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Analyzing the Effects of Hard Skills and Soft Skills on Employment in Urban Versus Rural Communities

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Abstract. This paper critically examines the concepts of hard and soft skills, emphasizing their crucial role in future development. Focusing on Albania, the study aims to investigate the influence of hard and soft skills on employment within both urban and rural contexts. Additionally, the paper seeks to unravel the disparities in employment policies between these areas, shedding light on the unique challenges and opportunities present in Albania's evolving employment. The literature review serves as the foundation for our research, providing essential insights into the influence of soft and hard skills within both urban and rural contexts, particularly in developing countries. Understanding the dynamics of these skills in employment is paramount for comprehending the nuances of workforce development and policy formulation in diverse geographic settings. The questionnaire, developed based on the insights gleaned from the literature review, was administered to managers and individuals involved in the recruitment process. Data collection involved a random sampling method, resulting in 182 respondents from rural areas and 179 respondents from urban areas. Statistical analysis was conducted using SPSS, version 23, with regression analysis employed to empirically assess the formulated hypotheses. In conclusion, the study underscores the fundamental role of education in facilitating employment opportunities, particularly in rural areas where diplomas hold prominence. However, the ability to retain employment and thrive in the labor market is contingent upon possessing essential soft skills. Thus, while education serves as a gateway to employment, cultivating soft skills is paramount for long-term success in both urban and rural employment areas. The findings of this paper hold significant value for individuals directly engaged in the recruitment process, including employers and employees alike. Employers stand to benefit from insights into the importance of prioritizing soft skills alongside hard skills when evaluating potential candidates, particularly in urban settings where these skills hold greater sway. Similarly, employees can leverage the understanding that possessing and refining soft skills is critical not only for securing employment but also for maintaining long-term market relevance. Overall, this study provides valuable guidance for enhancing recruitment practices and fostering career development in diverse employment contexts. This paper stands out for its focus on employment practices within both urban and rural areas, a perspective that offers a nuanced understanding of workforce dynamics. Furthermore, the inclusion of Albania as a case study adds a unique dimension, providing insights into employment practices within the context of a developing country. By exploring the employment landscape in Albania, the study offers valuable perspectives that may not be captured in studies conducted in more developed nations. This original contribution enhances our understanding of the intersection between urban-rural employment dynamics.

Keywords: Differences, Etc, Hard skills, Integration, Soft skills, Urban and rural areas.

1. INTRODUCTION

Employment is vital for the development and growth of the economy all over the world. The emergency arising from the pandemic situation has further highlighted the differences between those who possess soft skills and hard skills.

The focus of this paper was to study the differences between rural and urban contexts in terms of soft skills and hard skills. To analyze if the influence of those skills in employment differs in urban areas from that of rural ones. While the main objective of this study is to go through and study the literature review and the studies done by others regarding employment policies, and skills. The difference between urban and rural development has become the barrier to achieving much more in the economic and social life, to achieve high-quality development in Albania. Government institutions, play an important role in the functioning, regulation, and development of rural areas by orienting their support, to the rural labor market as an important mechanism for the allocation of labor resources and income generation in demand and supply forces across the various economic activities in the country.

The 21st-century era requires soft skills that will support success (Hilton, 2008). Jobs come and go, and careers flourish or flounder, but a person's basic employability – the ability to be employable – is the rock upon which the next job or career can be built (Trought, F., 2017). Therefore, we need to transmit an acquisitive orientation to young people, not so much to find a single job opportunity, but to guide them and provide them with the tools necessary for the construction of a work path, which would be both coherent and influential over time regarding unstable employment (Bertolini, 2012).

2. THEORETICAL FRAMEWORK

2.1. Data Regarding Urban and Rural Areas in Albania

During the period of the communist regime, individuals and families had no freedom to choose where to live or how to work. The problem of rural employment was considered a solved problem for the communist system. In that period, the ex-agricultural cooperatives, despite their need for a labor force, were obliged to employ their members as soon as they were 15 years old.

