

## *The role of skills and competences in the national higher education and in the labour market*

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### **SUMMARY FINDINGS, CONCLUSIONS, RECOMMENDATIONS**

Due to the rapid technological, technical and economic development in the 21st century, knowledge and learning have become decisive economic factors and the role of human resources has also come in the limelight. The competitiveness of an entire national economy, a region or even a continent is basically determined by human resources with the suitable competencies. The labour market is in need of graduates who possess not only expertise in its strict sense but also master some economic, IT and foreign language skills. The free movement of labour is only of benefit to those who are able to communicate in a foreign language at a suitable level in addition to having specialised knowledge.

We set out to carry out a questionnaire-based study to prove that attitudes in higher education need to be changed. The findings clearly show that both the students and the employers agree that the effectiveness of foreign language teaching needs to be improved and that students should be equipped with broader and more modern knowledge in the fields of finance, accountancy, law, economics and marketing. At the same time, today's higher education is characterised by too many programmes and majors rather than the development of competencies meeting the real needs of the labour market.

To sum it up, we can conclude that to improve Hungary's competitiveness, the acquisition and the offering of the competences analysed in our research is indispensable.

### **INTRODUCTION**

Knowledge has been gaining greater importance for the past few years. The condition of human capital can decisively influence the economic development of the countries. If we accept the statement that the most important task of education is training the labour force and preparing people to take part in the economy, it is clear that the basis of economic competitiveness is the well-qualified labour force.

The competition that can be felt in the corporate life nowadays greatly depends on the qualification, competencies, creati-

vity and labour of the employees by providing the company with significant comparative advantages. Nowadays performance is the key idea. To enhance it, the managers have to be able to survey the strengths and weaknesses, the development needs and contributions of the employees to the success of the organisation precisely.

According to *Liebmann et al. (2004)*, it is not a coincidence that nowadays a great number of businesses are closing down in Hungary as there is lack of expertise necessary for the efficient running of the company. Motivation, performance, incentives, money and labour all play a role

in economics and also a significant emphasis has been placed on continuous trainings, further trainings, personality trainings and lifelong learning in corporate competitiveness.

All in all, the knowledge-based economy has such high requirements for the educational system that can help improve the competitiveness of the economy. The main function of education in the economy is to contribute to economic growth. Education has been given a much greater concern to offset the consequences of the global crisis, which requires a totally different role and tasks.

Sometimes far less money is spent on the conscious development of human resources that should be necessary although from the point of view of cost-profit ratio, investment in the human factor is always profitable and improving competencies can provide the company with competitive advantages. Adaptation to the constantly changing conditions can only be achieved by developing human resources (*Farkas, 1997*).

Knowledge-based society cannot be built without its proper background, i.e. educational institutions providing trainings of high standard. The importance of education, mostly higher education, and the importance of the key competencies provided by them and highlighted in the labour market can also be outlined here.

*Poór's (2006)* definition states that competency is the collection of such skills, attitudes and forms of behaviour that enable the person to perform successfully the task designated. It is competencies that mark a great difference between those fit for hiring and those who are not. The discrepancy between average and outstanding performance can also be due to this fact.

Some of them are of vital importance while others are secondary for fulfilling a certain position (*Spencer-Spencer, 1993*).

The specialist literature enlists a long repertoire of skills and abilities required in the labour market.

*Felső – Farkas (2007)* states that the ability of renewal is of key importance.

*Mátyási et al. (2007)* mentions work or professional experience as a criterion which is most difficult to be met.

*Felső – Farkas (2007)* in their paper regards IT skills, professional preparation and language skills as the key factors of competitiveness.

*Szedlacsek (2008)* agrees that at least the knowledge of a foreign language and business IT skills are a prerequisite regardless the fact whether they are necessary or not for a certain position.

*Selmeczy (2007)* also highlights foreign languages and IT skills as one of the most important skills required by employers.

