Competence as an Element of Intellectual Capital in the Knowledge Society

Nada Trunk Širca, Viktorija Sulčič, Dušan Lesjak, and Andrej Starc
University of Primorska
Slovenia

Higher education institutions play an important role in the education and training of students for the needs of the labour market. Thus, higher education institutions should clearly define the competences of graduates, which will facilitate the entry of graduates on the labour market. To be competent means that an individual has to be qualified and efficient member of an organisation as well as a member of the knowledge society. The issue dealt with in this article is additionally important because of globalisation, the accession to the European Union, expanding labour market, comparability of employment practices and study programmes, the renewal of study programmes – the Bologna process.

The article will present research activities related to the role and understanding of competences from the point of view of students and graduates in the business and economics field of study, a higher education institution and labour market. The competences of graduates needed for their first employment and the requirements of the labour market were also studied.

INTRODUCTION

Processes of globalisation helped to foster the changes in higher education and on the labour market and contribute to their integration. Changed working conditions can be noticed on the labour market together with the requirements for new competences of employees, e.g. multiculturality, interdisciplinarity and flexibility at work. The response of higher education systems to these changes is emphasised in the Bologne processes and his (Zgaga 2004) expand, where employability of graduates after each level of education represents one of the objectives stated in the renewal of study programmes. Employability can be understood as a ‘set of achievements (skills, understanding and personal characteristics), which help graduates to get jobs and to be successful in the chosen profession. Their employment contributes to themselves, their organizations as well as to the wider social and economic environment’ (Vukasinović 2004, 2).
In the knowledge society we distinguish between at least three important factors, which are interdependent in shaping the competences of graduates:

- the producer of competences (higher education institutions),
- the supplier of competences (graduates) and
- the user of competences (companies and other organisations).

In order to study competences from the point of view of the education market and labour market we carried out the following research. We studied the role and understanding of competences from the viewpoint of graduates in the field of business studies and employers selected from among the randomly chosen companies and other organisations.

**COMPETENCES AS INTELLECTUAL CAPITAL**

The concept of competences became the key intermediary between the labour market and education market. It should contribute towards the equilibrium between the supply on the education market and demand on the labour market. Competences exceed the narrow concept of knowledge, thus Gruban (2004a) defines them as the ‘ability to use new knowledge, the abilities needed by an individual in order to successfully accomplish certain tasks or to play the role in business processes’. By describing teacher education, Razdevšek Pučko (2005) states that competences do not state only what someone should be able to do or which subjects or what content students should learn during their studies (as stated in the diploma supplement), but also what students actually know from theory and what they are able to apply in practice.

The word competence is of French origin and was initially used in the field of vocational education. Romainville (in Razdevšek Pučko 2005) defines competences as ‘abilities to accomplish certain tasks or duties.’ In the 1990s, competences were also mentioned in the field of general education. Coolahan (in Razdevšek Pučko 2005) defines competences as ‘general abilities to act, which are based on knowledge, experience, values and dispositions, formed by individuals during their educational practice.’ Understanding knowledge thus includes both explicit knowledge (information), which is usually linked to individual subject areas, as well as to tacit knowledge, which is usually reflected through transversal, personal and social competences.

Gruban (2004b; 2004c; 2004d) studies knowledge and competences and defines the latter as ‘procedural and strategic knowledge.’ He also
analyses the use of the competence model, which should enable people to better understand their work, expectations and requirements. The model should also help to direct individuals to tasks, which help them meet or exceed the set performance standards. In addition, the use of the competence model justifies high investments in training and education, enables quality selection and development of human resources and enables career planning. Last but not least, the model establishes clearer criteria regarding performance and thus facilitates fair and more objective remuneration and helps the management in their effort to manage their employees.

Competences are distinct in general and specific competences. General competences are only a prerequisite for the transfer of acquired knowledge and, at the same time, acquiring of new knowledge, as learning should not end with the conclusion of formal education, but should be life-long (OECD 2001). General competences are important for a successful participation in political processes, on different social levels and for interpersonal relationships (Rychen and Salganik 2000). On the other hand, specific competences are important for specific fields of work and can also present a superstructure for general competences.

