

KURT SCHMID, HELMUT HAFNER

## Job market and SOFT SKILLS

The value of educational qualifications only truly unfold in combination with soft-skills.

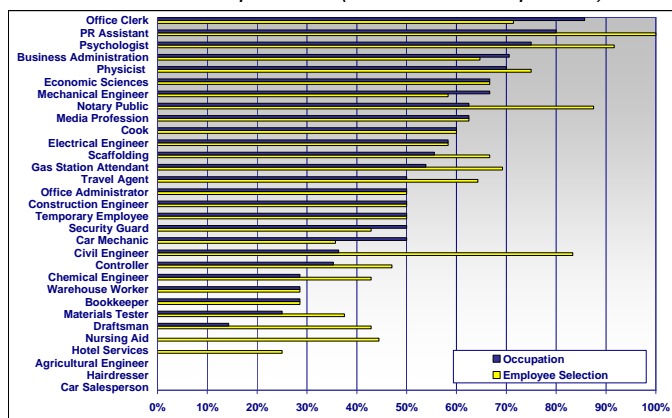
**S**oft skills such as reliability, team working skills and communication strengths are an integral part of the requirements sought after in virtually every job advertisement today. In a study commissioned by the AMS-Österreich (Public Employment Service Austria), the ibw examined for the first time on a broad empirical basis the importance of such non-occupational job requirements<sup>1</sup> particularly with regard to selecting new employees<sup>2</sup>. In summary, the following could be determined: occupational qualifications alone are no longer sufficient for successful job matching. This applies for the opposite case as well: soft skills without occupational qualifications are nowhere near sufficient for successful job matching.

### *Increasing Importance of Soft Skills*

During the last five to ten years soft skills have gained in importance in many occupations with regard to job requirements as well as employee selection<sup>3</sup> (cf. Ill. 1). The following non-occupational skills in particular have become more important: team working-, cooperation- and communication skills, the ability to work independently and business thinking as well as the complex motivation / interest / dedication. Higher requirements are also being put on flexibility, appearance and customer orientation.

#### Ill. 1: Increasing Importance of Soft Skills in Recent Years

*Percentage of the companies that reported an increase in importance (in selected occupations)*



Source: ibw company and expert survey 2007

Soft skills have thus in the meantime become an integral part of practically every occupation and therefore an essential selection criterion in the recruiting process.

Illustration 1 also reveals apparent differences between the individual occupations with regard to the degree of increasing importance.

Companies assume that also in the future non-occupational skills will continue to gain in importance for the occupational portfolio as well as for employee selection. This is particularly true for the areas of: customer orientation, independence / business thinking & action, decision making skills, communication skills / language skills / ability to work in a team, flexibility, appearance / personal conduct.

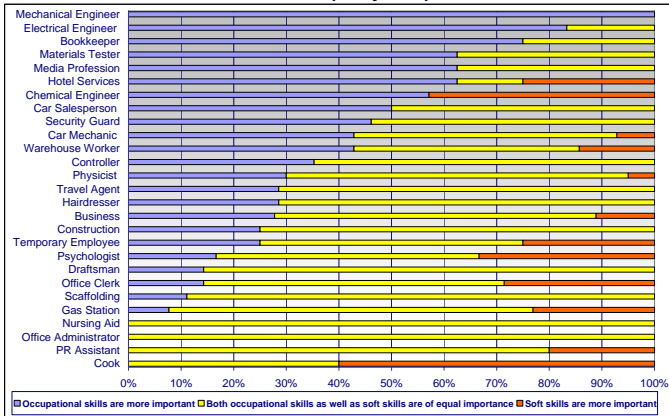
### *Occupational Skills Are Not However Becoming Less Important*

To interpret the increasing importance of soft skills as the “downfall” of occupational qualifications would be a fundamental misunderstanding. Despite the strong attention to soft skills, the significance of hard skills (occupational qualifications) in personnel recruiting is by no means to be considered less important. However, occupational qualifications alone are no longer sufficient for successful job matching. The opposite is also true however: soft skills without occupational qualifications are nowhere near sufficient for successful job matching.