The use of foreign language is a crucial, critical point according to all of them regarding placement and subsistence in the labour market. Foreign languages should also be part of lifelong learning as this is the only way to brush up the existing knowledge.

According to the questionnaire used by *Tóth et al. (2008)* about the training and retraining wishes and desires of graduates, their labour market situation and personal particulars, the following data can be detected: self improvement in foreign languages was ranked more important than using them at places of work. Taking age into consideration two-thirds of those between 30 and 39 go on further trainings –this way they can secure their future placement. Considering the connection between gender and the necessity of further trainings, women feel more compelled to do so than men. Regarding the domains of trainings and further trainings, most respondents found professional trainings important.

## MATERIAL AND METHOD

The objective of our research was to find out how the significance of each competence and skill is assessed by the responding employees who are actually taking part in a course at an educational institution. We

also examined what structure of competencies dominates their sector of economy and how they regard the utilisation of theory and practice in their everyday work together with the fact how they see the extent of utilising the certain competencies in the process of working. Our analysis was mainly directed at the extent of utilising the competencies and skills provided by higher education (college) in the world of labour. Moreover, we also examined their opinion on the 8 key competencies suggested by the European Union together with the fact which they are the strongest or the weakest at.

During our research both primary and secondary sources were applied. Questionnaires were filled in which pointed out the utilisation of the gained knowledge, the necessity of practical training, the role of foreign languages, the needs for continuous further trainings and socialisation at work among others. Employers were also involved in the analysis. In case of the returned questionnaires several methods were used. One of them was the practical representation of data by using a 10-grade scale. Another

The Table 1 shows the composition of the sample by gender/age.

her method was the principal component analysis. Among the multivariate methods the concordance coefficient by Kendall (W) was applied.

Among the secondary sources the data of KSH (Central Statistical Office) was also used trying to collect all possible information on this topic.

Standardised, pre-tested questionnaires were used in the research with questions about the judgement, utilisation, practical usage and direction of developing competencies besides the ones examining socio-demographic criteria.

Research was carried out in March 2009 with conscious sampling as one of the criteria was that the respondents should be actively taking part in trainings within the school system.

300 active adult employees were asked, of which 53% are engaged in social science, 41% in economic, 4% in technical and 2% in legal-public administration trainings at present.

Table 1

**The gender/age composition of the sample (%)**

Gender/Age	18-24	25-29	Total (%)
Male	30	10	40
Female	52	8	60

Total (%)	82	Most respondents (72%) live in cities or towns, predominantly in Heves (31%), Pest (27%), or Borsod-Abaúj-Zemplén (21%) counties.	
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Source: own research, 2009. N= 300

Regarding the highest qualification of the respondents we can state that most of them (45%) possessed General Certificate of Secondary Education. 25% passed this GCSE in a secondary technical school while the proportion of those having a certificate of a course in the National Qualifying List or a college degree was 15%-15%, respectively.

A significant part of the respondents (41%) have to live on a net salary of 65-120 thousand HUF per capita, 21% have 120-200 thousand HUF per month. The proportion of those who live on less than 60 thousand HUF per person per month was also relatively huge (38%).

When evaluating the replies, we had to take into consideration the young age of

the respondents and their inexperience in the labour market. Regardless of these facts, the evaluation itself can be regarded objective.

**RESULTS**

During the graphical representation we examined how important the skills and competencies listed on the questionnaire in subjects there are differences depending on the practice necessary for the job or the placement itself so the graduates possess basic business skills to a different extent (Fig. 1).

were from the point of view of professional activities and to what extent college education contributed to their acquisition.

The *importance and range of business skills* almost corresponded with the extent of knowledge gained during the courses at college on a 10-grade scale. The knowledge gained at college was regarded important (to an extent of 70-100%) but between the certain subjects there are differences depending on the practice necessary for the job or the placement itself so the graduates possess basic business skills to a different extent (Fig. 1).

