'PÉCSI KÖZGÁZ'<sup>1</sup> GRADUATES

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## **Abstract**

Our topic is talent management and human capital management, particularly as observed in the 'Graduate Follow-up Programme' of the Faculty of Business and Economics at the University of Pécs (FBE/UP). We examine the topic from several perspectives. The first is the connection between the management of an institution of Higher Education (HE) and the business world (e.g. via a careers office), the second relates to the transition from HE to the labour market (a particular phase in talent management) and the third is that of the employer himself.

Our database, which we used in our practice-oriented, empirical research, consists of two main parts: the Graduate Follow-Up System (GFS) and the UP-FBE questionnaire regarding students' professional practice. The multilateral approach helps us to achieve a realistic picture of which processes and peculiarities characterise a student's (pre- and post-graduation) placement in the labour market. We have responses to questions regarding satisfaction, individuality, talent, salary, motivation and job responsibilities. We draw conclusions and formulate recommendations based on criteria for the most significant factors relating to new recruits from both corporate and HE perspectives.

## **Introduction**

The experiences of the Graduate Follow-up System (GFS) under circumstances of acute competition among HE institutions are highly important, since the results are part of performance measurement. Competitiveness in HE is a complex and strategic concept (Barakonyi 2010), and we deal with one element, namely the consistency between the student output of HE institutions and labour market requirements. The information on graduates entering the labour market provides serious feedback for the training-provider institutions. If the students from one consistently find jobs sooner than those from another, this means that this institution is more competitive, and, probably, that its students are more likely to meet the needs of the labour market. The converse is not necessarily true, in the sense that the career opportunities for a student are not necessarily linked to the degree classification (Czinkóczi 2010). The aim of the GFS research (Garai 2010, Kuráth et al. 2011) is to measure information on the career, status, working conditions and income of new graduates, and to provide feedback for their institutions of education. In our study we discuss the methods and techniques used at the Faculty of Business and

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<sup>1</sup> 'Pécsi Közgáz' is the informal, local name for the University of Pécs Faculty of Business and Economics (commonly abbreviated in English as UP FBE)

Economics at the University of Pécs (UP FBE) to study and manage the lives of talented students before returning to the latest data and analyses of the Faculty's students to draw our conclusions.

## **Student career research at “Pécsi Közgáz” – specific system characteristics**

The UP FBE treats important the role to identify as accurately as possible an exact picture about its students' connections to the labour market. Accordingly, it had carried out surveys not only in the periods after graduation but on the features of professional practice also. In both cases we can find evidence concerning students' integration into the labour market and employers' expectations. It is also interesting that many students, on graduation, joined the company where they undertook their professional practice.

The concept of talent management involves a broader perspective than basic professional practice. It can, in fact, be described as an inspirational concept<sup>2</sup> at the UP FBE for MA students, as every tool is regarded as a talent management tool which seeks to develop talent. During the internship, the participant has to apply his acquired theoretical knowledge in a real-work and real-world situation, which means that he is under pressure to improve his personal skills (which is the basic objective of talent management). In addition, the advantages of professional experience from the stand-point of the organisation can be appreciated, (Munkácsy 2004). However, what should also be borne in mind is the mandatory nature of professional practice in respect of a number of majors - as laid down in Act. CXXXIX. of 2005: “in practice-oriented undergraduate courses it is obligatory to organise a one semester-long period of professional practice.” In other words, the mandatory nature of the scheme applies only to professional practice.

An examination of a student's career between Higher Education and the labour market should be approached with caution, and as a complex question, since feedback has a significant role to play in talent management and in professional practice. Utilising the information obtained will give us a more complete picture of the results of the Graduate Follow-Up System.

Our analysis of the student-life and labour market-related section is supported by two systems at the Faculty - by feedback from questionnaires relating to the professional practice system, and by the Graduate Follow-Up System. We shall now focus on the GFS research results to which our previous research is closely linked (Farkasné et al. 2007, 2008, 2008b, 2010), and their main conclusions will provide a fuller picture of the graduates.

