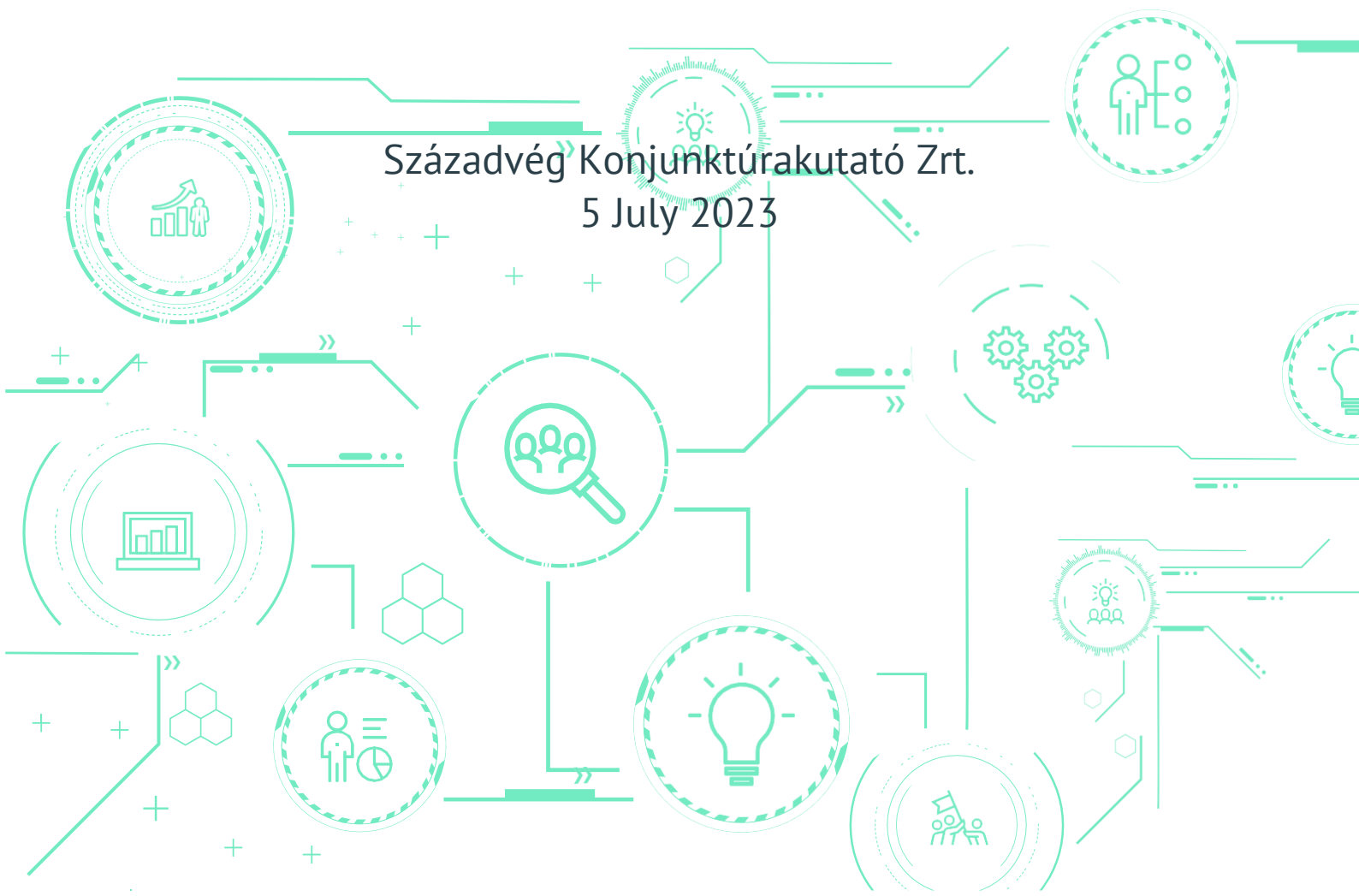




Transversal competences will define the labour market of the future

Századvég Konjunktúrakutató Zrt.
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The global technological transformation, the dynamic expansion of digitisation and automation, demographic changes, the COVID-19 pandemic and, in line with these, the increasing use of flexible and atypical forms of employment are fundamentally changing the future of work, and consequently the labour market expectations for individual jobs.

