

The Professional Orientation of Young People in the Czech Republic does not Match the Current Labor Market Demands

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Abstract

Czech economy is traditionally focused on technical fields such as engineering, electronics and automotive industries. Research among students of secondary schools and universities in the CR, however, shows that future generation would choose another profession according to the classification of Roe than required by the job market. The demand of labour market faces lack of employees, especially in the group of occupations number 4 - technologies, which is still the most important for the Czech economy output. Can HRM and business collaboration with universities better target young people to demand profession? The research confirmed the importance of HRM.

Key words in English: *career decision-making, Czech Republic labour market, HRM*

INTRODUCTION

Subject matter for HRM is widely discussed (see, for example, Weber and Kabst, 2004). There are topics covered by HRM – resourcing, development, reward – but cooperation between companies and schools in influencing the career orientation of students is included only in some conceptions of HRM and ignored in others. Whereas HRM in the USA typically focuses on the firm, HRM in Europe is conceived of more broadly, providing better explanation of the potential differences in views about the topic and a better fit with the concerns of the specialists, by including national institutional and cultural issues such as the trade union movement, national legislation and labour markets not as external influences but as part of the topic (Brewster, 1995).

The development of the small- and medium-size enterprise (SME) sector has been widely recognized as important for the process of economic transformation in east and central Europe (see, for example, Pollard and Simberova, 2002). Czech economy is traditionally focused on technical fields such as engineering, electronics and automotive industries. Research among students of secondary schools and universities in the Czech Republic shows that future generation would choose another profession according to the classification of Roe than required by the job market. The demand of labour market faces lack of employees, especially in the group of occupations number 4 - technologies, which is still the most important for the Czech economy output. An important question is whether and

how SMEs should affect career guidance of their future staff in schools as a part of the HRM. This topic is difficult, but if companies do not cooperate with schools, the impact on the labor market gap and the younger generation career decision-making may be more serious.

THE CZECH REPUBLIC

The Czech Republic still carries a legacy of its socialist past but the country is changing, more or less successfully to a free market economy. Current macroeconomic policies are focused on controlling inflation and public debt. The Czech Republic aims to be successful in fulfilling the Maastricht criteria for financial stability but the public debt criterion and currency stability have not been fulfilled yet.

Transformation at the microeconomic level has been more difficult. The transformation of ownership through privatization was specific to the Czech Republic and occurred in two major waves. In 1992-1993 the first wave of voucher privatization occurred, as did the division of the former Czechoslovakia into two separate countries, the Czech Republic and the Slovak Republic. Both countries developed separately but in close cooperation, especially on the labour market. Educational systems are closely related, too. Many students from the Slovak Republic study at Czech universities.

The Czech Republic experienced a political and economic crisis in 1997 that led to the strategic decisions of the government concerning the privatization of the largest banks and other financial institutions. The changes in the banking sector, which is a typical capital distributor in the eastern and central Europe area because of a weak stock exchange system, opened a completely new situation on the labour market – privatisation in the bank system hastened changes in the micro economic sphere and unemployment rates increased. The influence of direct foreign investments flow was very important at that time – it helped the economy to keep the balance of payments and create new work opportunities. After the global financial and economic crisis 2008-2009 the situation on the Czech labour market in 2011 signals stabilised unemployment rates (some 500 thousand persons).

The Czech Republic currently has high levels of employment in traditional manufacturing sectors, including engineering (see Table 1).

Table 1 - The employed persons in the Czech economy (thous. persons) - Labour Force Sample Survey (Czech Statistical Office, 2010)

	2006	2007	2008	2009
The employed persons	4 828,1	4 922,0	5 002,5	4 934,3

Agriculture	174,2	169,0	158,8	153,8
Industry	1 474,5	1 510,0	1 546,4	1 406,4
Construction	454,7	465,8	480,8	496,7
Trade	599,7	598,9	619,2	630,9
Finance and insurance	93,1	102,7	115,9	110,4
Education	289,6	292,3	283,9	295,6
Health	329,9	338,2	327,6	323,4

The service sector is growing as in many other eastern and central Europe transformation economies but its share of the gross domestic product is not as high as might be wished.

ROE'S CLASSIFICATION SYSTEM OF PROFESSIONS

The Czech Statistical Office uses Classification of occupation for the purpose of statistical monitoring of phenomena associated with the labor market. The statistical classification is a hierarchical arrangement of certain economic, social or demographic phenomena or processes. The valid statistical classifications are binding for the state statistical service authorities as well as reporting units providing data for statistical surveys carried out by the state statistical service. For the purpose of the research presented in this paper we used different classification of professions based on the Roe's dimensional classification system of professions (Roe 1954; Roe, Klos, 1972; Roe, Lunneborg, 1990). This classification is based on the nature of interpersonal relationships in the professions.