As can be seen in Ill. 2, the majority of the companies are of the opinion that soft skills are at least equally as important as occupational skills (YELLOW) or even more important than occupational skills (RED). There are however numerous occupations in which practically every company said that occupational skills (BLUE) are more important than soft skills. Often the opinions of the companies differ even among the same occupation. This is an indication of differing company needs.

III. 2: Importance of Soft Skills Compared to Occupational Skills in Personnel Recruitment

*Distribution of the company responses*



Source: ibw company and expert survey 2007  
 Note: selected occupations

*Which Soft Skills are Particularly Relevant?*

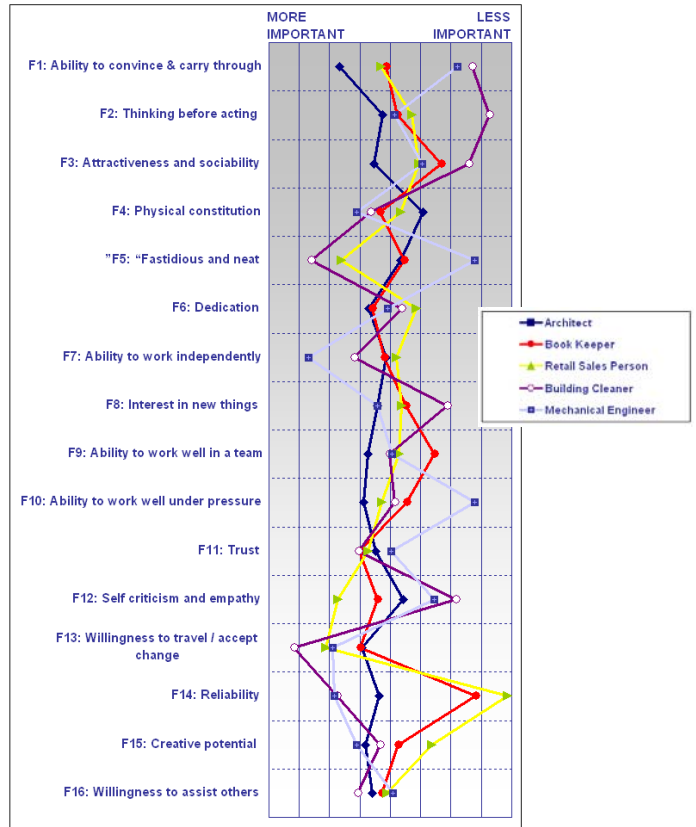
Roughly speaking three groups of non-occupational skill requirements can be determined:

- Soft skills that every company (regardless of occupation) find extremely important when selecting new employees: work motivation / willingness to work, independence, ability to work in a team, ability to work well under pressure / handle stress, willingness to learn and flexibility.
- Soft skills that present important selection criteria for many (but not all) occupations: business thinking and action, customer orientation, personal hygiene, organizational skills, discretion and clever-mindedness.
- Soft skills that are only an important selection criteria for recruiting in a select number of occupations: management- / leadership skills, analytical / critical thinking skills, high degree of competence in written and spoken language, physical attributes (fitness, strength etc.), willingness to experiment / ability to improvise, basic technical understanding and willingness to travel.

*Occupations Differ with Regard to Soft Skill Requirements*

In the study companies and experts were asked to rate 78 different descriptions / key words for non-occupational skill requirements based on a 4 point scale (from “very important” to “not important at all”) with regard to their importance for personnel recruitment. The “evaluation” of these ratings by means of a factor analysis make it possible to establish requirement profiles typical for the different occupations based on 16 meta-factors<sup>4</sup>. III. 3 provides an example of the requirement profiles typical for the different occupations based on the profiles for 5 individual occupations<sup>5</sup>.

