

## Important Factors for the Hiring of New Graduates by Companies: Comparison of EU Companies and Korean Companies

### 01 The Need for Analysis and Analysis Materials

| Understanding the hiring mechanisms of companies is necessary for young people to do away with the burden of having to build meaningless credentials.

- It is openly argued that 9 credentials (educational background, GPA, TOEIC score, overseas training, license, voluntary service, internship, awards, and plastic surgery) are needed to get hired since the competition to build credentials among young people preparing for employment has intensified.
- It is questionable whether such credentials young people are trying to build are related to actual work performance; if competition among the young generation is centered on the reckless credential building, the cost to individuals and society cannot be ignored.
- This study is intended to compare the hiring practices of Korean companies and EU companies to understand which credentials and skills are needed for young people to get a job.

| Analysis material: "Employer Survey" in the EU and "Employer Survey" in Korea

- Employer Survey (2013) in the EU: The EU survey targeted HR managers at 903 companies in 9 countries including the UK (101 companies), France (100 companies), Germany (100 companies), Italy (100 companies), Spain (100 companies), Sweden (99 companies), Netherlands (147 companies), Poland (92 companies), and the Czech Republic (64 companies).
  - The survey analyzed factors (academic degree, major-job matching, GPA, experience studying abroad, and reputation of university) valued by the HR managers in the document screening of four-year university graduate applicants and factors such as interpersonal skills, professional knowledge, general learning ability, strategic behavioral ability, innovativeness and creativity, and commercial and entrepreneurial competency.
  - The analysis used the Choice-Based Conjoint to determine which applicant credentials are valued by companies for hiring. This analysis technique enables accurately capturing the true intentions of companies.
- Employer Survey (2016) in Korea: KRIVET surveyed the HR managers at 100 companies in the same way as the employer survey in the EU as part of the Competency-Based Society and Youth Labor Market project in 2016.



<Table 1> Credentials and Skills Used in Document Screening and Interview

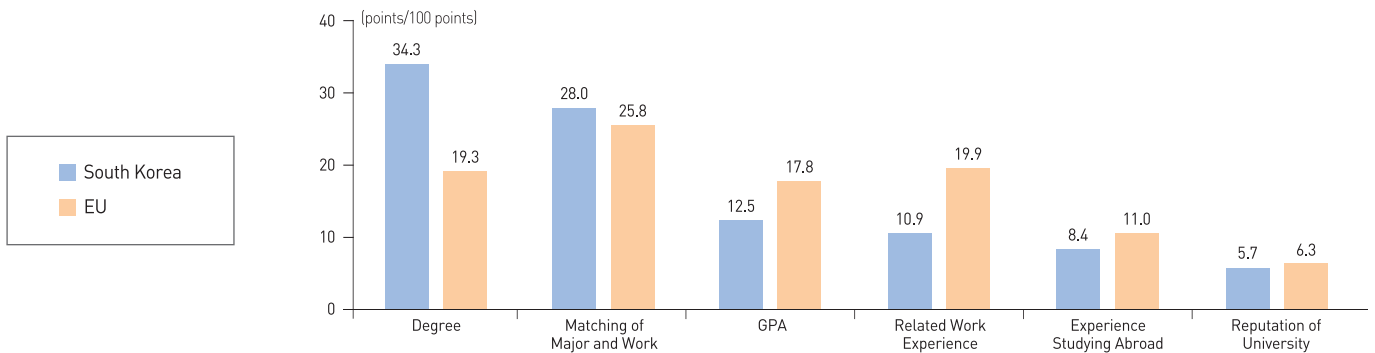
Document Screening		Interview	
Credential	Credential Category	Skill	Skill Level
Academic Degree	Bachelor's degree, master's degree, and doctorate	Professional Knowledge	Bottom 25%, Average, and Top 25%
Major-job Matching	Very adequate, Neutral, Not related	General Learning Ability	Bottom 25%, Average, and Top 25%
Related Work Experience	None, 1 Year and 2 Years	Innovativeness and Creativity	Bottom 25%, Average, and Top 25%
Experience Studying Abroad	None, Partial, Whole	Strategic Behavioral Ability	Bottom 25%, Average, and Top 25%
Graduating GPA	Below average, Average, Above average, and Top 10%	Interpersonal Relationship Ability	Bottom 25%, Average, and Top 25%
Reputation of University	Top University and Average University	Commercial and Entrepreneurial Competency	Bottom 25%, Average, and Top 25%

## 02 Credentials Valued during the Document Screening Stage

| Korean companies value academic degrees more than EU companies and value GPA and related work experience less.