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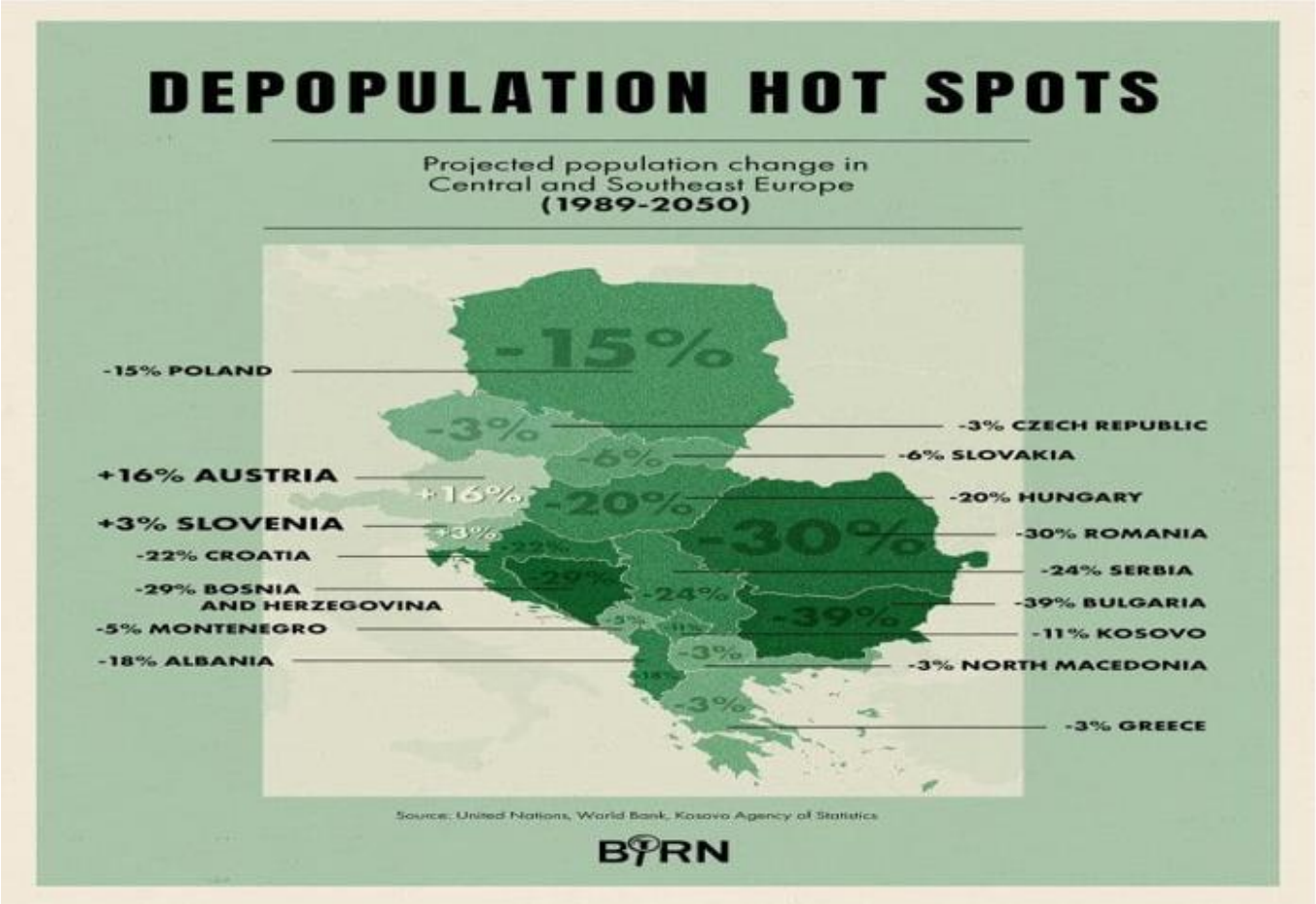

Figure 1: Depolation hot spots in central and Southeast Europe.
Source: United Nations, World Bank, Kosova Agency of Statistics.

If will have a look at the data from the United Nations, and World Bank, it is clearly seen that in the near future, it is forecast to have a depopulation of former communist countries in Southeast Europe. The youth generation is moving and going abroad for several reasons: for a better life, to study, to work, etc.

To better understand the situation in our country, Albania, let's have a look at the graph below. It is obviously seen that during the communist regime, more than 50 % of the population of Albania was situated in rural areas. During the democracy, in the name of the free movement, this ratio has changed and is going to change more in the future.