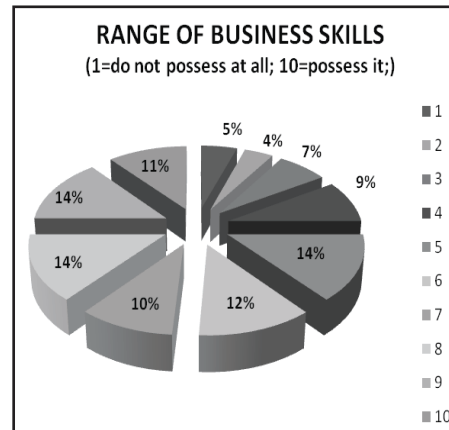
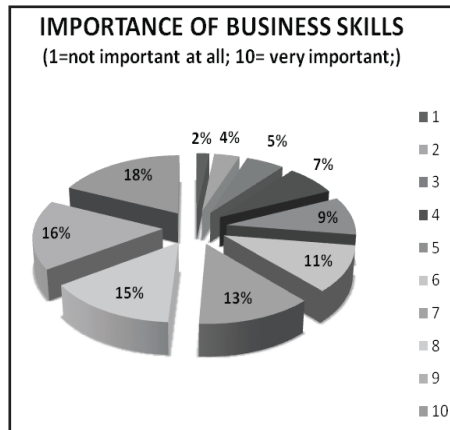


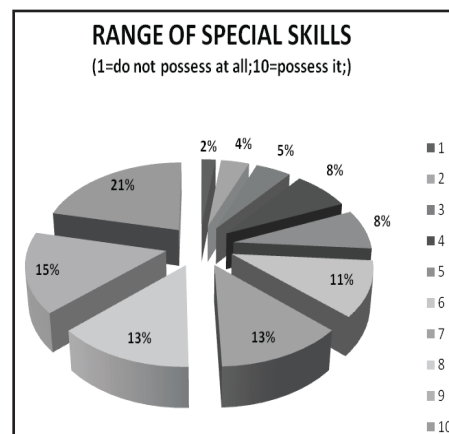
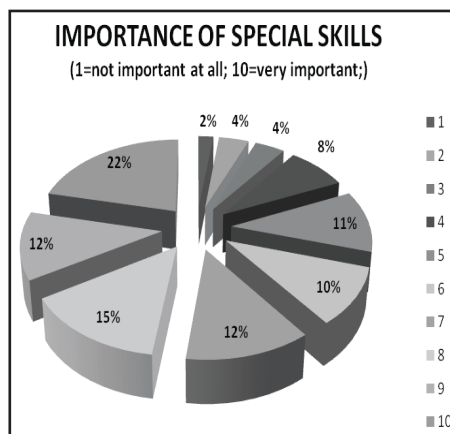
Figure 1

The importance and range of business skills

We also examined how important they

Source: own research, 2009

regarded *special skills*. The bulk of the respondents (more than 80%) emphasised the importance of special skills. Who stated this,



mostly possessed them as Fig. 2 reflects it.

Figure 2

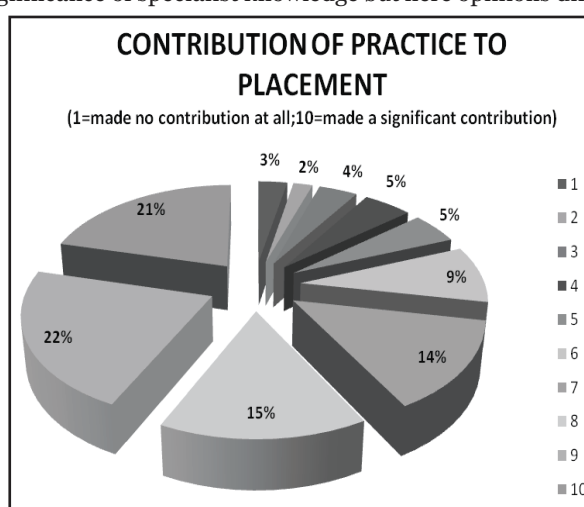
### The importance and range of special skills

Source: own research, 2009

The bulk of the respondents (more than 80%) emphasised the 30-60% importance of special skills and gaining such knowledge also proves this ratio. It means that admitted the significance of specialist knowledge but here opinions dif-

most graduates prepare for practical work rather than a scientific career.