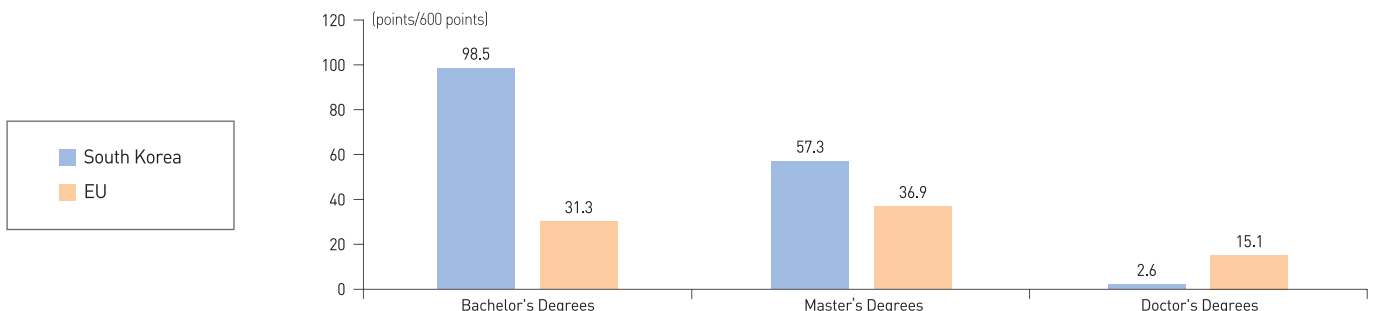
- Major-job matching (25.8 points), related work experience (19.9 points), and GPA (17.8 points) are the most highly valued credentials in the EU survey, whereas academic degree (34.3 points) and major-job matching (28.0 points) are the most highly valued credentials in document screening<sup>1</sup> in Korea.

Footnote  
1) Review of resume



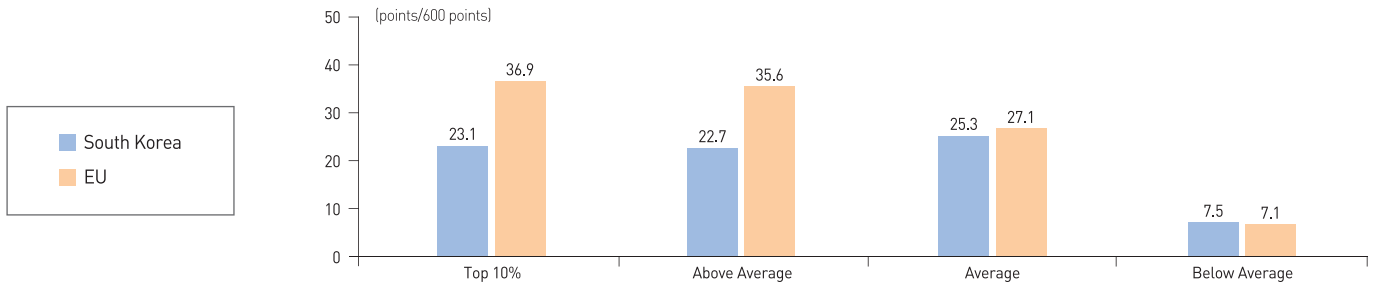
[Figure 1] Importance of Each Credential in Document Screening

- Among degrees, master's degrees (36.9 points) are given most preference, followed by bachelor's degrees (31.3 points), and doctorates (15.1 points) in the EU, whereas Korean companies prefer bachelor's degrees (98.5 points) much more than master's degrees (57.3 points) or doctorates (2.6 points).