Among the related labour market expectations, there is an increasing emphasis on so-called transversal skills, i.e. competences (e.g. autonomous learning, collaboration, critical thinking, digital competences, etc.), that allow for quick and flexible adaptation to the changing world of work.

A survey conducted by the Digital Division of Századvég Konjunktúrakutató in the third quarter of 2022 and the first half of 2023 among employers and employees, as well as the general population, on expectations regarding future jobs revealed that, although with different emphases, both employers and employees in Hungary considered these skills to be the most important for future success.

The factors mentioned in the introduction are fundamentally changing employers' expectations of employee competences, with an increasing focus on skills that support **flexible adaptation to an ever-changing world. Previously expected employee competences** (e.g. professional knowledge, communication skills, language skills, coordination and management, negotiation skills, decision-making skills, etc.) **are moving to the background, being reassessed or given new content** in employers' priority lists.

Employees who fail to recognise the changing expectations of employers in time may be at a long-term or even **permanent disadvantage in the labour market** compared to those who are able to adapt flexibly to these changes. This has a **negative impact** not only on their personal fate, but also **on the competitiveness** of the business, sector and national economy concerned.

Our survey sought to answer the question of how labour market/employer expectations of Hungarian employees' competences are expected to change in the next 5-10 years, and what factors (e.g. technological development, disruption, atypical forms of employment and work, cost efficiency and sustainability considerations, etc.) are likely to influence them most; **to what extent the Hungarian working-age population possesses the key competences in question, is aware of their importance and is open to their development;** and **what perceptions and expectations do stakeholders** (employers and employees) **have of the requirements of future workplaces/jobs** and what expectations do they have of the form (location or time) of work.

Our survey examined the current and future importance, availability and need for development of the competences needed for the jobs of the future in two different phases. In the first phase of the survey, we wanted to find out the opinions of active employees and the general population on some of the competences that are (also) prioritised by the European Union (EU) and considered particularly important in the international literature. In the second phase, we asked employers about the same skills, and then compared the results of these two samples in the form of a GAP analysis to see the differences in the two groups' opinions on the competences examined.

The survey also asked what employees and employers think about some of the expectations for the future of the labour market.

