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## Acceptance of the Bachelor degree in the business sector

Results of a survey among medium-sized and large companies

**T**he study is based on the evaluation of more than 490 questionnaires which were answered by companies of the production sector (industry, construction, energy and water utility companies) and private services with 50 or more employees in early 2010. The results are presented broken down by company size and economic sector. The responding companies employ around 323,000 people, roughly 12 percent of which are graduates.

### *The economic crisis and not the Bologna process is responsible for the problems on the labour market*

The survey reveals that the relatively unfavourable labour market situation for graduates in 2009 is a consequence of the international financial and economic crisis. Some 40 percent of the responding companies stated that they advertised fewer positions for graduates of higher education (HE) institutions in 2009 than in previous years. In larger companies this share is even higher. The negative labour market effects, including in the highly-qualified segment, will continue to make their impact felt in 2010, the survey shows. Just slightly more than one quarter of the companies expressed their intention to again advertise more posts for highly-qualified candidates in 2010.

In view of these findings regarding the consequences of the international economic crisis, the problems of new graduates on the labour market cannot be attributed solely to the switch-over to consecutive degrees (Bachelor – Master) – which is already reflected in qualifications obtained in Austria – but are very much connected with the worldwide recessive trends of the economy. Based on the survey results there are better prospects for the period up to 2012, however. In 2012 almost 40 percent of the responding companies again want to recruit more technology graduates and 20 percent more business graduates.

In the future it will also not be the type of qualification but

the completed specialisation which will be a major factor for employment opportunities in production and the private services sector. That the specialisation alone can never be sufficient for the graduates' employability is amply known from qualification research (as shown, for example, in the REFLEX study of the Klagenfurt Institute of Sociology; cf. Guggenberger et al. 2007) – key skills and others will always constitute a complex array of conditions for professional and career opportunities.

### *Bachelor degree as a new qualification*

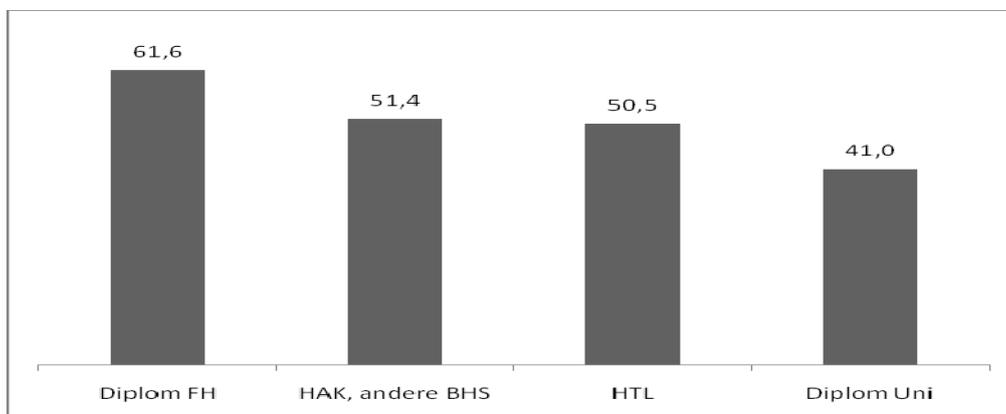
The Bachelor degree is still a relatively new academic type of academic title on the Austrian labour market. In 2006/07 some 19 percent of university graduates completed their studies with a Bachelor degree, in *Fachhochschule (FH)* programmes 20 percent. 120 companies or about one quarter of the businesses (24 percent) in the sample are already employing holders of a Bachelor degree. Among large companies, this figure was as high as 41 percent.

Only one percent of the companies in the sample fully agreed with the statement that certain positions in the company are advertised only for Bachelor graduates. About two third agreed with the statement: "There are no special positions in the company for Bachelor graduates; the entry positions depend on the candidates' individual qualification."

GRAFIK 1:

### Beruflicher Wettbewerb von Bachelor-Absolventen/innen betreffend Einstiegspositionen im Unternehmen, 2010, in %

Anmerkung: Ausgewiesen Werte Antwortkategorien „Trifft voll und ganz zu“ und „Trifft eher zu“



Quelle: ibw-Unternehmensbefragung Anfang 2010

#### *Competition on the labour market*

Professional competition between graduates of a Bachelor course for entry positions in the company cannot be assessed clearly on the basis of this survey. Most likely it can be derived that in companies a Bachelor degree is seen as being in competition with the graduates of the previous *FH* diploma study programmes.

But, as is commonly known and according to the general view, *FH* diploma study programmes will, in line with the European Qualifications Framework (EQF), which is currently being implemented in Austria, probably be classified as high as at Level 7 of the eight-level qualifications framework. The *Fachhochschule* institutions will, in turn, confer Bachelor degrees that are to be classified at Level 6.