### **The empirical research methodology and the sample**

The first pillar of our methodology is based on the GFS survey - which will be the further focus of our study. Every HE institution has to develop its own system which allows it to keep track of its graduates. GFS creates a bridge between the worlds of HE and work. This means that the results should be comparable whilst, at the same time, they need to be useful in making strategic decisions related to improving educational structures and goals. To achieve this, each year we need to question those who graduated 1, 3 and, therefore, 5

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<sup>2</sup> Scientific National Conference for Students, colleges for advanced studies, domestic and foreign scholarships, case studies etc.

years earlier. It is accepted that the graduate labour-market situation does not change significantly in 1 or 3 years and should, rather, be examined only very 5 years, although in the start-up phase, important information can emerge. In the long term, maintaining continuous contact may well increase the willingness to complete the questionnaires.

The University of Pécs joined the GFS nationwide research programme in 2010 and contacted some 8000 graduates (with at least a pre-degree certificate) from 2007 and 2009. The 21.7% response rate exceeded our initial expectations and so high quality estimates allow us to draw reliable conclusions from the sample.

The second methodological pillar is based – due to considerable overlap in the above sample – on the professional practice surveys. One of the main tasks the Faculty was to offer professional practice opportunities to their students throughout the year to further strengthen the relationships between students, the institutions and the business sphere. The organisation, Total Quality Assurance and the documentation relating to professional practice were the responsibilities of different Faculty organisations (Relationships Directorate and the Careers Consulting Office (CCO)). In the ‘old’, undivided education system, with the approval of the Faculty Council, we launched in 2004 the Professional and Working Practice course to provide a credit- and grade-based evaluation system for professional practice, to come into effect from the autumn of the 2006/2007 academic year. This is a unique opportunity for FBE students, since they can have closer contact with players in the labour market in their two last years before graduation. To complete this course it is mandatory to complete the student and corporate surveys and so we have a 100% sample for drawing conclusions. From autumn 2005 until spring 2010 we received completed questionnaires from 463 students<sup>3</sup> from the integrated education system – in fact, 3<sup>4</sup> from each, which represents a total number of 1,389 questionnaires. To this we added 333 questionnaires relating to BA students’ 3<sup>rd</sup> year mandatory practice. In our research we studied the reactions of both students and companies, and concluded that it would be profitable to continue to provide MA students with opportunities for professional practice throughout the year on a credit-based system, although it would also be necessary to employ a teacher and full-time administrator to handle this.

### **The “Pécsi Közgáz” graduates**

In the GFS research, 152 students completed the questionnaire, of whom 60% are female and 40% male. After work placement, roughly the same proportions work in business (46%) and in the public sector (47%), whilst 7% found jobs in the civil sector. In terms of company size, 58% of graduates work for SMEs and 42% for large companies. Of the respondents, 27% are managers (one-third of whom took correspondence courses) whilst 73% are employees (of whom only one-sixth were correspondence course students). In terms of professional area, the three major fields are law and administration (22%), the economy (19%), medical and health science (18%). These are followed by the humanities (9%), engineering (8%), education (8%) and IT (6%) fields. In the economy field 29% work in the financial sector (17% of whom for banks), 71% outside the finan-

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<sup>3</sup> Since the sample comprises 4th and 5th year students from the earlier, integrated system, the sample is not affected by the mandatory professional practice of the Bologna system.

<sup>4</sup> Student surveys before and after the practice and one corporate survey.

cial sector (25% of whom for domestic SMEs, 17% for multinational companies, 8% for large domestic companies and 8% for public institutions and others).

Almost half of the graduates (49%) said that it was not difficult to find a job, one fifth (21%) thought it moderately difficult and 30% considered it difficult (22% reported a very difficult labour market integration). The graduates evaluated an average of 3.22 for the job placement experience (on a 1–5 scale where 1 is very difficult and 5 is very easy) – in other words, a little easier than average. From the regional perspective, 24% of new entrants to the labour market migrated to the capital. In fact, only 2.6% of these lived there on a permanent basis at the age of 14 (74% in other towns or cities, 21% in villages and the rest abroad), and so ten times more went to Budapest as left. This trend clearly shows the talent migration from the provinces and the concentration of the skilled workforce in the capital, which greatly affects regional competitiveness (Horváth 2001, Lengyel 2000). “Knowledge creation can improve the local economy’s competitiveness, but also affects the level of literacy and culture of the local society. The education, research and service offered by the institution induce capabilities and skills for the local economy and for its region, enhance the innovation processes and influence the quality of the local/regional culture and society.” (Rechnitzer 2009 p. 60.) One of the major reasons for the migration to Budapest is that a job is easier to find there – and also starting salaries are higher.