Levy and Maurnane (2004) claim that people with more competences which are known in advance are more employable, thus higher education institutions should clearly define competences of their graduates. The acquired competences should make further learning possible for an individual and thus enable the development and upgrading of his/her own intellectual capital, which can be understood as human capital or organisational capital (1995; Edvinsson and Sullivan 1996; Roose and Roos 1997). Prusak (1998) claims that the ‘level of growth of intellectual capital is contingent upon the degree of a person’s inclusion into knowledge society.’ Higher levels can thus be reached only by those individuals who are ‘capable of identifying and distinguishing themselves as well as of continuous adaptation to the changing environment,’ which is how a competent individual was defined by Bernstein (in Magalhaes and Støer 2003).

**Higher Education Institutions and Graduates on the Labour Market**

OECD (2000) defines higher education systems as important parts of the knowledge society which gradually qualify students for employment. The characteristics of graduates – their employability after every level of education have been particularly emphasised in the Bologna process of
higher education renewal. In Slovenia, Svetlik (1986) stressed the importance of connection between education and employment. A clear definition of competence profiles of graduates (knowledge and skills acquired during the process of education and improvement) ensures a much higher degree of competitiveness for the individuals on the labour market, because transparency and identification of knowledge represent important factors, which contribute towards employability.

Universities and other higher education institutions play an important role in establishing links with the labour market, they can actively cooperate with employers through various activities (e.g. in-company practice of students, experts from the practice can do the teaching in certain courses, they can participate in the preparation of study programmes, carry out common developmental and research projects and cooperate in establishing systematic lifelong education). These activities can help remove the obstacles to the mobility of graduates from the education system to the labour market.

Similarly as in other European Union Member States, an increase in the number of students and graduates on all levels of education can also be noticed in Slovenia. Below is a representation of the increase in the number of undergraduate students (table 1), the increase in the number of graduates students in undergraduate study programme (table 2) and the increase in the number of graduates in postgraduate study programme (table 3).

Fast growth in the number of graduates in the national context and the opening up of borders within the European Union cause increased competitiveness on the labour market. Thus, higher education institutions are becoming increasingly more aware of the importance of employability of their graduates.
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Table 2: Graduates by undergraduate study programmes

<table>
<thead>
<tr>
<th>Year</th>
<th>Short-term programme</th>
<th>Higher professional programme</th>
<th>University programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>2809</td>
<td>1164</td>
<td>4639</td>
</tr>
<tr>
<td>1999</td>
<td>2355</td>
<td>2122</td>
<td>4868</td>
</tr>
<tr>
<td>2000</td>
<td>1674</td>
<td>3621</td>
<td>4937</td>
</tr>
<tr>
<td>2001</td>
<td>1041</td>
<td>4374</td>
<td>4960</td>
</tr>
<tr>
<td>2002</td>
<td>1123</td>
<td>5038</td>
<td>5868</td>
</tr>
<tr>
<td>2003</td>
<td>0</td>
<td>5575</td>
<td>5657</td>
</tr>
</tbody>
</table>


Table 3: Postgraduate graduates

<table>
<thead>
<tr>
<th>Year</th>
<th>PhD</th>
<th>MSC, MA, Mphil, PGdi</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>265</td>
<td>733</td>
<td>998</td>
</tr>
<tr>
<td>1999</td>
<td>260</td>
<td>761</td>
<td>1021</td>
</tr>
<tr>
<td>2000</td>
<td>296</td>
<td>754</td>
<td>1050</td>
</tr>
<tr>
<td>2001</td>
<td>298</td>
<td>905</td>
<td>1203</td>
</tr>
<tr>
<td>2002</td>
<td>318</td>
<td>1058</td>
<td>1376</td>
</tr>
<tr>
<td>2003</td>
<td>367</td>
<td>1082</td>
<td>1449</td>
</tr>
</tbody>
</table>


Research

The research was aimed at studying the importance and understanding of competences from the point of view of students and graduates in the business and economics field of study and from the point of view of the labour market. Competences of graduates that are needed for their first job and the requirements and expectations of the labour market were studied.