III. 3: Non-Occupational Skill Requirement Profiles in Five Selected Individual Occupations



Source: ibw company and expert survey 2007

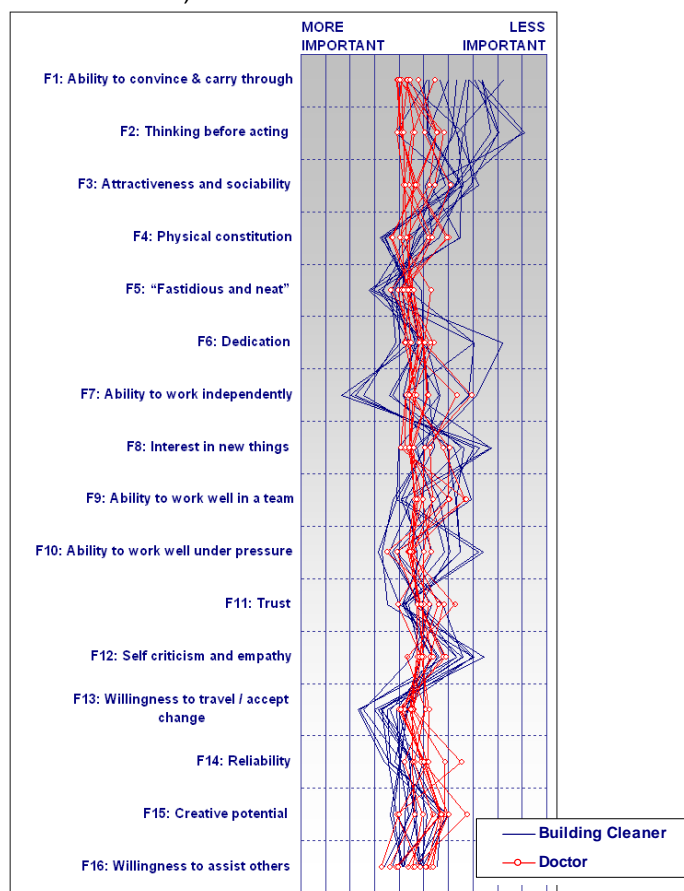
*Soft Skills Requirements are However also Strongly Dependent on the Respective Concrete Job Assignment and Field of Work*

However, the previous statement must be somewhat softened considering that the requirements for non-occupational skills are also strongly dependent on the concrete company environment and the respective concrete job assignment and field of work!

This can be recognized by the fact that the individual ratings for each individual occupation exhibit a large distribution (III. 4 shows this based on two individual occupations). Individual occupational profiles therefore rather describe a more-or-less wide corridor within which the individual occupational profiles range. The high distribution of the individual ratings for the factors within the individual occupations is primarily due to **company specific connoted activity spectrums of the occupation**. In other words, depending on the company dependent concrete portfolio of duties, the assessment of the importance of the factor will vary. As an example for instance, this might be how closely the duties are involved in project work, or to what extent there is customer contact even in so-called “purely” production occupations (thus the spectrum of activities might range for example for plumbing and HVAC technicians from work at a large construction site to repair work in private

homes, which clearly require different skills with relation to customer orientation).

III. 4: Factor Profiles of the Individual Responses in Two Individual Occupations (Doctor, Building Cleaner)



Source: ibw company and expert survey 2007

*Soft Skills are Predominately Perceived as Personal Dispositions and Therefore Can Not be Sufficiently Validated by Tests*

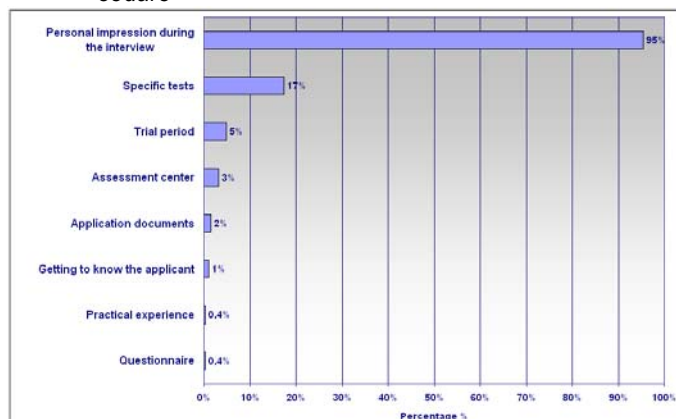
Most of those surveyed perceived soft skills as personal dispositions. The extent to which these dispositions might actually emerge as skills in a certain individual is dependent on their respective biography and the possible courses of action (social, economic, etc.) that are recognized as such and (can be) acted upon.