In the third quarter of 2010, average net earnings in Budapest was 161,869 HUF, whilst in South Transdanubia (in the same period) they were only 114,364 HUF (KSH<sup>5</sup> 2011). In the approach and methodology used by the KSH – during the collection and categorisation of the data – the employment rate is the lowest in the South Transdanubia (46%) and in recent years incomes have also been lower than the national average (Karácsony – Varga 2010). A quarter of our respondents work in the same city where they attended university (in our case Pécs), 8% decided to change city but stayed within the agglomeration, and a significant part (66%) work elsewhere, so demonstrating a high level of mobility.

In the sample, the average monthly net total income<sup>6</sup> (main and ancillary activities together) is 159,000 HUF. Gender does not show a statistically significant difference. The graduates working abroad earn most (234,000 HUF) followed by Somogy county (180,000 HUF) and Pest county (178,000 HUF). In Baranya county the monthly average net income is 162,000 HUF. We shall discuss later the relationship network’s impact on incomes.

We also surveyed satisfaction with the current job and other factors, and results suggest that 74% were satisfied with the professional content of the job (40% absolutely), 19% moderately satisfied and only 7% dissatisfied, and so for the most part graduates are satisfied. This can be explained by two factors: they have a meaningful and interesting job (also professionally), or they assessed their abilities realistically and had no exaggerated expectations. Job content proved to be most satisfactory overall, which is evidenced by the fact that the 88% of the graduates think that their work is “largely” related to their qualification (54% opted for “very largely”).

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<sup>5</sup> KSH is the acronym of the Hungarian Central Statistical Office.

<sup>6</sup> The net income gives more information about the workers’ financial potential since, on one hand, it also includes non-taxable income, and, on the other hand, comparing gross amounts is complicated due to the changing taxation rules.

We can see similar results applying to personal circumstances (66% satisfied, 18% moderately satisfied, 16% dissatisfied). With their physical environment 58%, professional prestige 47%, professional development and prestige 46% are satisfied, whilst they are less content with income and bonus levels. Here, 44% are “satisfied” (9.2% of whom are “fully satisfied”); the dissatisfied proportion is 31% (of whom 15% are “not satisfied at all”). There is, therefore a noticeable difference (30%) between their evaluation of the professional factor and that of their income in the case of the new entrants to the labour market. It is possible that they perceive themselves as under-valued in terms of remuneration due to excessive pre-expectations. Further analysis shows that women – even though they do not earn less – are less satisfied with their income than are men and the managers valued the satisfaction level of the content of the job - and the income – more highly than did the employee-level graduates. In regional terms, comparing workers in Pest and Baranya counties, the first are more satisfied with these factors. Interestingly, full-time students are more satisfied with their income than their correspondent colleagues. Using factor analysis<sup>7</sup> we examined these characteristics and identified two different groups, the results being summarised in *Table 1*.

The main statements of Herzberg’s motivators and hygiene factors model are visible among the graduates. In essence, his theory declares that only motivators generate the satisfaction, whilst hygiene factors eliminate dissatisfaction but do not motivate workers to exert more effort (Herzberg 2003). Overall, based on the feedbacks, the graduates would not object to the job, but, nevertheless, they can become demotivated, due to the lower-than-expected income, and so their performance may be lower than their potential performance capacity.

**Table 1. Herzberg ‘s motivators and hygiene factors within the Pécsi Közgáz graduates**  
(Source: own elaboration)

FACTORS	THE JOB CHARACTERISTICS	FACTOR WEIGHTS
<b>Motivators</b>	The professional content of the job	<b>0,85</b>
	The professional development, career	<b>0,85</b>
	Professional prestige	<b>0,77</b>
<b>Hygiene factors</b>	Income, bonuses	<b>0,69</b>
	Personal circumstances	<b>0,77</b>
	Physical environment	<b>0,81</b>

In the relationship capital analysis we showed that graduates keep in touch first of all with course-mates (92%). By nature these are friendly (94% of the graduates chose this option), and, in addition, 30% also maintain professional relationships.

