Graduate Employability, ‘Soft Skills’ Versus ‘Hard’ Business Knowledge: A European Study

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There is a growing awareness in the UK and mainland Europe of the importance of higher education to the development of a knowledge-based economy. European universities are increasingly required to produce highly mobile graduates able to respond to the ever-changing needs of the contemporary workplace. Following the Bologna Declaration (1999), higher education across Europe has expanded rapidly. This has resulted in questions being raised about the quality of the graduate labour market and the ability of graduates to meet the needs of employers. This paper analyses graduate and employer perspectives of graduate employability in four European countries (UK, Austria, Slovenia and Romania). In doing so it adds to current debates in this area.

Introduction

There is a growing awareness in the UK and mainland Europe of the importance of higher education to the development of a knowledge-based economy (Dunning, 2002; Harvey et al., 2002). Universities across the globe are increasingly required to produce highly skilled graduates who are able to respond to the ever-changing and complex needs of the contemporary workplace (Weil, 1999; Sleezer et al., 2004; Possa, 2006). In addition to this, the rapid expansion of higher education across Europe over the past two decades has resulted in questions being raised about the quality of the graduate labour market and the ability of graduates to meet the needs of employers (Teichler, 2003; Elias and Purcell, 2004). Indeed, serious concerns have been expressed about an increasingly wide ‘gap’ between the skills and capabilities of graduates, and the requirements and demands of the work environment in an increasingly mobile and globalised society (King, 2003; Yunus and Li, 2005). Despite such concerns, there is a notable gap in current knowledge linking graduate and employer perspectives of the context and content of European Business School education to graduate employability. By providing an analysis of an exploratory study analysing the perceptions and experiences of business graduates and employers in four European countries (UK, Austria, Slovenia and Romania) this paper goes some way to addressing that gap.

The Study Background

Each of the four countries included in the study have very different higher education sectors. Slovenia has the smallest sector with just over 67,200 students (EIU, 2005a) enrolled at three state owned and managed universities and seven private Higher Education Institutions (HEIs) (Doling, 2005). Austria has around 200,000 students.
EIU, 2005b) enrolled in 112 Higher Education Institutions comprising of a mixture of universities and Fachhochschulen (vocationally-focused Higher Educational Institutions). Of the four countries, Romania has the most complex HE Sector with over 1.5 million students enrolled in 112 public and private universities and colleges (Arsene, 2005). The United Kingdom has the largest sector with around 2 million undergraduates enrolled in 197 HEIs (SCIT, 2006).

Demographic differences between the countries are exaggerated by social and economic disparities. Despite this, the content of business related undergraduate courses is remarkably similar in all business schools taking part in the study with similar ‘core’ modules such as accounting, strategic management, marketing, economics and business psychology being taught in each institution.

The Study Approach

The aim of the study was to conceptualise and identify key individual- and business-related skills and competencies required by employers of business graduates and holders of other higher level qualifications, and to discover whether higher education business programmes are meeting the needs of the European marketplace.

Utilising semi-structured interview techniques, a total of fifty people were interviewed across all four countries, thirty business graduates and twenty employers. The graduate interview questions focused on individual’s experiences of making the transition from education to employment and were themed into five different areas: perceptions of current employment situations; reflections on higher education; experiences of work-based learning and other work; possession of business focused skills and competencies; and the usefulness of interpersonal and communication skills and competencies. The employer questionnaire followed a similar approach focusing upon: graduate recruitment issues including training and formal graduate employment schemes; perceptions of, and organisational links with, higher education; key business skills and competencies expected of graduates within the work environment; and interpersonal and communication skills and competencies.

Each interview, which took on average an hour to complete, was tape-recorded and where necessary translated into English prior to transcription. The transcripts were then analysed by one of the authors utilising grounded theory methodology (Glaser and Strauss, 1968).