Under this system, Roe identified eight groups of employments. They are:

1. Services
2. Business contact (Trade),
3. Organization,
4. Technique and Technology,
5. Outdoor Activities,
6. Science,
7. General Culture,
8. Arts and Entertainment.

The horizontal axis is consisted of six levels of employment according to their degree of functionality, responsibility and intellectual strenuousness:

1. Professional and Managerial (higher level)
2. Professional and Managerial (lower level)
3. Semi-professional,
4. Qualified,

5. Semi-skilled,
6. Unskilled.

Roe (1956, 1957) classified the entire occupational group into two major categories:

1. professions focused on people,
2. Impersonally oriented professions.

Examples of people-oriented jobs are in services (services provided to other people), trade (personal contact with a customer, primarily in business), the organization (management in business, industry and administration), the general culture (teaching and journalism), arts and entertainment (creative arts).

Examples of not people-oriented jobs are in the areas of technology (production, service, and transport), outdoor activities (agriculture, forestry, and mining) and science (research and application of scientific theories). Roe claimed that the selection of employment categories primary depends on function of the structure of individual needs and level of achievement within the category depends more on individual ability and socioeconomic status.

RESEARCH QUESTIONS, METHODOLOGY AND RESULTS

Signals from the labor market in the Czech Republic shows the growing divergence between the business requirements for new staff and professional orientation of young people in the school system. The first research question, therefore, was to quantify the differences between market requirements and professional goals of students. The research team conducted a survey among nearly a thousand high school students and compared students' career orientation with the current labour market structure.

The research was prepared in 2010. Since September 2010 the research team gained information from high school students from the entire country by questionnaire. The questionnaire offered students type professions from the whole spectrum of groups according to Roe. The research was able to obtain 952 completed questionnaires.

Statistical data on the structure of the labor market in accordance with Roe's professional groups was obtained on the basis of statistical analysis and the rearrangement of the data of branch structure of the Czech economy (source Czech Statistical Office).

Comparison of the two data sets confirmed the initial hypothesis that the professional orientation of students of secondary schools diverge with labor market requirements especially in the core group of professions 4 - Technology.

Table 1 Profession choice of secondary students in Czech Republic compared with the structure of labour market.

Groups of occupation	Students (%)	Employers (%)
1 Services	10,26	7
2 Business contact	13,25	12
3 Organisation	20,48	15
4 Technology	15,17	46
5 Outdoor	3,7	4
6 Science	8,96	8
7 General culture	12,36	7
8 Arts and entertainment	15,82	1

Much discrepancy is seen in Figure 1 that compares the results of the questionnaire research with the structure of demand at the labour market.

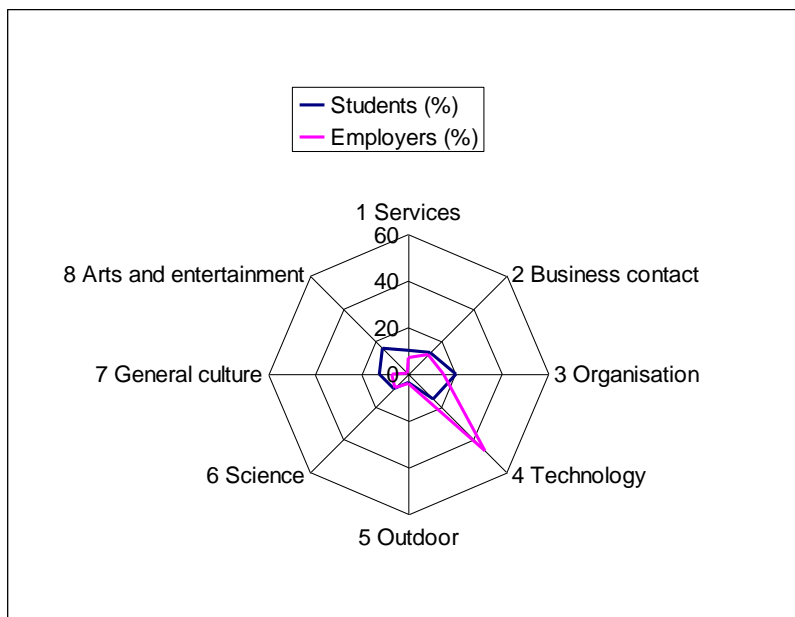


Fig. 1 The professional orientation of young people in the Czech Republic does not match the current labor market demand

Second research question was focused on the mechanism for reconciling the needs of the labor market with the professional orientation of students. The basic hypothesis here is that HRM and enterprises can actively influence the direction of students already in school.