By analysing diagrams we also examined *the extent that practice contributes to getting a job*. More than half of the respondents regarded its importance to be greater than 30% so they assessed practice positively. 40-70% of the respondents also



fer as Fig. 3 shows it.

Figure 3

Source: own research, 2009

The effectiveness of practical work can be evaluated by many points. Who regarded practice less important can see in 20-50% that the employers made maximum use of their work and left them alone. Who regarded the role of practice important in getting a job was mainly satisfied with their place of internship, as well.

The principal component analysis proved that the respondents regarded all course subjects important so they accepted the structure of education but the rank and degree of importance differed significantly mainly due to the different requirements at work. By means of the concordance analysis by Kendall we examined how unified the respondents' ans-

wers were while examining the given varieties. 25% of the respondents gave a positive assessment unanimously, which can be regarded satisfactory when taking the great number of factors into account. The evaluation of the Kendall test is represented by Table 2.

Based on the ranking we can conclude that problem-solving ability was regarded to be most important but handling conflicts, creative thinking and cooperating skills are also essential. The results were proved on the level of 5% significance.

Another important and interesting question is how respondents judged the importance of the certain branches of science. Not all the 8 questions had to be answered. The results are reflected by Fig. 4.

The respondents regarded foreign languages, finance and accountancy as well as IT and legal studies the most important.

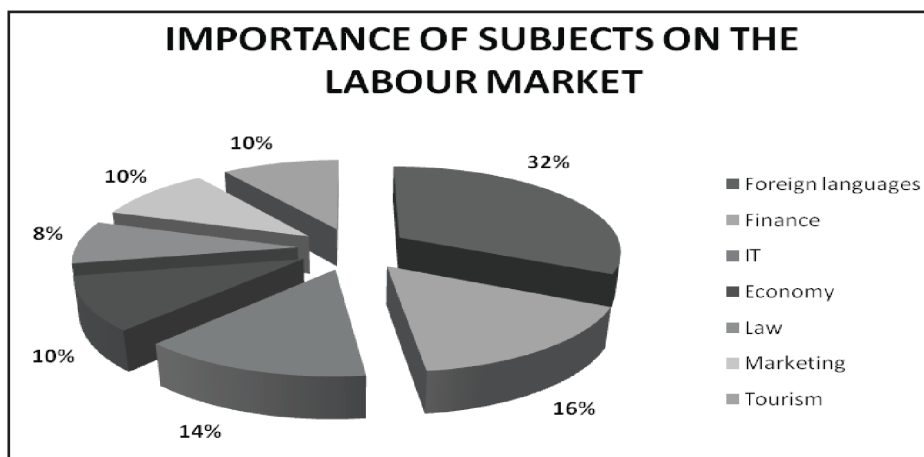
Table 2

**The evaluation of the Kendall test**

Name	Average points ranked
1. Communications skills	5.48
2. The importance of negotiating skills	7.31
3. The knowledge of negotiating skills	4.17
4. The knowledge of organising skills	4.36
5. The knowledge of oral expression	6.03
6. The importance of cooperating skills	7.81
7. The knowledge of independent work	6.17
8. The importance of creative thinking	7.73
9. The knowledge of creative thinking	5.68
10. The importance of handling conflicts	8.56
11. The importance of problem solving	9.07
12. The knowledge of problem solving	5.64

Source: own research, 2009

Figure 4



Source: own research, 2009

During the examination of the labour market chances of the graduates, we also interviewed the employers themselves. Based on our assessment we can conclude that the employers highlighted the importance of soft skills such as negotiating and cooperating skills, problem-solving ability but IT skills were also essential as Fig. 5 reflects.