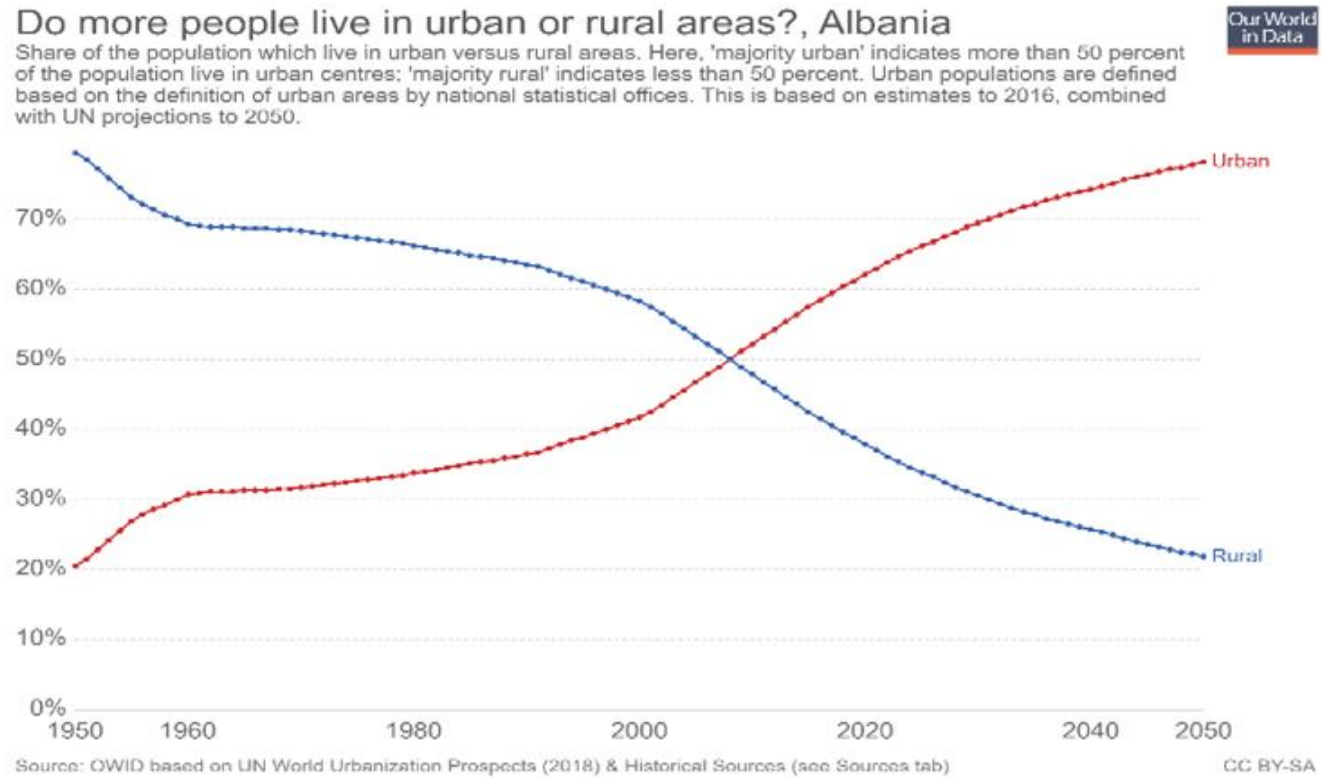

Figure 2: Do more people live in urban or rural areas? Albania.

Based on Graph 1, it is clearly seen that during the communist regime, before the democracy, Albania was mostly a rural country. It is clearly seen from the graph and from Table 1, Albania was up to the beginning of the new century a rural country. Nowadays, the tendency of people has changed dramatically. It indicates that it is depopulation in rural areas.

Table 1: Albanian Rural Population – Historical Data.

Year	Population	% of Total	Change
2022	1,039,122	36.01	
2021	1,041,188	36.79	-3.16%
2020	1,075,164	37.89	-2.88%
2019	1,106,598	38.77	-2.75%
2018	1,137,407	39.68	-2.58%
2017	1,167,112	40.62	-2.43%
2016	1,195,854	41.58	-2.51%
2015	1,226,200	42.57	-2.64%
2000	1,799,636	58.26	-1.61%
1990	2,089,320	63.57	1.38%
1970	1,457,678	68.26	2.27%
1961	1,146,208	69.06	2.78%

Source: INSTAT, (Prepared by authors, 2023).

In October 2011, the urban population of Albania was 58.2% of the total population, as defined by the new EU typology. Its value is more than 10% higher than the urban population defined according to administrative criteria (cities defined by laws), 47.7 %. Albania's rural population for 2021 was 1,041,188, a 3.16% decline from 2020 (macrotrends, 2021).

