

FUNDAMENTAL ELEMENTS OF HUMAN CAPITAL NEEDED TO SUCCEED ON THE LABOUR MARKET

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Abstract

The goal of the paper is to define and discuss the fundamental elements of human capital needed to succeed on the current labour market, especially in terms of young people (students and graduates) who face potential long-term unemployment. The paper is based on the analysis of available scientific literature and the results of the authors' questionnaire survey focused on factors of students' employability. The survey was conducted from February to May 2016. The respondents were students of the Masaryk Institute of Advanced Studies of the Czech Technical University in Prague, the Education Management Centre of the Faculty of Education of the Charles University in Prague and the College of Regional Development in Prague. The relevant data were obtained from 415 students. The results support the assumption that from the perspective of today's common job requirements, suitable job applicants must demonstrate relevant professional knowledge, skills and abilities, proper work and social habits, appropriate development potential and personal aspirations for successful performance, professional growth and career advancement in the organizations.

Key words: human capital, job requirements, labour market

JEL Code: J21, J24

Introduction

The fundamental elements of the human capital of an organization include competencies (knowledge, skills and abilities) of the people who work in the organization and that determine the success of the organization (Armstrong, 2006). The competencies that create the human capital of the organization may be divided into technical (hard) and behavioural (soft) competencies. The technical (hard) competencies represent relevant professional knowledge, skills and abilities that people need to successfully perform their jobs. The behavioural (soft) competencies represent proper work and social habits as well as appropriate development potential and personal aspirations that people need to successfully work and

grow in the organization. From the perspective of today's common job requirements, suitable job applicants must demonstrate relevant professional knowledge, skills and abilities, proper work and social habits, and appropriate development potential and personal aspirations for successful performance, professional growth and career advancement (Šikýř & Bušina, 2014). However, to find such job applicants on today's labour market is not easy.

In today's turbulent business environment all organisations that deal with radical changes and strong competition value people with appropriate technical and behavioural competencies as the most important source and the greatest wealth (Kucharčíková, Koňušíková & Tokarčíková, 2016) that determine their future prosperity and sustained competitiveness (Pavlin & Svetlicic, 2014). On the other hand, people with appropriate technical and behavioural competencies significantly increase their chances on the labour market to reach a satisfying and rewarding career (Livanos & Nunez, 2016). However, the competition among job applicants is strong and the common job requirements are relatively high (Mocanu, Zamfir & Maer-Matei, 2014). The problem is that the professional and personal qualities of many job applicants (especially young people) often do not meet the requirements of organizations. A common problem of employing young people (students and graduates) is that they lack relevant professional skills and social habits (Cutillas, Monfort & Tortajada, 2011). Many young people of various specializations have better theoretical knowledge than practical experience (Stanciu & Banciu, 2012). Some young people also have no real idea about their future career, but often require positions that do not match their abilities, just to get a job promising them high earnings and rapid career (Garcia-Arical & Van der Velden, 2008). This leads to the fact that employers tend to hire experienced workers than young people with inadequate experience and unreal expectations. In this context, potential long-term unemployment among young people seems to be a serious social and economic problem (Sirůček & Pavelka, 2013).

Subjectively organizations are afraid of organizational and performance problems of employing young people, but objectively organizations have lack of effective strategies, policies and practices of employing young people as well as lack of understanding of specific needs of these people. To deal with the shortage of people with appropriate technical and behavioural competencies on today's labour market, organizations must learn how to create appropriate and attractive employment opportunities for young people and how to effectively develop potential of these people.

1 Goal and method

The goal of the paper is to define and discuss the fundamental elements of human capital needed to succeed on the current labour market, especially in terms of young people (students and graduates) who face potential long-term unemployment.

Achieving the goal of the paper is based on the analysis of available secondary data (especially the empirical data available in the scientific literature and the statistical data provided by the Ministry of Labour and Social Affairs of the Czech Republic) and the results of the authors' questionnaire survey focused on factors of students' employability. The survey was conducted from February to May 2016. The respondents were students of the Masaryk Institute of Advanced Studies of the Czech Technical University in Prague (Personnel Management in Industrial Enterprises and Management and Economy of an Industrial Enterprise), the Education Management Centre of the Faculty of Education of the Charles University in Prague (Education Management) and the College of Regional Development in Prague (Urban and Regional Development Management and Security and Safety Management in Regions).

The questionnaire included twenty two multiple choice questions focused on factors of students' employability, including the motivation to study at university or the expectations about the future career. The questionnaire was distributed to bachelor's and master's students. The relevant data were obtained from 415 students. The respondents were characterized by gender (28% male, 72% female), age (6% less than 20 years, 68% 20-24 years, 6% 25-29 years, 4% 30-34 years, 13% 35-49 years, 3% more than 50 years), years of work experience (43% less than 1 year, 21% 1-2 years, 12% 3-5 years, 7% 6-10 years, 5% 11-15 years, 3% 16-19 years, 9% more than 20 years), form of study (72% full-time, 28% combined), and year of study (45% first year, 28% second year, 17% third year, 10% fifth year).