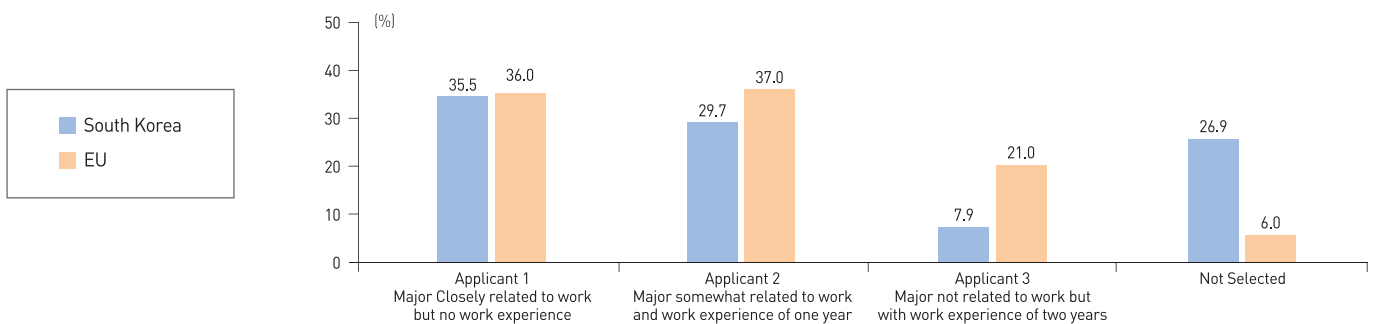
[Figure 2] Preferred Degree during Document Screening

- EU companies tend to give extra credit to applicants who have an average or higher GPA, whereas Korean companies do not show a significant difference in preference when it comes to applicants with a top 10%, above average, or average GPA. Both EU and Korean companies have little preference for applicants with a below average GPA.



[Figure 3] Preferred GPA during Document Screening

- In Korea, only 7.9% of applicants with a major unrelated to work pass the document screening stage when they have two years' related work experience (21.0% in EU).  
- Unlike EU companies, it is difficult for an applicant with a major unrelated to work to pass the document screening stage at Korean companies even if the applicant has related work experience.

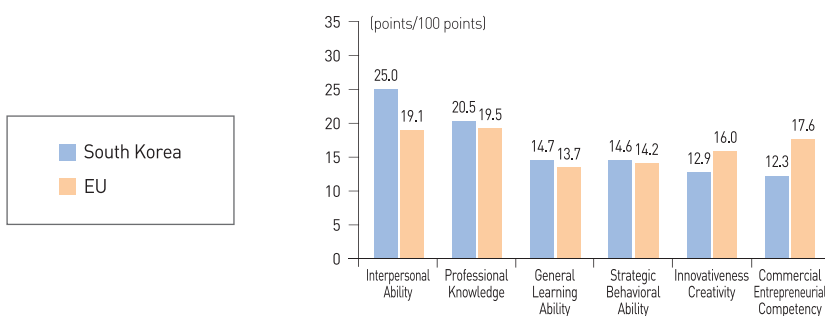


[Figure 4] Trade-off of Major-Job Matching and Related Work Experience

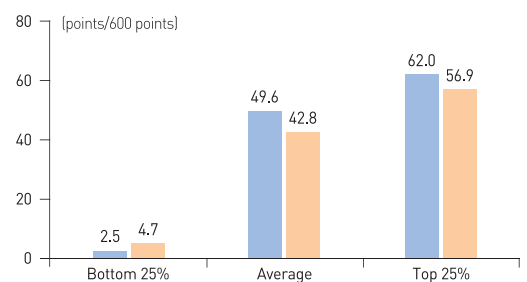
### 03 Skills Valued during Interview

| Korean companies look for interpersonal ability during interviews, whereas EU companies value commercial and entrepreneurial competency, innovativeness and creativity more.