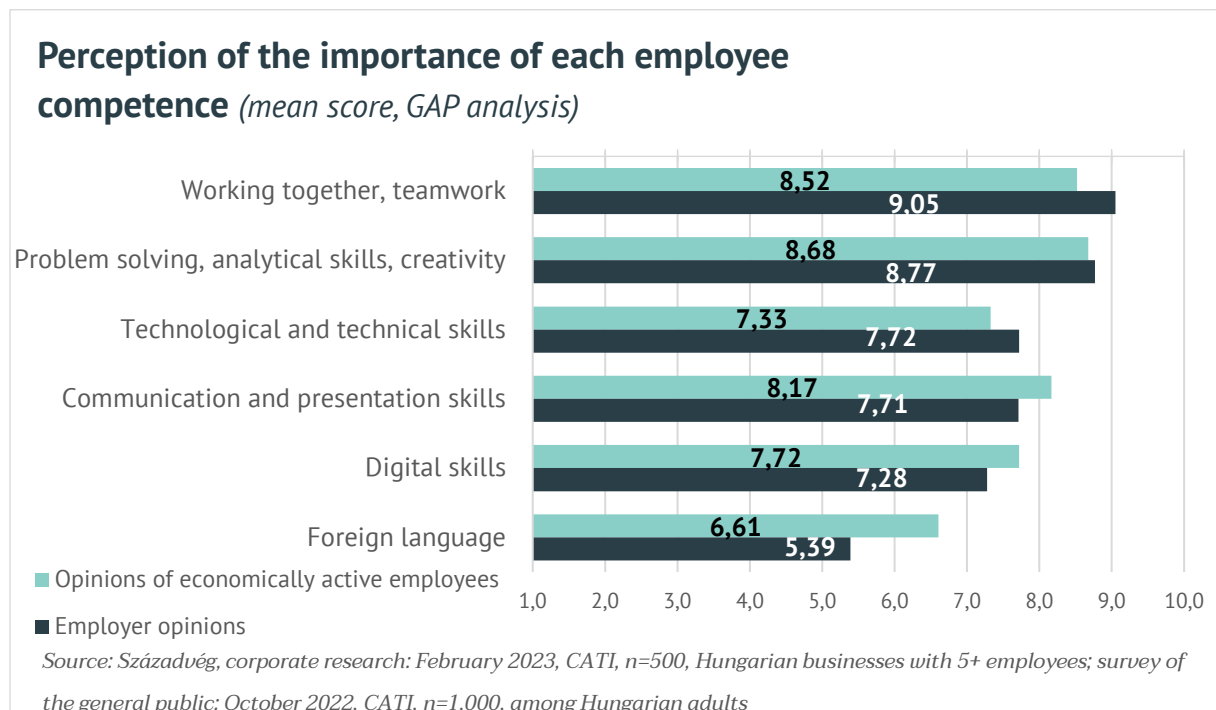
In the following, we present the main findings of the GAP analysis comparing the results of the two survey phases.

Employees and employers have similar views on the most and least important competences

According to both employers' and employees' opinions, **the most important competences** were **working together, teamwork, problem-solving, analytical skills and creativity**, while **the least important** on both sides was **foreign language skills**.

The most notable difference in the importance of the competences we surveyed **was in the case of foreign language skills**: on a scale