Defining Graduate Employability

Definitions of employability vary greatly from a focus on graduates’ abilities to adapt their and use personal and academic skills (Knight and Yorke, 2004) to more tangible educational outcome measures that associate graduate employability with employment under the auspices of the UK’s ‘first destination’ statistics (Smith et al., 2000; Harvey et al., 2002). In analysing such ‘first destination’ statistics Smith et al. suggest that, at an

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individual level, the probability of unemployment or inactivity six months after graduation is influenced strongly by the individual’s class of degree, subject studied, prior qualifications and social class background (2000). Other studies have found that nearly two-thirds of all graduate vacancies are open to graduates from any discipline with the type of skills required dependent upon the role to be carried out within a particular organisation (Raybould and Sheard, 2005). Whilst the Higher Education Funding Council for England (HEFCE) sponsored research links employability to experiences of work-based learning gained on *sandwich* courses (Mason et al., 2003).

It is evident therefore, that employability is an extremely complex, and somewhat vague, concept that is both difficult to articulate and define. However, by synthesising the available literature, it is possible to identify key ‘transferable’ *soft* skills and competencies integral to graduate employability:

- Professionalism;
- Reliability;
- The ability to cope with uncertainty;
- The ability to work under pressure;
- The ability to plan and think strategically;
- The capability to communicate and interact with others, either in teams or through networking;
- Good written and verbal communication skills;
- Information and Communication Technology skills;
- Creativity and self-confidence;
- Good self-management and time-management skills;
- A willingness to learn and accept responsibility (Adapted from: McLarty, 1998; Tucker et al., 2000; Nabi, 2003; Elias and Purcell, 2004).

In utilising and amalgamating the above skills and competencies for the purposes of defining graduate employability, the intrinsic link between graduate skills and competencies and the needs of the labour market (Trunk et al., 2006) was considered of paramount importance. Thus, the key features of graduate employability identified above formed the basis of the study interviews. Each of the graduates and employers interviewed was given the opportunity to raise the issues they deemed important. By drawing attention to the study findings, the following pages identify the issues raised in the interviews and provide a comparison of graduate and employer perspectives.

**The Study Findings**

Three significant themes emerged out of the research, each one focusing on different components of graduate employability:

- Business Specific Issues (*Hard* business-related knowledge and skills);
- Interpersonal Competencies (*Soft* business-related skills);
- Work Experience and Work-Based Learning.

The graduates’ perceptions, whilst contextually different, were remarkably analogous, whilst employers’ perceptions of the skills and competencies necessary to enhance graduate employability were similar in all four countries. This supports previous arguments that similar expectations and demands are made of graduates across the globe (Harvey and Bowers-Brown, 2004).
The following paragraphs discuss the study findings, looking firstly at graduate, and then employer, perspectives.

**Study Findings Graduate Perspectives**

**Business Specific Issues: Hard-Business Knowledge and Skills**

One of the important issues to emerge out of the study related to the graduates’ motivations for choosing to study business or business related subjects at a higher level. Many expressed instrumental reasons believing that a business qualification in itself can enhance employability:

- Having a business degree is definitely an advantage in employment… (UK graduate)
- I had to have a business degree. It is absolutely vital in the financial sector. (Austrian graduate)
- It was very important to have a business degree in order to get a job… (Romanian graduate)

Many of the graduates drew attention to the importance of the content and context of their educational programme. Indeed, specific areas of business knowledge acquired whilst in education proved to be a valuable asset for the graduates, many of whom identified knowledge indicative of specific modules as particularly useful in their employment:

- The marketing modules have been most helpful to my job. There’s always an element of marketing within sales. (Slovenian graduate)
- Marketing and Organizational Behaviour have been most useful in my employment… (Austrian graduate)
- The finance module has been most useful for my current position. I also find HR beneficial… (UK graduate)

The graduates also described how they were able to adapt and apply the core business skills learnt in education to their employment:

- I use every module in my daily work. I develop smart objectives to work from and towards. In every case I begin with a PEST [Analysis of the Physical, Environmental, Sociological and Technological factors] and a SWOT [internal Strengths and Weaknesses and external Opportunities and Threats] analysis. (UK graduate)
- I manage accounts… All of the modules are useful even the ones I didn’t enjoy. (Romanian graduate)

Not all of the graduates’ experiences of moving from education to employment were wholly positive; some described practical difficulties reflective of perceived ‘gaps’ in their business education:

- Business Programmes should teach SAP [ICT Accounting Programme]. It was not taught on my course. You cannot go out there without any SAP knowledge. (Austrian graduate)
- … you don’t get taught enough about how to put together the formal documentation you have in employment (Slovenian graduate).
- You don’t actually get taught how to do presentations properly which would have been very useful. (UK graduate)
Throughout the study, the need for business graduates to be able to apply theoretical and conceptual knowledge to their ‘real life’ business situation was evident. However, other less tangible softer business-related interpersonal skills were also recognised as being vital for graduate success.