- EU companies consider professional knowledge, interpersonal ability, and commercial and entrepreneurial competency during the interview, whereas Korean companies use the interpersonal ability and professional knowledge as decision criteria.

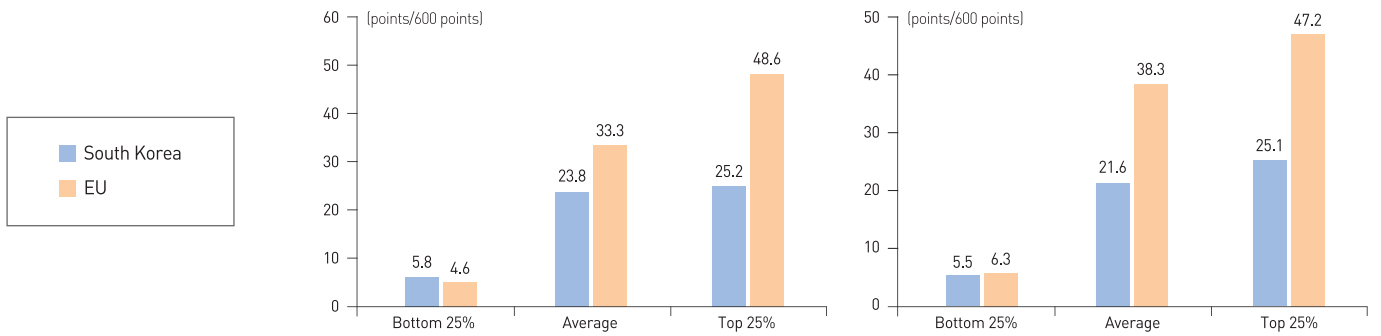


[Figure 5] Importance of Skills during Interview



[Figure 6] Preference for Interpersonal Ability during Interview

- EU companies value innovativeness and creativity more than Korean companies, and applicants are showing top 25% innovativeness and creativity receive extra credit. In Korea, the difference in preference between the average level and top 25% is not large like other skills. Such a difference is confirmed in commercial and entrepreneurial competency.



[Figure 7] Preference for Innovativeness and Creativity during Interview

[Figure 8] Preference for Commercial and Entrepreneurial Competency during Interview

**Korean companies do not have much intention to pay high wages for high skill levels compared to EU companies.**

- In the calculation of intention to pay additional wages to applicants with skills within the top 25% compared to those with average skills, the intention of Korean companies to pay additional wages is less than 3% regardless of skill type.
  - On the other hand, the intention of EU companies to pay additional wages to applicants with skills within the top 25% is more than 10% regardless of skill type. EU companies intend to pay applicants with skills within the top 25% in specialized technology almost 17% higher wages than applicants with average skills.

<Table 2> Analysis of Wage Differences per Skill Level - Intention to Pay Those with Skills in the Top 25% Higher Wages than Those with Average Skills (Unit: %)

	South Korea	EU
Interpersonal Ability	+3.4	+13.0
Professional Knowledge	+1.5	+16.6
Strategic Behavioral Ability	-0.2	+14.1
General Learning Ability	+2.4	+13.2
Innovativeness and Creativity	+0.4	+9.4
Commercial and Entrepreneurial Competency	+1.0	+11.9

**04 Implications**

- Policy attention and efforts to resolve the mismatches between academic majors and jobs are necessary, as major-job matching has been proven to be very important in document screening.
- Although a below average GPA is a negative factor for employment, an above average GPA does not have a huge impact on an employer’s preference. It implies that it may be more rational to try to build other credentials instead of trying to receive a very high GPA.
- Korean companies value interpersonal ability, in particular, more and commercial and entrepreneurial competency, innovativeness and creativity relatively less. Moreover, Korean companies still have an average-oriented culture instead of paying high wages according to skill level. The possibility of Korean companies leading the global market will be limited if such an employment culture continues.
- Korean companies do not prefer master’s degrees or higher. If a person hopes to get a job that will involve competition with bachelor degrees holders, continuing education in graduate school may not be worthwhile.

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