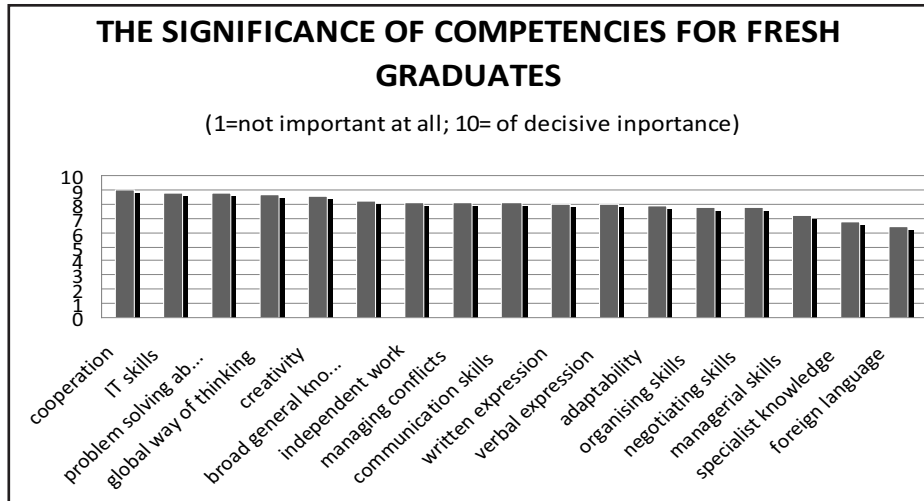
During the examination of the different skills and competencies we also asked the

employers about the lack of some abilities. Fig. 6 reflects the answers.

The respondents stated that they missed negotiating and organising skills most but to sum it up, we can say that the graduates possessed the skills necessary on the labour market at a much lower level than expected.

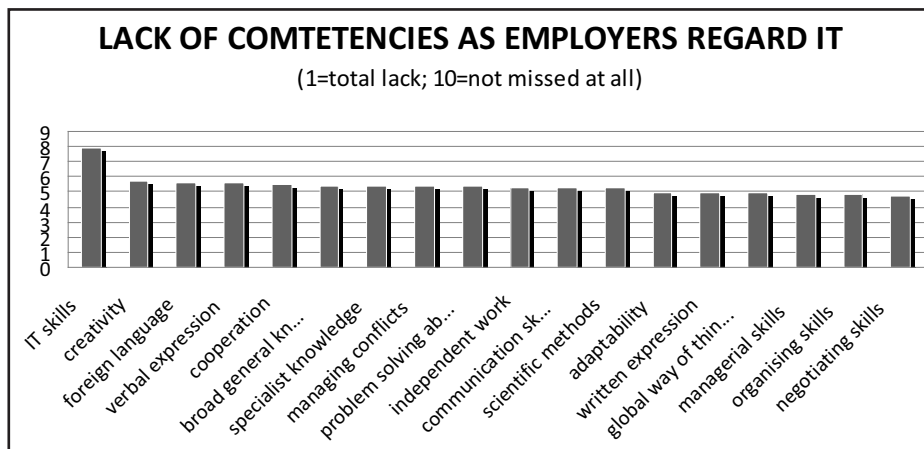
The questionnaires also suggest that regarding specialist skills, foreign languages or IT skills the graduates more or less meet the expectations. At the same time,

Figure 5



Source: own research

there is a huge gap in case of such competencies as negotiating skills, managerial skills



or adaptability.