**Interpersonal Competencies: Soft Business-related Skills**

In many respects the most important generic competency required by the graduates was the acquisition of high levels of written communication skills:

- I learned how to write methodically at university. I use these sorts of skills all the time at work. (Slovenian graduate)
- I gained considerable writing skills at university…. I use these skills a lot in my employment. (Romanian graduate)
- I learned how to write in a very accurate and detailed style. This is important when it comes to [my job]... (Austrian graduate)

Whilst the majority of the graduates felt their education had equipped them with transferable written skills, this was not the case when discussing oral presentation skills:

- I feel I could have done with some sort of formal training in how to do presentations... (UK graduate)
- My presentation skills improved a little as I progressed through the course... I would have benefited from some sort of training in presenting though… (Austrian graduate)
- I think there should have been more practice at … presenting things in front of other people as part of my degree course... (Slovenian graduate)

Although many of the graduates felt that their education had not provided them with the necessary level of oral communication skills required in the work environment, many felt that their university experiences of group-work had provided them with vital team-working skills:

- We had to do a lot of group-work at university... This has been really useful in my work. (UK graduate)
- On my course we did a lot of teamwork training. In my job I needed to do some teambuilding … my educational experiences were really useful. (Slovenian graduate)

Interpersonal skills were not only acquired in the classroom. For many of the graduates the ‘social side’ of Higher Education was particularly valuable in that it afforded them the opportunity to learn how to interact with people from wide-ranging cultural, religious and ethnic backgrounds:

- At university I learnt to mix with people from all different backgrounds. I use the social skills I acquired then all the time. (Austrian graduate)
- The social side of university is very important. You get the opportunity to socialise and mix with lots of different people. This makes for a good transition to work. (Slovenian graduate)
- The social skills I gained at university help an awful lot in life, that stuff sticks with you forever. (UK graduate)
Work Experience and Work-based Learning

Work experience gained during work-based learning programmes such as formal placements and internships represented a significant aspect of many of the graduates’ experiences. The nature of such work experience varied from country to country. Most of the UK graduates had undertaken a twelve-month-long period of formal paid work placements, whilst a few of the Austrian, Slovenian and Romanian graduates had undertaken a period of formal ‘internship’. It was evident from the study that the UK graduates benefited greatly from participating in a twelve-month period of formal work-placement. This placement afforded multiple benefits, providing a valuable learning opportunity during which theoretical skills could be applied to ‘real-life’ employment:

The placement gave me the chance to use everything I learned at university and to apply it in a practical way… (UK graduate)
I benefited greatly from the placement. Learned a lot. I applied what I’d learned in the first two years of my degree … it was a really good experience… (UK graduate)

For many of the UK graduates, the most valuable part of formal work-placements was an enhancement of subsequent university studies:

…my grades and coursework improved a lot in the final year due to what I’d learned on the placement… (UK graduate)
All the things I had to do in my final year were of much higher quality than in the other years because of my placement. (UK graduate)

Whilst for some the placement greatly improved their employment prospects:

It was the fact that I’d done a placement that got me my job… (UK graduate)
My placement was a fantastic experience… The placement’s what got me such a good job. (UK graduate)

For the graduates in the other countries, internships afforded less benefits and were generally not discussed in great detail. A few did, however, benefit greatly from an international internship:

I did an internship at an international bank in New York. It was a great experience … really useful when applying for work… (Austrian graduate)
My internship was very relevant to my course. I did it in Italy and used the knowledge I gained in education to develop two handbooks. (Slovenian graduate)

Study Findings: Employers’ Perspectives

Business Specific Issues: Hard Business Knowledge and Skills

For employers, the added-value of employing a business graduate was that a higher level business related qualification represented more than evidence of the acquisition and application of knowledge. It reflected an individual’s ability to think in a critical and applied manner:

It’s important that they be able to think outside the box… Having studied at degree level means they know how to put forward an argument… (UK employer)
The discipline isn’t so important, it’s the other skills learned at university that are important. The analytical skills and problem solving skills… (Romanian employer)

We prefer graduates because they are able to understand and analyse complex facts… (Slovenian employer)

The expectation that graduates required less supervision, were more mature and able to fit into the work environment was also expressed by employers:

- Graduates need less supervision and want a real job with real responsibility. They want … to use their knowledge and make a contribution (Austrian employer).
- Having studied at degree level makes them more mature … and more employable… (UK employer)
- We’re after the added-value of the university experience… Someone who is flexible and who has the ability to prove themselves… (Romanian employer)

Graduate assertions about the advantages of studying business in terms of core business skills and knowledge were supported by employer perspectives about the positive aspects of employing graduates with a business-focused qualification:

- The content of the job requires the knowledge of many subjects such as marketing, finance, strategy and so on… (Slovenian employer)
- We’re looking for IT skills, business related skills and business knowledge… (Austrian employer)

Whilst the ability to apply core business skills acquired during education to employment was identified as an important facet of business education, some of the employers perceived the most valuable asset offered by the graduates to be business acumen:

- We expect them to have business acumen, to be able to have the ability to take hold of reality and apply the knowledge they’ve gained at university… (UK employer)
- We’re looking for people who understand what’s going on in the business world… (Austrian employer)
- Graduates need to gain an edge and to have business acumen. Not just know the theories. (Romanian employer)

However, other employers felt that business acumen was somewhat lacking in the students they interviewed and graduates they subsequently employed:

- Business acumen is the one key thing we look for the most. Many students fall down on this. (UK employer)
- Graduates often do not know how to combine things, they do not know how things are connected to each other. (Slovenian employer)

Interpersonal Competencies: Soft Business-related Skills

Like graduates, employers also identified written and oral communication skills as important factors shaping graduate employability:
The key skills employers want are communication skills. Report writing is very important... (Romanian employer)
Presentations skills are very important as are communication skills... (Austrian employer)
Communication skills are important ... and we need them to be good at making presentations... (Slovenian employer)

Team-working skills were also identified as being a vital part of the graduate portfolio:

It’s important that graduates are able to work as part of a team... (Austrian employer)
Graduates need to be able to work together within a team... (Romanian employer)
We look for evidence that they have worked in teams at university... (UK employer)

Employers also appreciated that graduates were able to think innovatively:

(We want someone who is innovative and who can come up with ideas. They need to be able to express their ideas... (Austrian employer)
We prefer to employ graduates because they generally have a lot of fresh ideas... (Slovenian employer)

Work Experience and Work-based Learning

Like the graduates, the employers’ perspectives of graduate work experience, and associated work ‘readiness’ reflected differences in each country’s educational system. For the UK employers, the work placement scheme was highly valued:

The placement year is a real winner for employers. The students who’ve had real experiences of the work environment come out on top in the employment stakes. (UK employer)
The work placement scheme ... is invaluable in my experience. Students get valuable experience working in a business and understand how business works... (UK employer)

One of the Austrian employers discussed the benefits of work experience in relation to the internship programme:

We took on a graduate who had undertaken a formal internship ... This individual had specific skills in venture capital and finance acquired during his internship ... (Austrian employer)

Whilst formal work-placements were highly valued in the UK by graduates and employers alike; employers in all four countries recognised that many graduates do not have the opportunity to take part in such formal training, and that part-time employment, undertaken whilst studying, is the only experience many graduates have. Such part-time employment was identified as particularly valuable in assisting a smooth transition to the work environment:
Any kind of work experience is appreciated, even more than a good degree in some cases… (Austrian employer)

Work experience is very important, it teaches students about business etiquette, little things like being on time, knowing how to behave in different work situations… (Romanian employer)

Throughout the study it was evident that both graduates and employers valued the experiences and knowledge gained during work placements, internships and other part-time employment.