52 percent of the interviewees stated that Bachelor graduates who come directly from an HE institution generally or mostly receive a lower initial salary in the company than new graduates of a diploma study. About 48 percent, by contrast, expressed the opposite opinion. This reflects a *divide* between employers on this issue and in the assessment of the potential of holders of the new HE qualification.

#### *Differentiated assessment of opportunities for Bachelor degree holders depending on employment areas*

The question regarding the Bachelor graduates' future employment opportunities depending on their employment area at the company shows that, from the companies' perspective, the segments "marketing, sales, cus-

tomers support" in particular as well as "purchasing" are seen as especially well suited for these graduates. The area of employment "research and development", which requires particularly in-depth expert qualifications and specialisations, is more rarely rated as promising for Bachelor graduates by the respondents. Two aspects stand out here:

- ☞ The assessment of the Bachelor graduates' employability based on the employment area in the company shows much greater scepticism among producing enterprises. Here the interviewees from the producing sector are always below the assessments of the service providing companies.
- ☞ The comparison of the answers given by those who have already gained some experience with Bachelor graduates with the answers by those who do not yet employ any Bachelor graduates is favourable for future graduates: although differences in the assessment by employment field remain (thus also the relatively poorer opportunities associated with the field of R&D), it can be stated that companies where Bachelor graduates have already been employed more frequently rate professional opportunities as favourable than the comparative group without such experience.

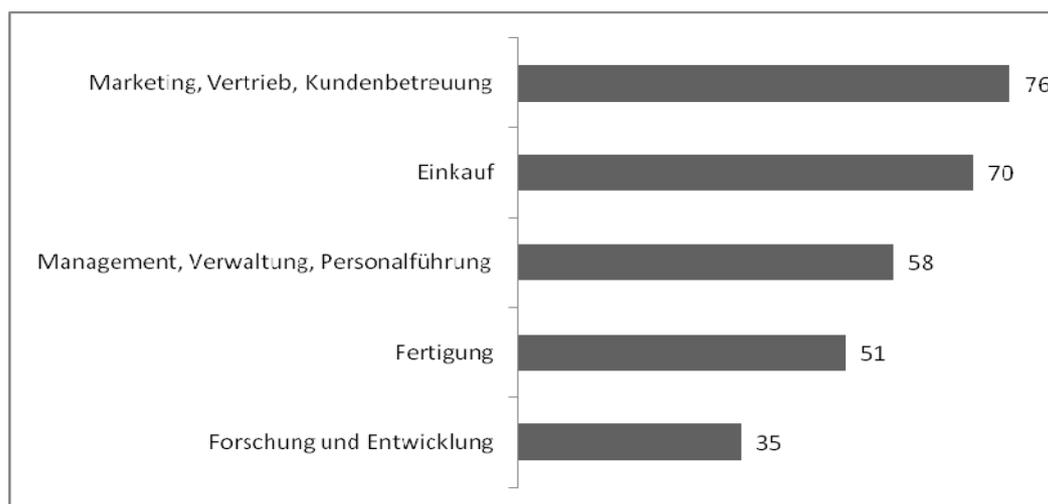
*In principle, some 60 percent advocate the Bologna structures – but the assessment of Bachelor degrees on the labour market is divided*

In principle, the introduction of the so-called "Bologna structures" in the Austrian HE system is rated as positive by not quite 60 percent of companies (among those where Bachelor graduates are already employed the share was over 70 percent). But the assessment of Bachelor degrees on the labour market is divided. Thus 65 percent of the respondents think it is "questionable whether a Bachelor degree holder should be rated as an 'academic'". Those who have this opinion – as shown by the conducted correlation analysis – at the same time express their high estimation of VET colleges (BHSs). Essentially the correlation analysis reveals two types of expectations by employers.

GRAFIK 2:

**Einschätzung der zukünftigen Beschäftigungschancen von Bachelor-Absolventen/innen nach betrieblichem Einsatzbereich, 2010, in %**

Anmerkung: Ausgewiesen Werte Antwortkategorien „Sehr gut“ und „Eher gut“



Quelle: ibw-Unternehmensbefragung Anfang 2010

*More favourable assessments among companies where Bachelor graduates are already employed*

Fears related to insufficient entry qualifications can be found less frequently among companies where employees with a Bachelor degree are already employed than in the comparative group (41 compared with 55 percent). Employers of Bachelor graduates also agree less frequently with the statement that job training expenses will be higher: 42 compared to 55 percent (see Table 5-4).