of 10, employees rated this competence 1.22 points higher (i.e. more important) than employers. In addition to foreign language skills, employees also rated digital, communication and presentation skills as more important than employers.

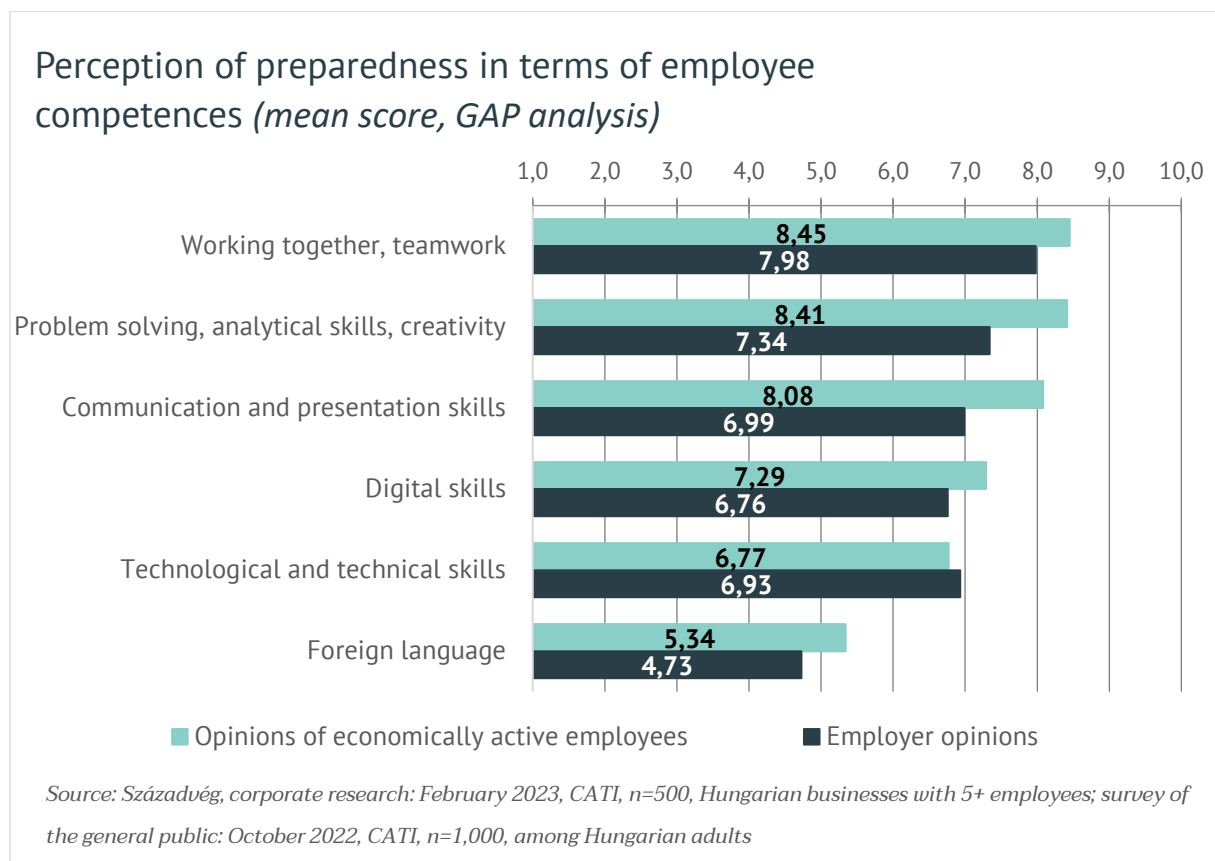
However, the situation is reversed as regards the importance of **working together and teamwork**: employers rated this area about half a point higher than employees, and the situation is similar for technological and technical skills, while the two sides' perceptions were almost identical for **problem-solving, analytical skills and creativity**.