Research team used data from primary research conducted in the years 2006 - 2008, which was published in *The International Journal of Knowledge, Culture and Change Management* in 2008. (Švarcová 2008)

The HRD experiment used transfer of best practices for reconciling the needs of employers, represented by the top management of SME's, with the needs of employees in their career development. The best practice transfer of SME's was organized in collaboration with the University, which prepared courses for lifelong learning. Employees (students in the course of life long learning) studied Cards of best practices of Czech SME's. Finally the participants chose and prepared their own structured Card of best practice on their own topic. Researchers tested how the employees can participate in the process of sharing a free knowledge and how the e-learning program influenced and harmonised their preferences with HRD preferences of managers of Czech SMEs. Finally the participants prepared 746 structured Cards of best practices of Czech SMEs.

The university team divided these 746 Cards of best practices prepared by participants of the experiment into the 5 groups of HRD topics, see Table 2.

Table 2 Division of HRD topics into groups

- 1 – Contribution only for an employee (3 % of topics);
- 2 – More contribution for an employee, less for the firm (13% of topics);
- 3 – Contributions of the training are equal for an employee and the firm (20 % of topics);
- 4 – More contribution for the firm, less for an employee (27 % of topics);
- 5 – Contributions only for the firm (37 % of topics).

The researchers posited that participants of the experiment would tend to choose the topics for their own Cards of best practices according the results of the second research that means that they would prefer the topics for their own development (groups 1, 2, 3 on the scale).

The results of the experiment did not confirm this hypothesis.

The final average score for the employees was 3,46 on the scale from 1 to 5 – that means the participants preferred the topics with more contribution for the firm, less for an employee.

This experiment was carried out with full-time university students in parallel. Regular students have achieved even higher average level of benefits for the company 3.63 points. That means that students were more motivated to cooperate with the management of SME.

The HRD experiment supported the idea that further education of employees that used best practices of SMEs could help to harmonise the differences between HRD priorities identified by management and the preferences of employees.

These results can help to find the mechanism for reconciling the needs of the labor market with the professional orientation of students, too. The basic hypothesis here is that HRM and enterprises can actively influence the direction of students already in school.

DISCUSSION

Developing human capital is very important to growth and the competitiveness of the SME sector in the transformation process of the eastern and central Europe.

HRM in Europe is conceived of more broadly and we can discuss whether the activities of companies towards students in schools should or should not be part of the HRM. It is not cheap and some SME argue that it will not transfer knowledge to students because SME do not know whether students go to work for them or their competitors.

The standard market environment is to give market participants with sufficient information for their marketing decisions. Are regular students or schools participants in the labor market? There is the predominance of public schools in the Czech Republic and they have only very indirect contact with labor market needs. Who should give the students relevant information? Research shows that the gap between the current labor market and its future participants is growing. Is it a problem of poor information or even misinformation?

Psychodynamic theories try to understand, make meaning of, and utilise individual motives, purposes and drives to support career development (Hollander

1971; Gati, Tal 2008). Klimová (1987) highlights the fact that the vocational choice is not a single act of student who finishes his attendance at school, but it's a dynamic process which lasts until the retirement of each person. On the other side, all companies require that employees select the most basic individual choice at a relatively young age. The first aspect includes the individual himself, specifically the fact that the person will chose a profession which will satisfy him the most and in which he will apply his specific abilities and personal inclinations and interests. The second aspect includes the company, for which is the most important thing to employ a person who would best contribute to the fulfillment of social tasks. A sign of a good vocational choice is the combination of both aspects, individual and companies interests (Langmeier, Krejčířová, 2006).

This approach, however, requires that both sides will share information about their needs. The HRD experiment has shown that share information and knowledge among students and SMEs makes sence.

CONCLUSIONS

The research confirmed the hypothesis that professional orientation of students of secondary schools diverge with labor market requirements in the Czech Republic, especially in the core group of professions 4 – Technology.

The results of the research are alarming – there is greater discrepancy between the professional orientation of students from secondary schools and labor market needs, which may result on the one hand in acute shortage of certain professions for SMEs, on the other hand, produce a large group of young people who cannot find a job and can slide into the phenomenon of Hikikomori or NEET, *acute social withdrawal among young people* (Furlong 2008; Pemberton 2008).

The research stressed the importance of HRM focused on students of secondary schools and universities. Free knowledge transfer among SMEs and secondary schools and universities in the Czech Republic makes sence. Platform of transfer of knowledge and proven methodology to ensure the effectiveness of such transfer will be part of a new project which is currently under preparation.]

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