According to this point of view certain limits arise regarding “learnability”, whereby with suitable pedagogical support (e.g. coaching, courses) “intervention opportunities” are most definitely seen as possible, at least in certain it areas.

And secondly it is not surprising that companies primarily assess whether or not the applicant possesses the necessary soft skills for the job based on the **personal impression made during the job interview**. Only a very small number of companies actually also implement specific test procedures, potential analyses or assessment center procedures (cfg. III. 5).

III. 5: How Do Companies Determine if the Applicant Possess the Necessary Soft Skills?

Percentage of companies that use the respective procedure

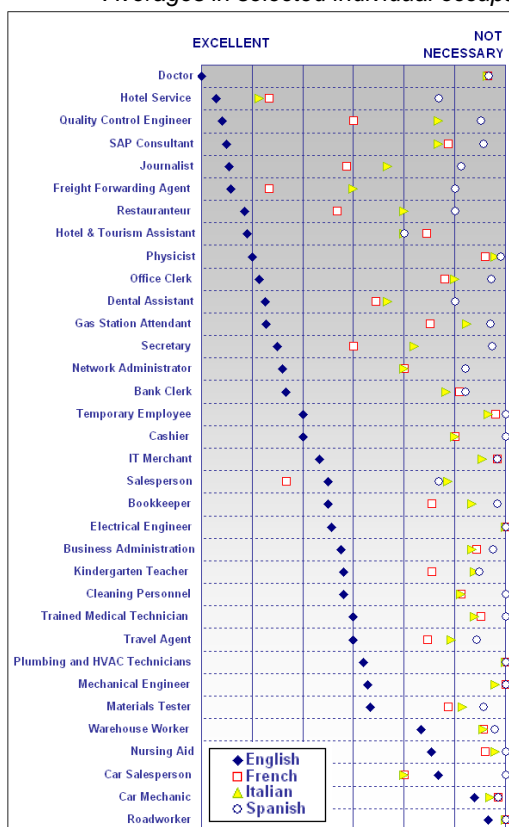


Source: ibw company survey 2007

*Expected Foreign Language Skills*

As the **lingua franca**, **English** is required in almost every occupation, whereby in many occupations good to excellent English skills are expected (cfg. III. 6).

III. 6: Expected Foreign Language Skills Averages in selected individual occupations



Source: ibw company and expert survey 2007

By comparison, other foreign languages are expected significantly less, and some are not even expected at all (e.g. East European languages, Turkish). This does not mean that these languages are not needed in the daily work life, only that they are not a constitutive characteristic of the individual occupations!

The highest level of English skills tend to be required in occupations at an academic level. But good English skills are also expected even for unskilled and skilled trade occupations.

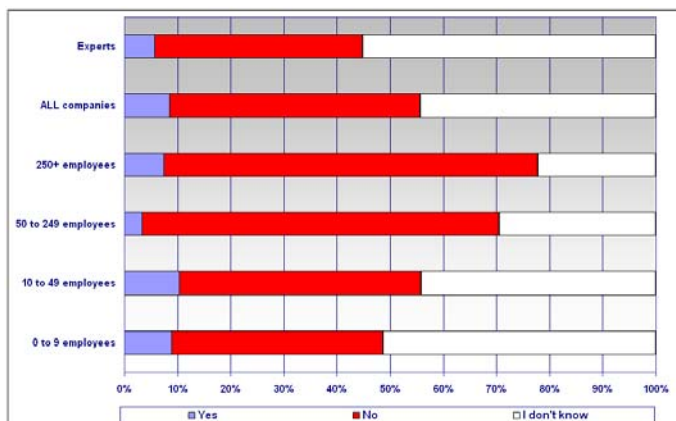
In numerous occupations a certain multilinguality (knowledge of more than one foreign language) on a basic level is also expected.