Employees rate their own preparedness higher than employers

Except for technological and technical skills, **employees rated their own skills higher than employers in all competence groups.** As regards the perception of preparedness, the self-assessment of employees exceeded employers' perceptions mainly in **communication and presentation skills** (+1.09 points), **problem solving, analytical skills, creativity** (+1.07 points) and **foreign language skills** (+0.61 points).

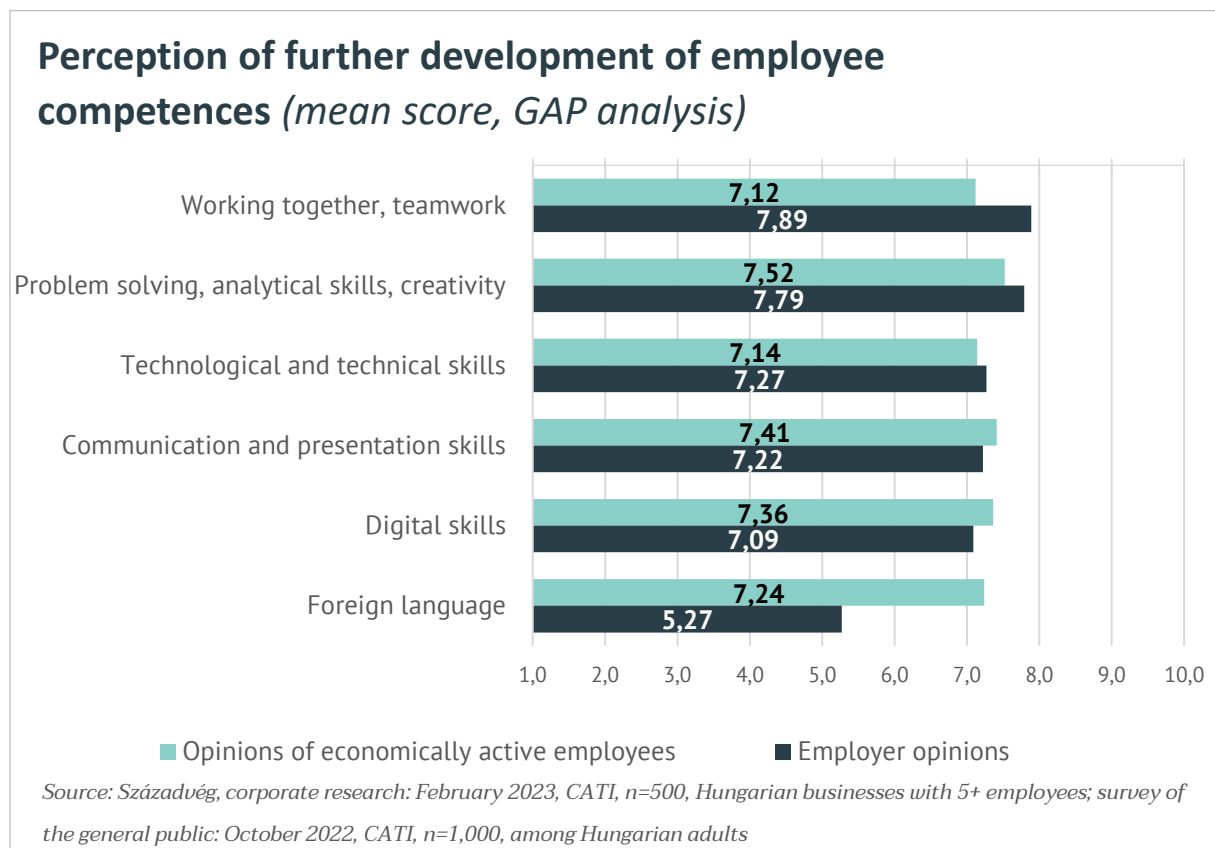
The order of importance of the competences is almost identical across the groups studied (only the ranking of technological, technical and digital skills differs).