Case study, questionnaires and sample characteristics

The research was carried out as a case study related to a higher education institution. Data was gathered through two questionnaires, one for the students and graduates (182 respondents), the other for workers in human resource departments of randomly chosen organisations (52 respondents). Questionnaires were similar and included open-ended and close-ended questions. In the first part we inquired about general characteristics of respondents, in the second part we were interested in respon-
dent’s opinion on individual characteristics of graduates (competences, personal characteristics).

Full-time and part-time students and graduates were polled. Polled graduates had, on average, more than 10 years of work experience, less than a year of work experience had only 27 (14.8%) respondents, whereas more than 15 years of work experience had 64 (35.2%) respondents. Of the respondents in organisations almost all had higher vocational or university education (43 or 82.7%,) and with regard to their position within the organisation they were managers, assistants to the directors, held a legal position, worked in human resources departments or were assistants in the human resources departments. With regard to size, the research included different companies and organisations, of which 46% were large, 33% medium-sized and 21% small organisations.

Results and analysis

To the question about the criteria influencing the decision to offer a candidate a job both groups of respondents gave a similar reply, namely work experience and presentation of the candidate (oral and written). Interestingly, graduates do not believe that grades are important, but are likely to believe that ‘connections and acquaintances’ play an important role for getting a job.

Both groups of respondents were asked about the time needed by graduates to start working productively after they have been offered a job. This indicator also reflects consistency between the education and labour market. Employers (48.0%) expect a quality increase at workplace within 3 to 6 months after graduation, whereas graduates believe they are qualified immediately or before 3 months have passed (37.4% of respondents) or within the period between 3 to 6 months (37.9%). Considerably longer period of time mentioned by the employers means that they are aware of the fact that graduates should be additionally trained for specific tasks.

Both groups of respondents assign high importance to different methods of education. Modern forms are slightly more often mentioned (e.g. professional meetings and conferences, workshops, project work). Slightly less often they ranked high more formal methods of education and assigned high importance to informal methods of education/training.

The respondents assessed the importance of individual competences, which graduates on the first level of economics and business studies
The research proved that it is extremely important to define graduate’s competence profiles and that such a model can contribute towards their employability, thus higher education institutions should attract attention of both employers and graduates when planning their study programmes. Taking into consideration the changing nature of the environment, competences acquired during the formal education cannot grant permanent success in an organisation and require continuing education and training. Employees constantly return in education and training.
processes, either because of their own needs or because of the needs of their organisations (job, employment, looking for better employment, promotion opportunity, increased competitiveness, etc.). Often the need for a new competence turns up at the place of work, thus students or participants in education, who enrol in the 2nd level or join various informal methods of education, bring knowledge from the labour market to the education market.

The concepts of life-long learning, which are increasingly more often practiced and which has also become a part of the Bologna process, bring new relations to the education and labour market. How the education market and labour market are intertwined is shown in fig. 3. As a rule, 1st level graduates in higher education try to find a job. Later, mainly due to the needs of the labour market, they enter various education programmes, most often as part-time students in postgraduate study programmes (2nd and 3rd level) or join various informal forms of education to acquire more professionalism (Zornada 2005) and marketisation (Trnavčević 2003). By bringing both markets closer together, the model reaches the equilibrium between the stated needs of the labour market and the supply of the education market.

The respondents share the opinion that people should participate in education and training activities after they have completed their formal education and found their first job. Adequate connections between the labour and education market will help us in our efforts to adapt the study programmes and introduce new education and training methods. The intertwining of information and knowledge on both markets is a prereq-
uisite for an efficient and successful individual who will be able to actively contribute towards the growth of their organisations and become a part of the knowledge society.

REFERENCES