In addition, we observed professional relationships in respect of the CCO (64%) and teachers 59%). To determine the intensity of these, we formed two categories based on their existing number: the first group contains those who have a maximum of 2 connections and the second those who have 3 or more. We saw that the salaries of graduates with fewer relationships are statistically significantly lower (150,000 HUF on average) than those with 3 or more (180,000 HUF on average). The net wage gap of 30,000 HUF is rela-

<sup>7</sup> Factor analysis was carried out with SPSS software. This method is used to reduce the number of variables in few new and independent large groups (factors) by multivariate statistical analysis. (Sajtos 2009)

tively high and, further, it is interesting that the major part of the latter category works in the business sector.

In our survey we asked the graduates to describe their past (student) activities and their opinions on current recommendations to today's students regarding what has to be done to facilitate finding a good job. They laid great emphasis on foreign scholarships. We can see that they most regret having not taken advantage of these, since in this respect we see the greatest difference between recommendations and "own activity".

It also emerges that language examinations were now given first priority. They had been well aware of this during their student years also, since language skills were ranked first in both cases. Professional practice is ranked second – in both instances – and so it is quite clear that, among Pécsi Közgazdászok students, it is widely accepted that professional practice increases the chances of finding a satisfactory job, something which is even more highly evaluated by graduates than by undergraduates. Next in ranking come foreign scholarships, other employment, academic and student activities and individual participation in student organisations. Overall, it is totally clear that, apart from foreign scholarships, they ranked activities in the same order. Further, each was recommended to be undertaken even more intensively by future graduates, since, in their view, these can significantly facilitate the process of entering the labour market.

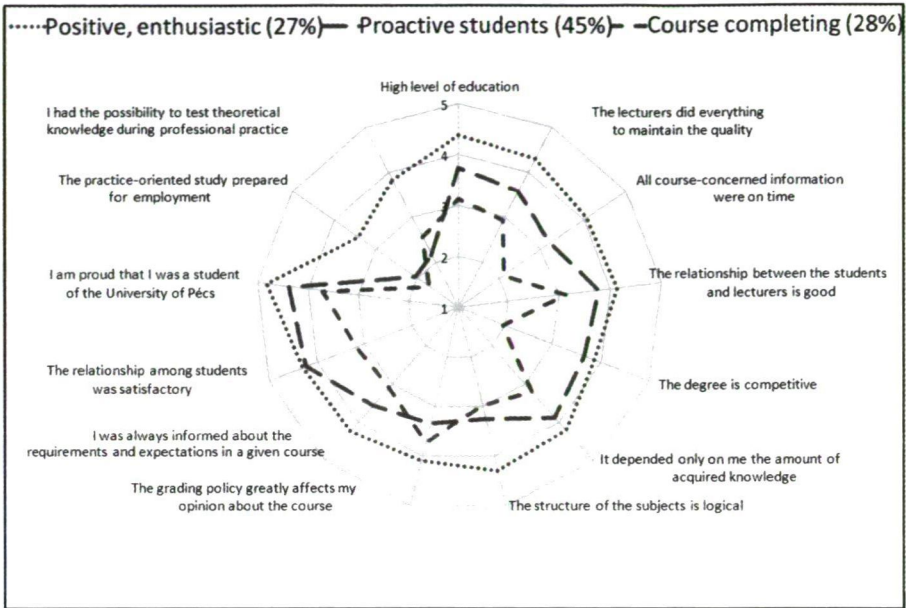
To explore issues of education and other related factors, we asked 14 x 5-grade Likert scale questions. Pride in having studied at the University is extremely high (4.4), and very close to 4 is the satisfactory level of relationships among students (4.0) and the perception of high-quality in the education provided (3.9). Graduates, therefore, have a very high opinion of UP and of the Faculty also. On the lower end of the scale, with values below 3.5, are the information flow (3.3), the competitiveness of the degree (3.3), the opportunities to test theoretical knowledge during professional practice (3.0) and the practice-oriented study as preparation for employment (2.6). These show that, based on their labour market experience, they think that their university years did not prepare them well enough for the world of work.

For a deeper examination we formed 3 homogeneous graduate groups by K-Means Cluster analysis.