Employers and employees had fundamentally different perceptions of the need to develop certain skills

While employees felt the need to improve their skills in the areas where they rated their own preparedness lower than the importance they attached to the skill group, **employers showed a similar attitude only towards hard skills**. Soft skills (working together, teamwork, problem-solving, analytical skills, creativity, communication and presentation skills) were rated lower in terms of need for improvement than both the importance of the area and the relative unpreparedness of employees.

Although respondents' views differed in the order of priority for competence development, significant differences only showed up for working together, teamwork and foreign language skills. As regards the latter, employers rated the need for improvement as extremely low compared to other areas.



The low level of competences is mainly attributable to the education system and the lack of professional challenges

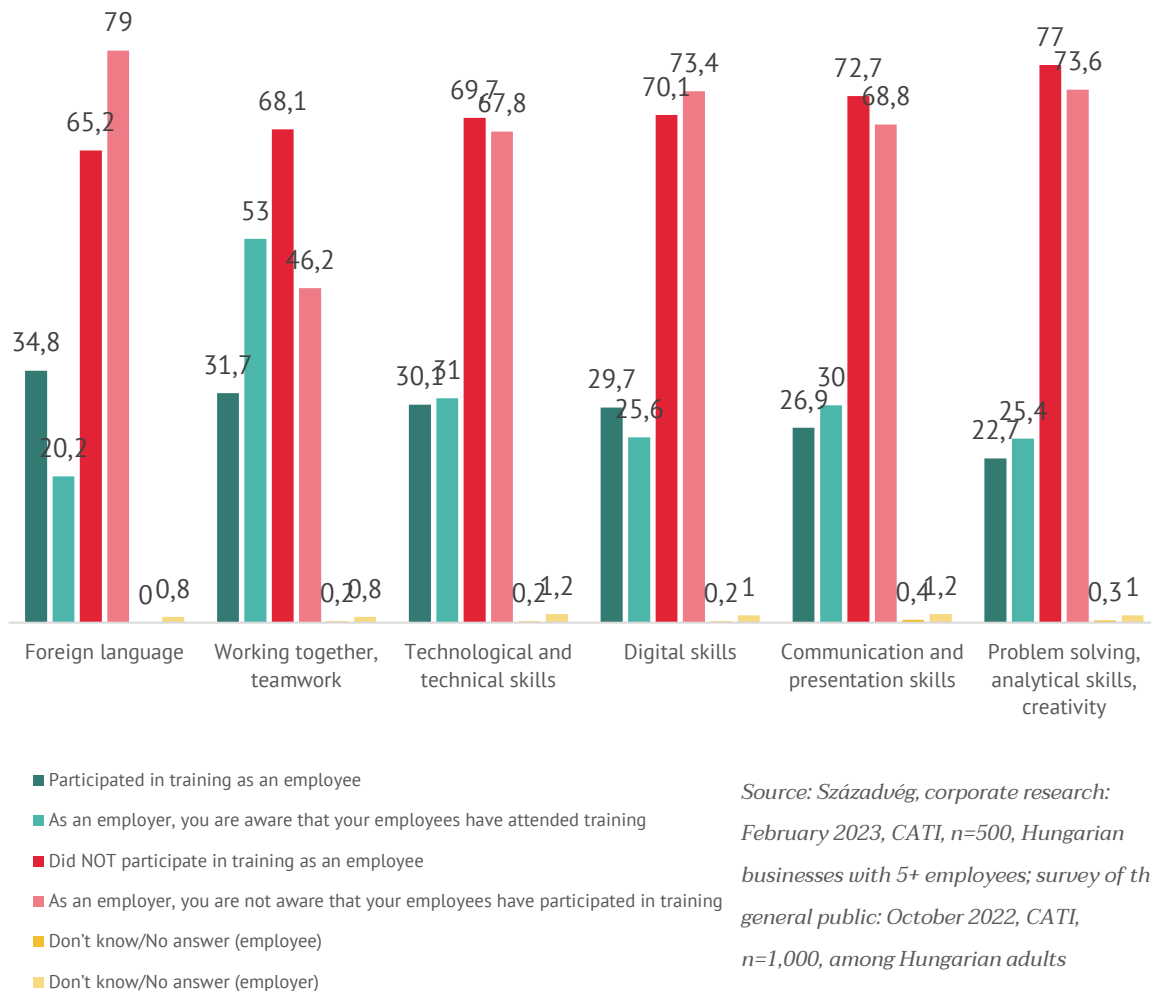
When asked what the primary reasons were for the lack of better employee preparedness in the relevant competences, both **employers and employees identified**, although with different weights, the top three reasons **as lack of adequate preparation in the education system, lack of professional challenges and the fact that the skills tested are not needed for the job.**

We also wanted to know how common it was, according to the respondents, that the lack or low level of the competences covered by the survey was a hindrance to filling a job. On this question, employers and employees showed a striking difference of opinion. **More than 70% of employees said they had never experienced such a thing in their careers, while more than twice as many employers said they had**, compared to the number of employees who said yes to this question. This large difference could be explained, among other things, by the fact that the institution/organisation/company that advertised the job either did not give a reason for the rejection or gave other explanations outside the scope of the competences we examined.

Relatively low proportion of employees participating in training

For most of the trainings on the competences discussed, employers and employees gave similar responses, with only two skill areas (foreign language and working together and teamwork) showing striking differences. In the case of the foreign language, it is presumed that employees participate in training at their own expense, outside their working hours (and without the knowledge of their employer) (this presumption is reinforced by the fact that the reasons for employees' participation in training are mainly motivated by their own interest, motivation and the desire to improve their labour market opportunities, rather than by the opportunity provided by their employer or the obligation to do so). In the case of working together and teamwork, higher employer responses may be explained by a different interpretation of the term, where employers may have included events (e.g. workplace retreats) that employees did not.

Have you attended/are you aware of any formal or informal training of your staff in the following competences? (%)



Our questions on the factors that motivate participation in employee and adult training show that **employees who participated in training are more likely to be conscious of improving their own skills**, as they are most likely to have taken training out of their own interest or to improve their labour market opportunities, rather than because their employer provided them with the opportunity or obliged them to do so. However, **employers** most often cited **the need for further training as a condition for filling a particular job**, and a similar proportion said that **they provided opportunities for employees** to attend training.