**Discussion of Findings and Conclusion**

The tangible and intangible skills identified in this paper were not distinct, unrelated individual traits but instead represented a synergetic compilation of what may be termed ‘ideal’ generic skills and competencies required of graduates in the workplace. In each country the growing graduate market shaped the employers’ perspectives and expectations. Moreover, increasing graduate mobility across Europe (Poutvaara, 2004; Taylor, 2005) means that employers have an ever-growing pool of highly qualified candidates from which to choose, and that the scale of competitiveness within the contemporary graduate recruitment market in all EU countries is unprecedented. Given the socio-economic and cultural differences of the four countries, employer expectations of business graduates in respect of ‘hard’ business skills and ‘soft’ interpersonal competencies were remarkably similar.

The advantages of employing a business graduate in respect of the value of discipline focused knowledge and know-how were discussed by many of the employers. Another key similarity in employers’ expectations related to graduates’ problem-solving abilities. Such abilities were manifested by what employers perceived to be an ability to think in a critical and analytical manner. Employers in all four countries expected business graduates to possess high levels of discipline specific skills synthesised with more generic interpersonal and communication competencies. In sum, they expected that, upon commencing employment, graduates would be employment-ready; equipped with the necessary skills and competencies, and able to work with the minimum of supervision.

Like the employers, the majority of graduates identified ‘hard’ core business skills as being an important and integral part of their portfolio. However, whilst many of them felt more than qualified in respect of discipline focused abilities, they perceived themselves as lacking the necessary level of presentation skills. Furthermore, in each country, graduates felt they had not had been able to gain sufficient expertise or experience in making verbal presentations whilst in higher education. Previous study findings have identified presentation skills as an important facet of employability and suggested that the teaching of such skills should form part of the undergraduate curriculum (Fallows and Stevens, 2000; Pittenger et al., 2004). It would seem therefore, that in order to promote business graduate employability within an increasingly competitive and global business environment, business schools need to develop programmes in which undergraduates are actively encouraged to acquire and hone ‘softer’ communication skills. High levels of business knowledge by itself is insufficient, excellent verbal communication skills are also necessary in order that graduates feel confident in their abilities to communicate such knowledge.

The importance of work-based learning and subsequent graduate employability is discussed in the literature (Hesketh, 2000; Gibbs and Angelides, 2004). For the
graduate study sample, opportunities for work-based learning differed greatly. In the UK the majority of the graduates had undertaken a twelve-month period of formal paid work ‘placement’. In the other European countries work-based learning usually entailed one or two ‘internships’, which on the whole were unpaid and lasted between one and three months. Notably, the majority of internships involved a period of employment in a country other than the graduates’ homeland, whereas all but one of the UK graduates had spent their work-placement in the UK. This is one area in the study where cross-national differences in both graduate and employer perspectives were evident. The complex practical and psychological implications for undergraduate study of part-time employment are discussed in the literature (Broadbridge and Swanson, 2005). However, this study suggests that work experience (in any ‘setting’) constituted an important consideration for employers in when recruiting graduates. Formal work-based learning in a business environment was identified as particularly valuable because it enhanced students’ learning experiences whilst providing them with the opportunity to acquire and hone work-related skills. Part-time employment was also perceived positively because it provided evidence that graduates were willing to work hard to achieve their goals and were able to balance employment and study.

In conclusion, in the four different countries included within this study, the similarities in the demands and expectations that employers have of business graduates were remarkably homogenous. Moreover, there were notable similarities in graduate and employer perspectives of what may be termed ‘core components’ of business graduate employability: the value of **hard** business-related knowledge and skills; the importance of **soft** business-related skills and competencies; and the need for prior work-experience. The study findings support the issues raised in the Bologna Declaration in respect of the need for comparable degrees (and therefore degree content) across Europe (Vlăsceanu and Voicu, 2006). Thus, in order to promote business-graduate employability on a pan-European scale, business schools across Europe need to make sure business graduates are equipped with more than **hard** business-focused skills and competencies. Work experience, and an ability to utilise **softer** business-related skills and abilities are also vital. With graduate numbers increasing on a global scale, European business schools have a responsibility to promote the employability, work readiness and mobility of their graduates. In doing so, they will produce highly qualified, flexible and employable individuals, able to meet the ever-changing demands of modern-day European business.

**References**