In many developing countries, the imbalance between urban areas and rural areas is a major concern (Kibriya, Bessler, & Price, 2019; Ravallion & Chen, 2007). Labor markets demand human resources that are competitive, adaptive, and anticipatory, able to learn, skillful, and adaptable to new technology. Learning over the life course can play a crucial role in adjusting to changing labor markets and life conditions (Barabasch 2014). The importance of HEIs higher education institutions in equipping students with the right skills has positioned it as a catalyst for economic growth (Munap *et al.* 2015). Bremner (2017) previously highlighted 'traditional graduate skills must be transferrable, and attribute-based inclusive of; communication and interpersonal skills, team working, intellect and problem solving, critical and reflective ability, adaptability and risk-taking if organizations are to 'proact' to change'. Upskilling moves quickly today, in a 'disrupted' workplace, which is seeing skill sets changing to meet the needs of the digital economy (Gray 2016). Trilling and Fadel (2009) showed that the graduates of high school, and higher education lack competencies in the following aspects: (1) oral and written communication, (2) critical thinking and problem solving, (3) work ethics and professionalism, (4) team working and collaborating, (5) working in different groups, (6) using technology, and (7) project management and leadership.

2.2. Skills and the Relation with Employment in Urban and Rural Areas

Wheeler (2016) stated that employers hire people for their hard skills, but they end up firing people for their lack of soft skills. Teipen (2017), had studied job flexibility, autonomy, and learning opportunities and found that they are similar across regimes. Furthermore, a more recent quantitative study of job quality and satisfaction among female part-time workers compared to female full-time workers conducted by Gallie et al. (2016) demonstrates similar levels of lower job learning and task discretion among this group across liberal, social democratic, and coordinated regimes. Job quality in terms of involvement and discretion is associated with positive outcomes on both the company, national and individual levels. Employability skills: Those cognitive, affective, psychomotor, teachable, and basic skills necessary to get, keep, and succeed in a regular job along with flexible and dynamic employer demands (Mohd Puad, 2012). From a managerial point of view, this may increase business performance because higher involvement draws on the employees' creative abilities (Felstead et al. 2016). It is essential that all stakeholders as government, higher education, vocational education, NGOs, and other social actors build up strong and continuous strategies to enhance the employability skills of the workforce and minimize unemployment through training programs Kraja Boriçi Y.& Borici Begani A., (2021). Employment plays a central role in the social integration of people. Employment for the urban and rural populations has different features. That is why local government should support formal businesses, and meantime should draw policies and practices to stop informal businesses (Kraja Borici Y. & Osmani E., 2014)

Sometimes, a degree is just "a paper to frame on the wall" and has no value and will never get graduates anywhere, if the one who possesses it is unable to demonstrate the level of skills, which supposed to be achieved during the degree courses (Kraja Boriçi Y.& Begani A., 2021). Several studies have found that generic skills like communication, problem-solving, and teamwork are increasingly crucial for effective performance (Emanuel et al., 2021).

2.3. Soft Skills and Hard Skills

Hard skills and soft skills are becoming increasingly important in the 21st century. A study by Fan et.al (2017) examines the relative importance of soft skills across occupations and their impact on the observed wage gap between blacks and whites in the USA. Soft skills allow people to acquire versatile and positive behavior and thus help them to adapt better to change; make more conscious choices that match their expectations; and perceive a general sense of well-being, dictated by the appropriateness of their actions (Capogna 2019). Soft skills that are considered in this paper are as follows: Working well on teams; Communication skills; Self-management; Leadership attributes; Gaining power and influence; Problem-solving skills; Organizational skills; Working under pressure and deadlines; Managing time and stress; IT skills; Interpersonal skills; Developing self-confidence. Hard skills that are considered in this paper are as follows: Education and training. The main elements in employability skills are as follows, include fundamental skills: communication skills, information management skills, mathematical skills, and problem-solving skills; Personal management skills; communication skills, information management skills, mathematical skills, and problem-solving skills; Teamwork skills; skills to work well in teams with others (Maulana N., 2023).