Figure 6

Source: own research, 2009

Regarding professional practice, 8 out of 14 office directors thought that although professional practice was not a prerequisite for a job, it was an asset, anyway. Altogether 3 of them thought that without it they could not hire a starter. It can be explained by the fact that offices primarily do carry out administrative tasks so for their employees the significance of broad pro-

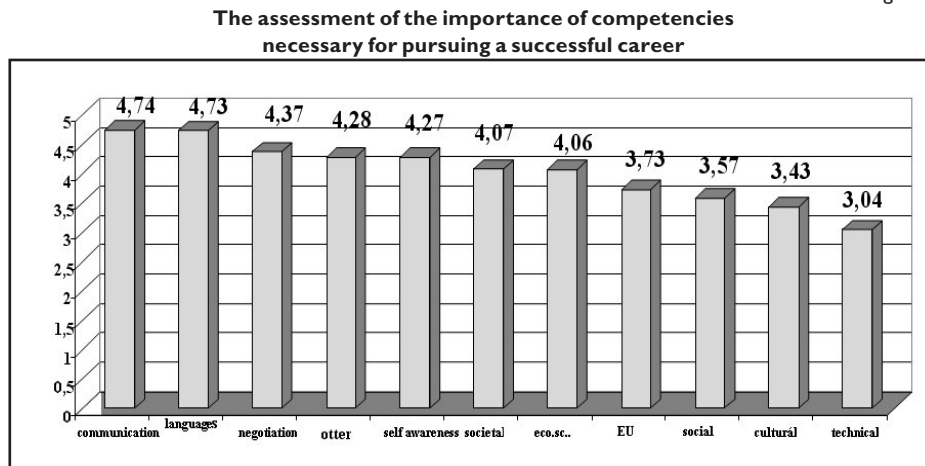
fessional knowledge, IT skills and problem-solving ability is much higher than that of practice.

Another of the basic objectives of our research was to find out how important each competency suggested by the EU was assessed by those presently employed for a successful career. According to the respondents the most significant ones are communication, foreign languages and negotiation skills.

Surprisingly, technical and EU skills were pushed to the background. Moreover, cultural skills and social sensitivity

were not ranked as dominant, either, by the members of the sample when relating to the other skills (Fig. 7).

Figure 7

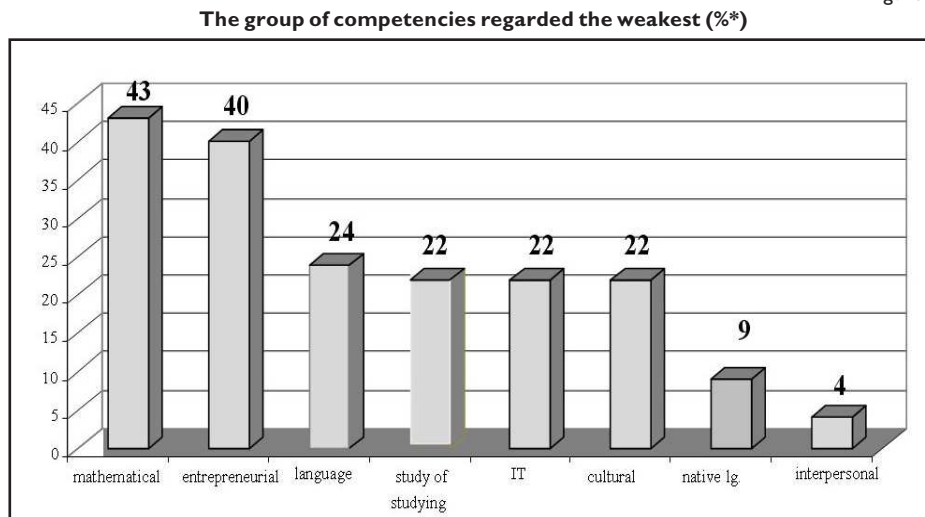


Source: own research, 2009. N=300 (measuring level: interval scale, 1=not important at all; 5= most important; value=average)

Despite the fact that according to them speaking a foreign language is of vital importance for a successful career, most respondents feel they are less prepared in this

respect. Besides foreign languages, mathematical and entrepreneurial skills were the ones the respondents assessed themselves to be the weakest at (Fig. 8).