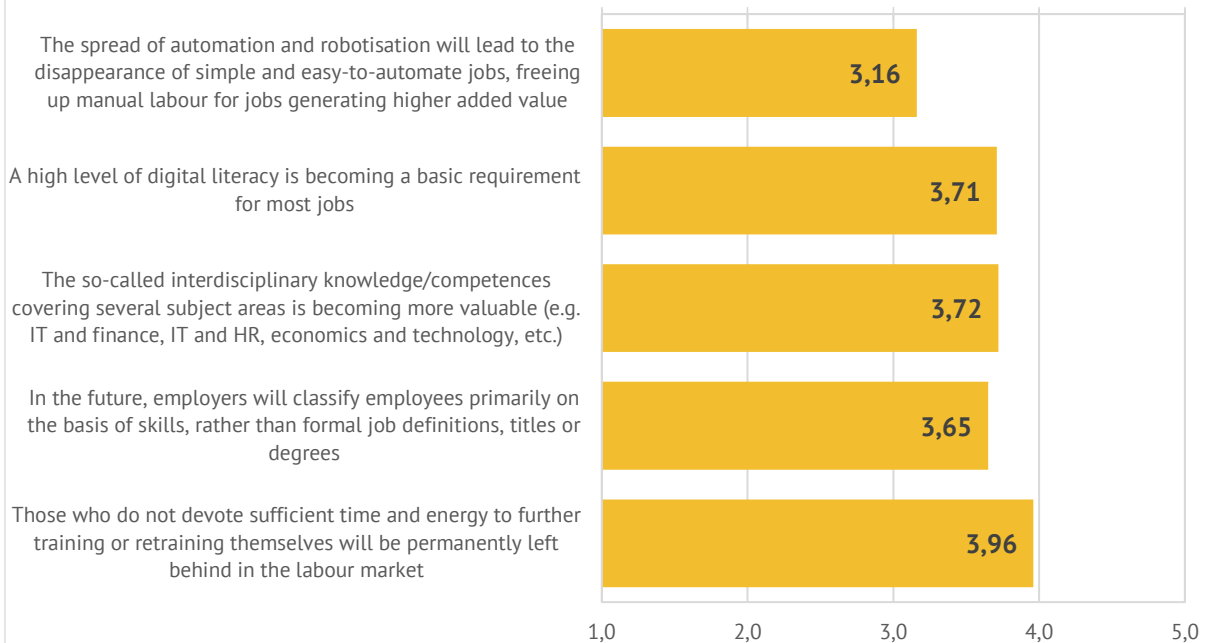
A thought-provoking finding of the survey is the **high rate of non-take-up of continuing education**, with nearly two-thirds (62.6%) of employees saying they did not need to develop the skills concerned. This figure is in line with the

employers' responses, as **they do not generally require their employees to develop the skills groups in question.**

Industry-specific knowledge, problem-solving skills, openness to learning and digital skills seem to be valued in the jobs of the future

Somewhat surprisingly, in the light of the relatively low activity in training for future jobs and occupations, **employers considered an increase in the importance of self-training to be the most likely.** Other phenomena were also considered more likely to occur, with **the second highest** proportion expecting **interdisciplinary knowledge to become more valued** (3.72 points) and **high-level digital skills to become a basic expectation** (3.71 points). A similarly high proportion of respondents felt that **competence-based job classifications** would spread as opposed to formal job definitions, while **respondents agreed less with labour market expectations and changes related to the disappearance of certain jobs due to robotisation and automation, which they found not well founded.**