The characteristics of the groups delineated are:

1. Positive and enthusiastic: essentially agree with each issue, the perceived value of the practice-oriented education compared to the other two groups.
2. Proactive students: they strive to acquire usable knowledge and want to receive all qualification-related information, although they do not think that their education is practice-oriented. In addition, environmental factors and good and positive relationships both with the lectures and the students are important.
3. Degree-oriented: the least satisfied group, they gave a low evaluation to the questions in almost every area. Those completing the course-related questions which depend on individual performance are relatively high, but the objective values, especially course-related information are low. They do not want to achieve high skills, but only to complete the course and to take a degree.

We also looked for relationships between some of the groups and our previous results. We could not explain why the average wage (180,000 HUF) of those less satisfied with the University is 40,000 HUF more than that of the positive, enthusiastic group. For a complete picture we decomposed our results to full-time and correspondent students, and we found that there is an increasing difference among full-time students, but positive, enthusiastic correspondent students have a significantly higher average wage (250,000 HUF), probably due to the fact that they were already working before they started their theoretical training.



**Figure 1. The clusters based on the education's characteristics**  
(Source: own elaboration)

Matching the above clusters with the Herzberg factors, the proactive students correlate with the motivators and the course-completing and positive, enthusiastic students correlate with the hygiene factors. It is easy to understand if we consider the findings concerning the correspondent students, since graduating has a relationship with a higher wage.

When examining the competencies necessary for the job, we found that employers expect greater autonomy from graduates after their university careers, although these often face conflict situations and, due to their many responsibilities, they need a high working capacity. It is interesting that, among job skills, language knowledge ranks relatively low compared to its value among the recommendations. It may be the case that a language certificate is required to enter most organisations although not used during everyday work.

These conclusions fully support the results of our previous research concerning professional practice (Farkasné et al. 2007, 2008a, 2008b, 2010), in which the dominant factors are the precise work, diligence, responsibility and cooperation skills, whilst creativity, knowledge of foreign languages and innovative skills are relegated to the background. Based on this it can be argued that, during professional practice, students were able to develop self-knowledge and to an understanding of labour market expectations. It is not by chance that Pécsi Közgazdászok students are aware of the advantages of professional practice and its related benefits. We see from the general GFS report of the University's Faculty of Business and Economics that a high level of significance and importance was accorded to the CCO by the graduates of 2007, 2009. Whilst the other Faculties of the University (10 in total, including FBE) showed an average of 3.7% of contacts maintained with the CCO, at FBE this figure was 12.5%.

## Summary and conclusions

The most important findings of our research are that a quarter of graduates work in Budapest; they found the process of job placement moderately difficult; the average monthly net income is 160.000 HUF; they are satisfied with the content of the job, but not with their income. The relationship network is in a positive correlation, but the educational service-related satisfaction is in a negative correlation with incomes. There are significant relations with the ex course-mates, teachers and the CCO, and there is a significant difference amongst the incomes of students who maintain few or many relationships. For future generations language certificates are strongly recommended, as is professional practice experience. For work, a high working capacity is needed, as are conflict management and autonomy skills, whilst innovativeness and creativity are relegated to the background. The students of Pécsi Közgáz are characterised by individuality and the willingness to create and develop their own personality. The results suggest that the operation of the CCO was successful and that such a service can help graduates to prepare for the expectations of the labour market. Under such circumstances the degree will become more valuable and competitive.

We would like to emphasise that several of our hypotheses did fail. We made many attempts to categorise (create clusters) the students, but without statistically relevant and significant results. One reason could be the low numbers of the sample; another might be that the students strive to distinguish themselves from the others. This is understandable, since the labour market tends to look first for the right personality to match the job and, only later, does it check the existence of the required knowledge and working skills. It first chooses the man and, only then, the colleague.

Universities have an important role in student 'well-being', and in this context in the achievement and maintenance of the student's commitment, satisfaction and motivation. The appropriate learning form for individuals and a practice-oriented knowledge creation process allow students to develop their potential, to become more motivated and satisfied. If they feel well – and in this context much of the responsibility is their own – they will be active, ready for different relations, willing to learn, and strongly success-oriented compared to graduates who are part of 'the herd'.

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