Figure 8



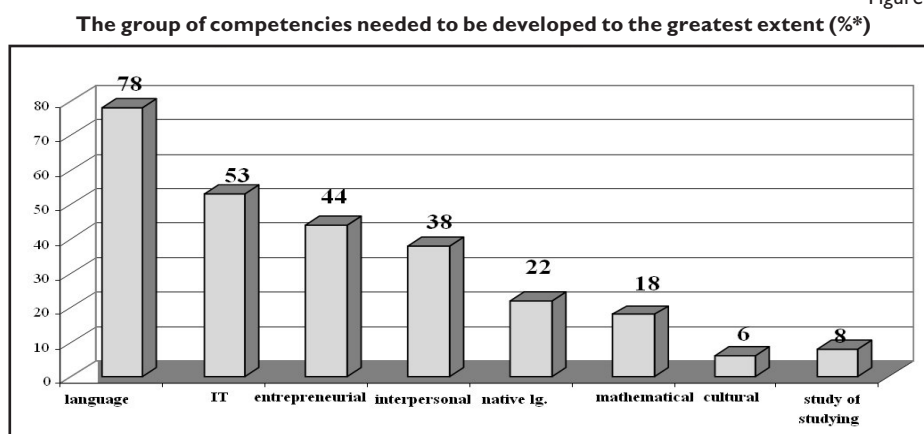
Source: own research, 2009. N=300 (\*relative frequency, more than one eligible answers)

The structure of the skills that the respondents were striving to develop most is in harmony with the statement above.

Foreign languages, IT and entrepreneurial skills ranked first in this group (Fig. 9).



Figure 9



Source: own research, 2009. N=300 (\*relative frequency, more than one eligible answers)

To achieve the objective of the research, we also examined what competencies and to what extent are used in the present jobs.

Not surprisingly, native linguistic competence (use of the mother tongue) ranked the absolute first place as this is the only one that cannot be neglected in any areas. Social skills are also extensively used in everyday work by the respondents together with

IT and communication skills. Entrepreneurial skills are also indispensable key competencies for many.

Among the key competencies given by us and defined by the EU, cultural awareness and the study of studying play a minor role in everyday working processes as can be seen from the statements of the respondents (Table 3).

Table 3

**The extent of competency utilisation**

Competencies	Extent of utilisation (average value in %)
native linguistic	56.78
interpersonal	19.13
IT	15.30
entrepreneurial	14.84
foreign language	13.56
mathematical	11.79
study of studying	8.65
cultural	6.62

Source: own research, 2009. N=300

We also would have liked to know what competency mix is attached to an economic branch by the respondents with work experience.

As a result, it turned out that in agriculture and fishery the most important ones are cooperation, flexibility and endurance.

The respondents mentioned punctuality, cooperation and reliability as the three most basic competencies in the construction industry.

In commerce and marketing employees should be assertive, flexible and cooperative if they want to be professional players—the respondents stated.

Punctuality, reliability and problem solving are the most important competencies in logistics and freight forwarding. Regarding tourism and the hospitality industry, flexibility, initiation together with cooperation and motivation are of vital importance.

According to the sample, education and pedagogy require good ability to cope with stress and furthermore, self-improvement and cooperation are also necessary.

The ability of coping with stress was also assigned to the branch of the army and the police besides endurance and cooperation.

Performing financial and banking tasks needs reliability, persuasion and punctuality—the respondents declared.

As a further phase in our research, we would like to get to know the opinion of the young adults taking part in full-time education without work experience and then comparing them to the responses of the presently active employees to find out what differences can be spotted in the opinions of the two samples being in different life cycles. We presume these digressions will help identify some characteristic differences that are typical of age and the stages of studying or working when it comes to assessing the importance of competences.

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