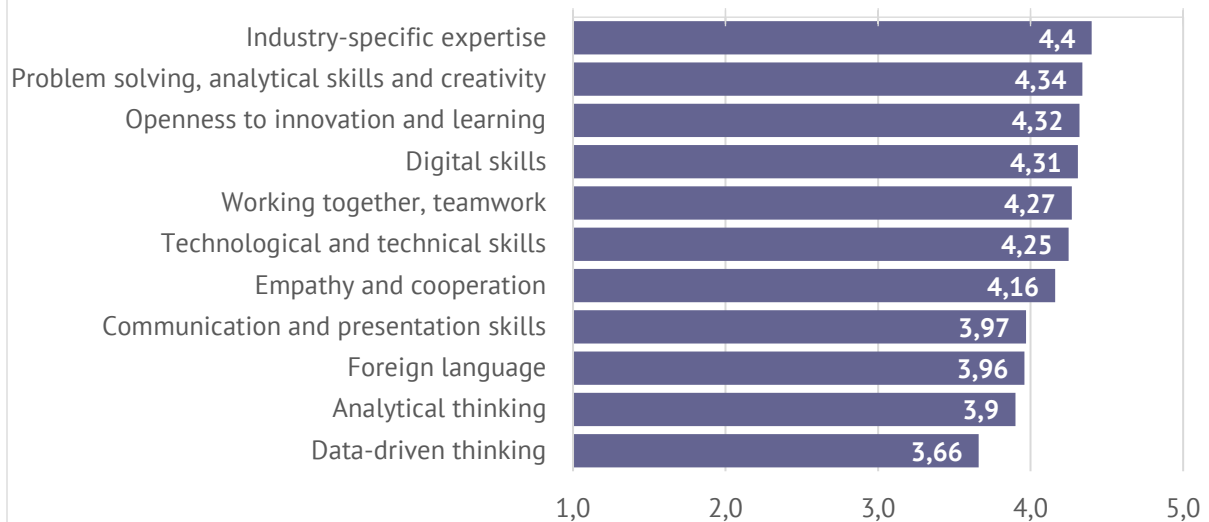
How likely do you think the following phenomena and trends are likely to occur in the next 10 years? (average of scores)



Source: Századvég, corporate research: February 2023, CATI, n=500, Hungarian businesses with 5+ employees; survey of the general public: October 2022, CATI, n=1,000, among Hungarian adults

Respondents were asked to rank 11 options in relation to the new workplace competences required as a result of the widespread use of digital technologies. Responses show that **industry-specific skills and expertise (4.4)**, **problem solving, analytical skills and creativity (4.34)**, **openness to innovation and learning (4.32)** and **digital skills (4.31)** are the most important skills, while **data-driven thinking is the least important skill**. This is surprising given that several areas that are otherwise considered important (including innovation, technology, digital and analytical skills) are strongly linked to data skills.

The rapid advances in technology may lead to the disappearance or transformation of industries, requiring the acquisition of entirely new employee skills. How important do you think the following competences will be in the future? (Averages of scores)



Source: Századvég, corporate research: February 2023, CATI, n=500, Hungarian businesses with 5+ employees; survey of the general public: October 2022, CATI, n=1,000, among Hungarian adults

Methodology

The following methodological elements were applied in the preparation of the study:

- I. Qualitative research: To gain insight into employers' expectations in Hungary, we conducted in-depth interviews with operational and/or HR managers of employers in the competitive sector, recruitment organisations, public administration bodies and state-owned companies with a large workforce, and educational institutions.**
- II. Quantitative corporate research:**
 - **Sampling period: 15-27 February 2023**
 - **Sample: Hungarian businesses with more than five employees**
 - **Sample size: 500 randomly selected businesses**
 - **Methodology: CATI (Computer Assisted Telephone Interview)**
 - **Error margin: +/- 4.40 percentage points**
 - **Selection criteria: company size, sector classification, region**
- III. Quantitative survey of the population:**
 - **Sampling period: 19–24 October 2022**
 - **Sample: 1,000 people (over 18 years old)**
 - **Methodology: CATI (Computer Assisted Telephone Interview)**
 - **Error margin: +/- 3.1 percentage points**
 - **Selection criteria: gender, age, education, place of residence**