Skills differ from urban areas to rural ones, from men to women. Kraja Boriçi Y & Berberi A (2023)., have underlined that women who have faith in their own values, skills, experiences, a growth mindset that is constantly nourished, and who are encouraged to go further by themselves and others, will succeed. Sometimes, it is a lack of soft skills that unables people from achieving their full potential (Labzina PG, Menshenina SG, 2019). Soft skills are personal characteristics, qualities, and habits that enable a person to engage effectively with others and navigate social situations. Training systems do not always match skills demand. Developing integrated skills development into rural development policies and strategies, such as agricultural policies, and private sector development and entrepreneurship policies. Frequently we are facing incidents during the employment process. Any employee needs two categories of skills, hard skills are essential for some specific job, having some technical knowledge, and soft skills refer to teamwork, creativity, intuition, problem-solving, and other personal skills.

3. METHODOLOGY

The methodology consists: of a combination of primary and secondary research. Semi-structured interviews contain more information than structured interviews (Denzin & Lincoln, 2005), it is done to better understand the phenomena. Data is collected from a random sample of 182 respondents in the rural area and a total sample of 179 respondents in the urban area. Data analyses are done by using SPSS Statistics version 23.

3.1. Based on The Questions Raised the Hypothesis

How are integrated hard skills and soft skills in urban and rural areas? How is employability related to Hard skills and soft skills in urban and rural areas? Based on the questions are raised the hypothesis.
The method used in this study consists mainly of quantitative ones.

- Dependent variable-Employability
- Independent variables- Hard skills and Soft Skills

3.2. Factorial Analyses and Regression Analyses

Factor analysis was carried out by using the Varimax rotation analysis method. To measure variables, the Likert scale was used, which is a good technique to measure attitudes, opinions, beliefs, etc Questions were measured based on a Likert scale *from 1 - 7 ". 1. Extremely unimportant- 7. Extremely important.* This paper considers those necessary soft skills that are useful to a person to adapt to market labor. First, the factor analysis for the urban areas is done. *It resulted in 2 components.* Variable "Hard skills" is measured as the average of two questions "Education and training". By using exploratory factor analysis with rotation Varimax two of the items according to (Hair et al.,1998) were unacceptable, because of of their low factorial weights. After dropping these items and running another principal component analysis, we received the structure with factor loadings ranging as in Table 2.

Table 2: Component Matrix; Factor Analysis; Extraction Method: Principal Component.
"Urban areas."

	Component 1 "Urban areas"	**Component 2**
Education		0.810
Training		0.745
Managing time and stress	611	
Gaining power and influence	0.781	
Communication skills	0.747	
Self-management.	0.790	
Problem-solving skills	0.769	
Organizational skills	0.763	
Working under pressure and deadlines	0.821	
IT Skills	0.688	
Working well on the team	0.802	
Leadership	0.742	
Interpersonal skills	0.739	

Note: Questions are measured by a Likert scale from 1 - 7 ". 1. Extremely unimportant; 2. Unimportant; 3. Slightly important, 4. Moderately important, 5. Important, 6. Very important; 7. Extremely important.

Variable "Soft skills" is measured as the average of those questions: "Managing time and stress; Gaining power and influence; Communication skills; Self-management; Problem-solving skills; Organizational skills; Working under pressure and deadlines; IT skills; Working well on teams; Leadership; Interpersonal skills". The results of the reliability analysis indicated a Cronbach alpha of 0.68 for the first component, while for the second one, the reliability coefficient Cronbach Alpha is 0.991, which is really a high one. In the same way, the factor analyses is done even for the Rural areas refer to Table 3. *Factor Analyses in Rural Areas.*

Table 3: Component matrix; factor analysis; extraction method: principal component.
"Rural areas"

	Component 1 "Urban areas"	**Component 2**
Education		0.720
Training		0.653
Managing time and stress	0.716	
Gaining power and influence	0.789	
Communication skills	0.751	
Self-management.	0.838	
Problem-solving skills	0.811	
Organizational skills	0.754	
Working under pressure and deadlines	0.826	
IT Skills	0.667	
Working well on the team	0.793	
Leadership	0.741	
Interpersonal skills	0.745	

Note: Questions are measured by a Likert scale from 1 - 7 ". 1. Extremely unimportant; 2. Unimportant; 3. Slightly important, 4. Moderately important, 5. Important, 6. Very important; 7. Extremely important.