### AMS Information Provided Regarding Soft Skills

The majority of the companies surveyed felt that the AMS provided job seekers with insufficient information regarding soft skills (cf. III. 7). At the same time there is a clear desire as well as a need for such information (approximately three quarters of the companies surveyed desired such information). This area therefore shows indications for considerable **further development / optimization potential for job matching.**

#### III. 7: Does the AMS Provide Sufficient Information on Soft Skills?

Division of the Companies According to Answer Categories



Source: ibw company and expert survey 2007

### Consequences for Job Applicants

Job seekers who are applying for a job should therefore always consider these three aspects:

- Requirements that are virtually always considered very important: work motivation / willingness to work, reliability, ability to work independently, ability to work well in a team, ability to work well under a certain amount of pressure / to handle stress as well as willingness to learn and flexibility.
- Requirements that are considered very important depending on the concrete profession or occupational scope of activities: e.g. in occupations with customer contact: social skills and communications skills, or in Back-Office professions: ability to work independently, strong organizational skills, etc.

- Requirements that strongly depend on the company environment or the concrete job assignment: for e.g. project work, extent of customer contact in “purely” production occupations (plumbing & HVAC technicians) => Inform yourself ahead of time!

Furthermore, it is very difficult for potential employers to “measure” non-occupational skills. Personal impressions are therefore extremely decisive.

This research brief is only able to touch upon a few of the highlights covered in the study. The final report was published under:

Schmid Kurt, Hafner Helmut: “SOFT-SKILLS: Ihre Bedeutung bei der Personalauswahl, -Einstellung und -Entwicklung: Erhebung und Analyse von Entscheidungsgrundlagen” (SOFT-SKILLS: Their Importance in Personnel Selection, -Employment and -Development: Survey and Analysis of the Basis for Decision-Making), ibw-Forschungsbericht No. 140, 2008.

Available for download free of charge under:

<http://www.ibw.at/html/fb/fb140.pdf>

<sup>1</sup> The terms soft skills and non-occupational skill requirements were used synonymously in this study.

<sup>2</sup> Up until now studies on the topic of soft skills have primarily been conducted using qualitative research approaches or on the basis of job advertisement analysis. The ibw study attempts in this respect to take a step towards empirical data analysis.

For this purpose both qualitative interviews (at ten private temporary employment agencies) as well as an empirically based survey of companies and experts were conducted. The approximately 750 companies and 135 experts provided assessments covering an estimated 63 individual occupations. The occupations were selected such that the random sample would cover the essential combinations of occupational activities (production occupations, occupations with customer contact, Back-Office occupations) and required qualification levels (unskilled / vocational training, engineer / A-level education, university degree) for a wide spectrum of occupations.

<sup>3</sup> A correlation analysis for both of these aspects resulted in a significantly positive correlation coefficient of 0.797.

<sup>4</sup> A classification of the individual soft skill characteristics for the meta-factors can be found in the final report.

<sup>5</sup> This illustration (as well as the following diagram) are to be interpreted as follows: The lines illustrate the average factor profile in the individual occupations. The middle of the x-axis represents the standardized average of the factors across all occupations (the standardization was carried out in such a way that it resulted in a mean value of 0 with a standard deviation of 1). Thus the further left a factor is located from the middle, the more important it is for this individual occupation (compared with the average of the factor for all occupations). Correspondingly, distances to the right indicate a comparative lack of importance.

#### Publisher

ibw – Institut für Bildungsforschung der Wirtschaft

Rainergasse 38, A-1050 Vienna

Tel.: +43/1/545 16 71-0, Fax: +43/1/545 16 71-22

E-Mail: [info@ibw.at](mailto:info@ibw.at), Homepage: [www.ibw.at](http://www.ibw.at)