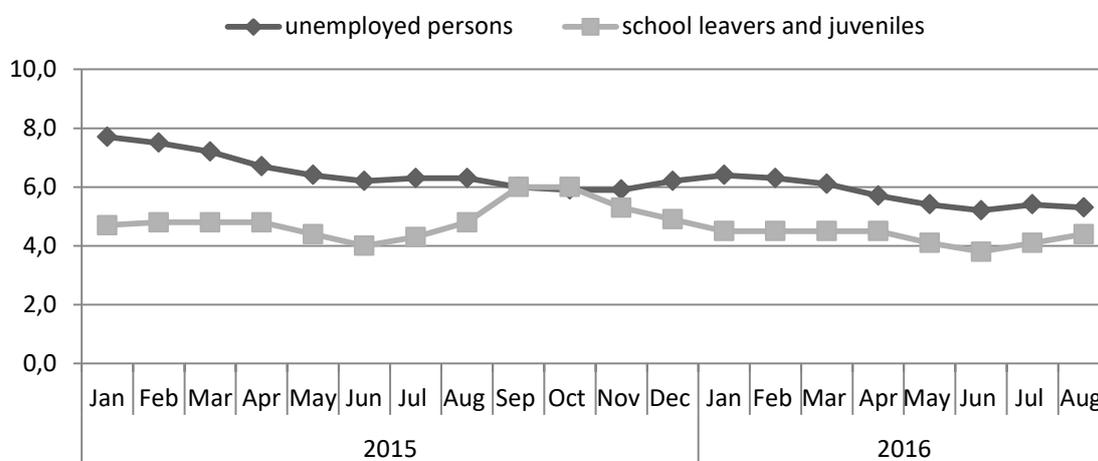
The data analysis was based on the calculation of relative frequencies and the evaluation of the dependence of responses on gender and year of study using contingency tables, chi-square tests of independence and sign schemes.

2 Results and discussion

The recovery and growth of the Czech economy is accompanied by a decrease in unemployment and by an increase in vacancies. Based on the data of the Ministry of Labour and Social Affairs of the Czech Republic (MPSV, 2016), the figure 1 shows the share of unemployed persons (the ratio of available job seekers aged 15 to 64 years in the population

of the same age) and the share of school leavers with all levels of education and juveniles in the total unemployment from January 2015 to August 2016. By August 31, 2016 job offices registered altogether 388,474 job seekers (including 17,274 school leavers with all levels of education and juveniles) and 139,268 vacancies. There were 2.8 job seekers for one vacancy at average. In comparison, by August 31, 2015 job offices registered altogether 450,666 job seekers (including 21,633 school leavers with all levels of education and juveniles) and 103,768 vacancies. There were 4.3 job seekers for one vacancy at average. In general, among the unemployed on the Czech labour market are mainly unskilled workers, young people aged 20 to 29 and people aged 50 and over. Especially potential long-term unemployment among young people represents a serious social and economic problem.

Fig. 1: The share of unemployed persons and the share of school leavers with all levels of education and juveniles in the total unemployment in the Czech Republic (%)



Source: authors based on the data from the Ministry of Labour and Social Affairs of the Czech Republic (MPSV, 2016)

A common problem of employing the unemployed (especially young people) is that their professional and personal qualities often do not meet the requirements of organizations. Many young people do not meet the requirements for professional skills and experience, as well as social behaviour and professional motivation. Coming to work, most of them do not have any real idea about their profession. They often do not know the main duties or primary responsibilities of the work. Even if they worked during their studies, they usually have no understanding of how to perform daily work tasks and how to solve real professional problems. They do not know how to use their theoretical knowledge in practice. They also do

not have the teamwork skills. They lack the ability to collaborate and communicate with colleagues, managers and clients. They are not able to analyse the available information, identify key issues, express their views and discuss alternative solutions. They lack relevant professional skills and social habits, but they want great earnings and rapid career. This leads to the fact that employers usually employ experienced workers than young people with no relevant experience and unreal expectations.

From the perspective of employability of young people, the most important condition needed to succeed on the current labour market is the capability and motivation to learn and develop necessary technical and behavioural competencies, including relevant professional knowledge, skills and abilities as well as proper work and social habits.

According to the authors' survey results, 69% of students stated that they are motivated to study at university by an effort to increase their chances on the labour market. In this context, 92% of students agreed that higher education gives them more chances to succeed on the labour market. On the other hand, 74% of students stated that they see their chances on the labour market as medium. They are afraid of the strong competition and the lack of work experience. The data analysis showed a significant difference between male and female students ($p < 0.05$). The male students estimated their chances on the labour market as much higher than the female students.

85% of students stated that they work during the academic year to earn money and get experience, but only 25% of them stated that they work in the field of study. Of course, every work is good to get needed work and social habits, but in some cases it is better to focus on the study than on the work that has no added value. The data analysis showed no significant difference between male and female students.