The reliability coefficient of Cronbach's Alpha is 0.891 and 0.682. Multicollinearity refers to the correlation among independent variables (Hair et al.,1998). To further understand the effect of independent variables, is done correlation analysis. Correlation analysis is done for both independent variables "hard skills " and "soft skills", in both areas urban and rural ones, and it is measured using Pearson Correlation.

Table 4: "Correlation" "Soft skills " and "hard skills" in urban areas.

Variable	1	2
1	1	
2	0.342**	1

Note: ** Correlation is significant at the 0.01 level (2- tailed)
* Correlation 0.05 (2-tailed).

Table 5. "Correlation" "Soft skills " and "hard skills" in urban areas,

Variable	1	2
1	1	
2	0.236**	1

3.3. Rural Areas

The multiple regression analysis is done it resulted that the independent variables explain 37.6 % of the dependent variable. This result is not by chance (adjusted R square =0.376). Both coefficients are positive and have a positive impact on employability. But it is worth underlining that coefficient (β_1=0,231), is lower than coefficient β_2= (0,214) this means that the independent variable soft skills have a greater impact on being employable than the independent variable hard skills. Results show that the regression model, F(2,180) =53719 is significant for the (p=0,00), p that is smaller than 0,05. By the t-test of the regression individual coefficients it was taken the same results (t_1=5.352and p=0,000; t_2 = 5.673, and p= 0,000). The coefficient of the independent variable in this case "hard skills" and "soft skills" are positive, which means the increase in the level of the independent variables will increase in the level of the variable. "Employability". But the coefficient β_2 is slightly higher.

3.4. Urban Areas

The multiply regression analysis was done and it showed that independent variables explain 32.2% of the dependent variable. This result is not by chance (adjusted R square =0.322). Both coefficients are positive and have a positive impact on employability. But it is worth underlining that coefficient (β_1=0,167), is lower than coefficient β_2= (0,247). This means that the independent variable soft skills has a greater impact on being employable than the independent variable hard skills. Results show that the regression model, F(2,179) =42.679 is significant for the (p=0,00), p that is smaller than 0,05. The t-test of the regression individual coefficients was taken with the same results (t_1=3.962 and p=0,000; t_2 = 6.373, and p= 0,000). The coefficient of the independent variable in this case "hard skills" and "soft skills" are positive, which means the increase in the level of the independent variables will increase the level of the dependent variable. "Employability". This could explain why the coefficients are significant.

Regression analysis for dependent variable "Employability"

$\hat{Y} = \beta 0 + \beta 1 X_1 + \beta 2 X_2$

X_1 = predictor " Hard skills "

X_2 = predictor "Soft skills"

Using the unstandardized regression coefficient,

Urban areas

"Employability"= 2.152+ 0.167 " Hard skills " + 0.247 " soft skills "

Rural areas

"Employability"= 2.092+ 0.231 " Hard skills " + 0.214" soft skills "

As can be seen, both coefficients, hard skills, and soft skills have a positive impact on employability in urban and rural areas. In both areas, hard skills and soft skills are appreciated. It is worth underlining that in the rural area, the fact that you have a diploma is appreciated more than in the urban area.

4. LIMITATION

In the near future, more variables could be included in the research. It is worth underlining that of course there are problems with informality, especially in rural areas. Future research can refine and extend this relationship in a different setting. Further research it is recommended and it is expected to be able to examine indicators that have not been included in this study.

5. CONCLUSION AND RECOMMENDATION

Based on the empirical analysis it resulted that employability and skills are significantly and positively associated in both areas, urban and rural ones. Based on regression analyses it resulted that in urban and rural areas employers pay attention to soft skills. However, it is interesting to note that based on analyses it resulted that in rural areas, it is important to have a diploma in your hand, to find a job. So, in a rural area, hard skills are a priority. In accordance with several relevant studies, the integration approach of hard skills and soft skills in urban and rural areas needs to be improved to increase the effectiveness of employees. The results have broad implications for the design of policies. All actors included in this study should give priority to the improvement of soft skills and education, in rural areas, which was evidenced to effectively have a great impact on economic

development. With soft skills and hard skills competencies, employees are an important value in entering the workforce. Increasing the competency of job seekers, by training on communication skills both orally and in writing, teamwork, ability to argue, socialization, problem-solving skills, ethics and manners, good speech, time discipline, moral values, and leadership. That is why is underlined that education plays an important role in ensuring a job, while soft skills are a great weapon in being employed.
Universities should teach soft skills to their students and should design courses to meet employers' needs.

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