- ☞ One group thinks that, by employing Bachelor graduates, companies have more graduates with basic knowledge available, while their specialisation is conducted on the job. Connected with this, their income expectations (compared with diploma graduates) should be "more realistic".
- ☞ Some 50 percent of companies express a different opinion, in a more or less determined manner, saying that as a result of the new qualification it is necessary to invest more funds than before into the training of job entrants with a Bachelor degree and that it must be feared that the Bachelor graduate will have insufficient specialist qualifications. This attitude is encountered more frequently in production than in the services sector.

*Unsolved question of the classification of FH Bachelor graduates compared to BHS*

The continuing importance of qualifications obtained at engineering colleges (HTLs) and other forms of BHS as a qualification level below the academic in the historically grown Austrian qualification system is again becoming clear when analysing the survey results – particularly in production. The statement "Bachelor graduates compete with HTL graduates" is agreed with by almost 65 percent of respondents from the production sector (40 percent in the services).

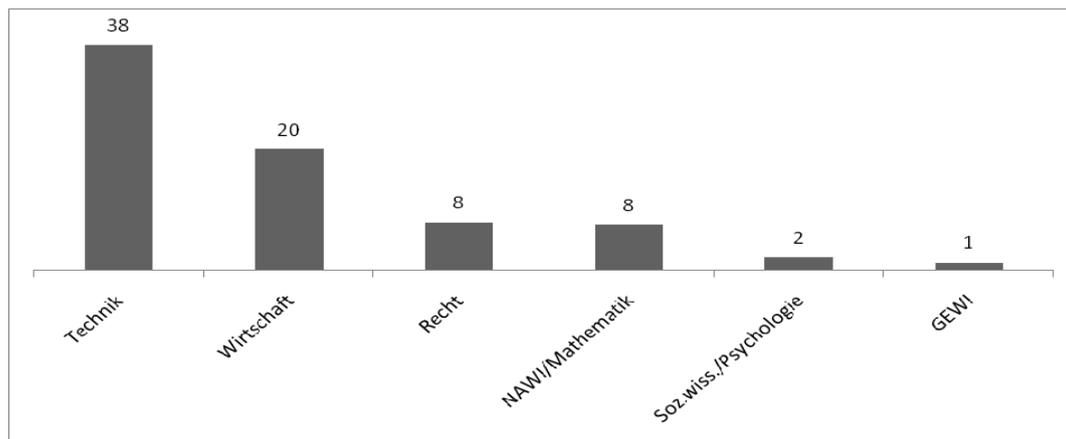
Therefore the introduction of the Bachelor degree implies the need for comprehensive reorientation of the postsecondary qualification landscape in Austria. The introduction of the Bologna qualifications therefore impacts on

the entire national qualification strategy, as the Bachelor graduate competes with *BHS* graduates in many sectors – this is the current picture at least.

GRAFIK 3:

**Einschätzung der Entwicklung der Beschäftigung von Hochschulabsolventen/innen im Unternehmen in den nächsten zwei Jahren nach Fachrichtungsgruppe, 2010, in % (gerundete Zahlen)**

Anmerkung: Ausgewiesener Wert Antwortkategorien „Eher zunehmend“



Quelle: ibw-Unternehmensbefragung Anfang 2010

The introduction of the Bachelor degree in the Austrian HE system leads to non-intended follow-up problems with the introduction procedure. Whereas in other countries the sector of polytechnics (*Fachhochschulen*) emerged from an upgrade of existing institutions, in Austria it was not developed from the already existing *BHS*. Due to the introduction of three-year VET programmes in the *Fachhochschule* sector, which are intended to be rated at Level 6 – unlike the diploma from *Fachhochschule* institutions and universities at Level 7 – of the 8-level European Qualifications Framework (EQF), the distance to the Austrian postsecondary VET courses (*Kollegs*) or the professionally experienced *BHS* graduates is getting smaller or disappears completely from the labour market in the assessment of the employers – therefore the ratings and credits for professional practice will have to be considered in the National Qualifications Framework (NQF), which still needs to be created.

*Again more jobs for graduates in 2012 – in particular with technology and business knowledge*

Overall it can be stated on the basis of the companies' assessments that the career opportunities of HE gradu-

ates should again clearly improve from 2012 onwards, if they have acquired business-oriented qualification profiles. The Austrian system of long diploma studies has no tradition – which corresponds with the "Bachelor degree countries" (with a graduation rate of 40 or 50 percent per age group) – of employing graduates largely independently of the specialist orientation of the first degree.

Like in the past, in Austria a choice of long studies (between 6 and 7 years until the first graduation) is still also connected with an option for later entry into the world of work in a certain sector. Whether this *culture-specific* connection (which is also clearly expressed in the company survey) will undergo a flexibilisation process due to the introduction of consecutive studies and graduations is a long-term question that is outside the thematic range of this study.

The entire research study in German can be obtained from ibw in printed form (ibw-Forschungsbericht Nr. 155, ISBN 978-3-902742-27-8) or [online](#).