60% of students stated that they want to work in the field of study and 80% of students stated that they are ready for further education in the field of study. The data analysis showed a significant difference between male and female students ($p < 0.05$). The female students wanted to work in the field of study more frequently than the male students.

The expectations of students about their jobs included meaningful work (80%), self-fulfilment (70%), friendly team (66%), fair wages (63%), favourable environment (61%), job security (54%), professional management (43%), personal development (43%), employee benefits (33%) or career prospects (32%). It is obvious that expectations of students are great and that it is relatively difficult to fulfil all these expectations in one job or at one company.

Despite all the expectations, students are aware of the fact that the success on the labour market is determined by their abilities. According to students, the most important abilities necessary for the success on the labour market include the ability to communicate with people (80%), the ability to solve problems (77%), the ability to apply own knowledge (59%), the ability to acquire new knowledge (57%) or the ability of team work (57%). Generally, students should continually improve their knowledge of foreign languages, their computer skills or their knowledge of management, economics, psychology, sociology, marketing, informatics or law.

3 Implications and recommendations

The results on the perspective of employability of young people lead to proposals that would help organizations to deal with the actual or potential shortage of people with appropriate technical and behavioural competencies on today's labour market.

The basic step is to change traditional stereotypes and apply a positive approach to the employment of young people, which means to focus on their strengths, not weaknesses. The next step is to apply proven strategies, policies and practices in talent and diversity management to create appropriate and attractive employment opportunities for young people and to ensure effective development of their potential.

Talent management includes the processes of planning, resourcing and developing qualified and motivated people that the organization needs now and in the future to achieve its strategic goals. The process of talent planning should define how many and what sort of people are needed. The process of talent resourcing includes obtaining suitable people within and outside the organization. Internally it involves identification and development of talented people within the organization. Externally it involves attracting talented people outside the organization, especially attracting talented students and graduates of secondary schools and universities. In this connection, organizations should establish and maintain effective relationships with suitable secondary schools and universities to have a chance to meet, attract, and select talented young people and potential workers. This approach allows organizations to understand the needs and perspectives of young people to create appropriate and attractive employment opportunities for them. The process of talent development then allows talented people to learn and develop their knowledge, skills and abilities for successful performance, professional growth and career advancement in the organization. On the other hand, the secondary schools and universities should be able to provide students with relevant

theoretical knowledge and practical applications, ideally in collaboration with potential employers.

Diversity management means creating and maintaining employment opportunities and working conditions with regard to the natural diversity of people. In terms of the employment of young people, the aim of diversity management is to gain a competitive advantage by employing people of all ages. Age diverse groups of people have various knowledge, skills and abilities that add value to the workplace and play a key role in achieving success of the organization. Age diverse groups of people are more experienced, have lower absenteeism, and are more flexible and often more productive than younger or elder groups of workers. In addition, age diverse groups of people have a chance to interact with different generations of co-workers, which improves their relationships and understanding, as well as their morale and motivation, and makes the organization more attractive to workers and other stakeholders.

These strategies, policies and practices in talent and diversity management allow organizations to find effective ways of dealing with a shortage of qualified and motivated people.

Conclusion

The fundamental elements of the human capital of an organization include technical and behavioural competencies of the people who work in the organization and that determine the success of the organization. Organisations dealing with radical changes and strong competition value people with appropriate technical and behavioural competencies as the most important source and the greatest wealth. Organizations require people with relevant professional knowledge, skills and abilities, proper work and social habits, as well as appropriate development potential for successful performance, professional growth and career advancement. However, to find such people on today's labour market is not easy, although there are some unemployed people.

In general, among the unemployed on the Czech labour market are mainly unskilled workers, young people aged 20 to 29 and people aged 50 and over. A common problem of employing the unemployed (especially young people) is that their professional and personal qualities often do not meet the requirements of organizations. Subjectively organizations are afraid of organizational and performance problems of employing young people, but objectively employers have lack of effective strategies, policies and practices of employing such people.

To deal with the shortage of people with appropriate technical and behavioural competencies on today's labour market, organizations should take two key steps. Firstly, organizations should change traditional stereotypes and apply a positive approach to the employment of young people, which means to focus on their strengths, not weaknesses. Secondly, organizations should apply proven strategies, policies and practices in talent and diversity management to create appropriate and attractive employment opportunities for young people and to ensure effective development of their potential. In terms of talent management organizations should establish and maintain effective relationships with suitable secondary schools and universities to have a chance to meet, attract, and select talented young people and potential workers. In terms of diversity management organizations should create age diverse groups of people to mix the new ideas of young people with the life experience of other people in the organization. These approaches allow organizations to understand the needs and perspectives of different groups of people to create appropriate and attractive employment opportunities for them.

On the other hand, young people should be ready to continually learn and develop necessary technical and behavioural competencies needed to succeed on the labour market. These competencies include knowledge of foreign languages or information technologies, as well as the ability to communicate with people, to solve problems, to apply own knowledge or to collaborate and communicate with others. These issues open up new possibilities for further research in the field of talent and diversity management as instruments of development of human capital of the society.

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