

# **Skill for Employability among MBA Students. The Gap between Skill and Employability- A study Conducted among MBA Students and Employers**

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**Abstract---** This study explores the level of skills for employability among MBA students from the employers' perspective compared to self-perceived skills for employability among MBA students. "Employability skills considered here are not job specific, but are skills which cut horizontally across all industries and vertically across all jobs from entry level to chief executive officer." (Sherer and Eadie 1987). This study was conducted in the state of Kerala. The present research includes two studies, a personal survey among 100 employers on their assessment of the MBA graduates graduating every year and the self-perceived employability skills of 377 MBA students from selected colleges in the State of Kerala, India. This study is an attempt to explore how the employer and MBA graduates view the graduate employability skill from their perspective---that is the observed versus self-perceived. According to Leroy Almendarez (2013), an educated population is a productive population and the theory emphasizes "how education increases the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability." Finally, the study reveals that both employer and MBA student perceive employability skills as mediocre both in quantum and belief, exposing the prevailing condition of employability skill among MBA students, which needs to be addressed and corrected to ensure the creation of better human capital

**Keywords---** MBA Education, Employability Skills, Skill Efficacy, Self-Efficacy, Self-Perceived Employability skills.

## **I. The Gap between Perceived and Required Employability skill - A Gap Conducted among MBA Students and Employers in Kerala**

MBA education is presumed to be a turn-around programme that enables students to meet the unstructured and complex business scenarios and take up challenges. Education, as said by Schultz, T.W (1963), is an investment that makes them assets to the organisation they are inducted in. The study is an attempt to explore the employers' perception of skills for employment among fresh MBA candidates and the candidates' own perception of their skills in Ernakulam city, the commercial capital of Kerala state.

The world is experiencing a series of demographical, economic and technological changes and creating an equally high demand for the right talent. Higher education is considered as the seed bed of talents. In other words, graduate management programmes are considered as the talent hub with rightly groomed, mentored and academically oriented and 'ready to work' prospects for the industry. In short, the main objective of higher education is to produce employable youth with 'ready to work' employability skills.

According to the India Skills report 2019 of AICTE, 36.44% of the MBA talents are readily employable, whereas ASSOCHAM report 2018 says that only 7% of the MBA students are skilled and readily employable in India.

It also mentioned the outdated curriculum, lack of quality control, poor infrastructure, low paying jobs through campus placement, poor quality of faculty and low industrial orientations and interactions as reasons for the unparalleled flaw in the education system having personal, social, national and economic implications for the development of the nation. Education and health are considered as the key to improving human capital, leading to economic development of the nation (Leroy Almendarez., 2013).

**Purpose of the Study**

Harold Koontz in his book, “The management Theory Jungle”, defined management as “the art of getting things done through people in formally organised groups.” This demands an employability skill level required for the managers to help them to intervene, interact, direct, communicate, lead and motivate with technical prudence in the work they get into.

A two-year full time Master’s programme is intended to create effective and efficient business leaders who are trained to intervene in unstructured business situations and take decisions logically and rationally. As knowledge and action are inseparable, in business education, there is a need to educate ‘wisely and well’ the future leaders who will manage the critical institutions of our world (Dymsza, 1982). Moreover, nowadays employers have more flexible and dynamic attitude towards employees, and are, at the same time, unwilling to provide training or skill development interventions to new recruits. This necessitates the candidates to have employability skills before they get into the job market (Rosenbaum, 2002). This in turn demands the MBA institutes to be the craft houses to chip and mould future managers with high self-efficacy, an attribute that propels efficiency and effectiveness with an ‘I can’ attitude to face the unstructured challenges and stress at professional and personal level. The data from table -1, reveal that more than half of the MBA students are not placed through campus interviews. The statistics below does not include MBA students from premier management institutes like IIMs and IITs, which are not affiliated to AICTE.

Table 1: Details of Placements of MBA Students - India Vs. Kerala

Details	2012-13	2013-14	2014-15	2015-16	2016-17
Placement Details of MBA Students-PAN India in %	40	44	42	41	45
Placement Details of MBA Students Kerala state in %	54	54	52	44	66

(Secondary Data from www. aicte.org.in accessed on 12-3-2019)

According to AAOCHAM report 2016, only 7% of the MBA students possess the essential employability skills (this excludes the IIMs and the top 20 colleges in India.) Education is an investment towards developing and enriching human capital, which refers to the knowledge, skills, abilities and attitude a person acquires with education, benefiting the individual for living with a return on the capital. So, it is viewed as one of the most significant factors of economic growth (Schultz, T.W. 1963). MBA degree is considered as a passport to managerial jobs. The proliferation of B schools in the last 15 to 20 years in India devalues the brand image of MBA education. Jobs do exist in the labour market, but the new graduates lack the essential skills required to find and keep the jobs.

**Statement of the Problem**

ASSOCHAM report 2016 reveals that on an average, a management graduate spends 3 lakh rupees towards academic/tuition fees. But when it comes to reaping rewards of the investment, management students, excepting those from the top institutions, are forced to settle down for salaries starting from Rs.10,000/- to Rs.15000/- per month. The quantitative skill assessment study conducted among 600 MBA students by Bindhu Ann Thomas &Dr. K. V. Unninarayanan in 2018 has revealed that they lag far behind in the essential employability skills.

**Objectives of the Study**

1. To understand the perceived employability skill level of MBA students from the employers’ viewpoint.
2. To find out the self-perceived employability skill level of MBA students.
3. To find out whether there is any gap between the perception of the employer and the MBA students on the employability skills.

**II. Review of Literature**

On a broader discussion, Butler (1999) remarked that the shift of education institutions into a more a mechanical mode of knowledge production hub and human as capital, almost resistant to rust or subject to wear and tear. Such an approach necessitates the need to identify and develop important competencies and inculcate and groom it in graduates through reengineered and tailored to fit the job market. The important objective of an education programme is to prepare students by indoctrinating and coaching them in developing generic and specific skill sets for the work place (Rainsbury, Hodges, Burchell & Lay 2002).

*Graduate competencies:* According to Spencer and Spencer (1993), it is a set of characteristics or skills or efficacy of an individual, related to do a particular job.

It is a combination of knowledge, ability, skill and attitude in an individual which provide the confidence to do or perform a given task. In other words, a perfect blend of cognitive and behavioural traits in the job seeker turns him into a rust proof asset to the organization.

*Employability Skills:* Ministry of Education, New Zealand, 2014 defines that employability skills are skills or capabilities that are essential or vital to do a job or work. The presence of the skills makes the candidate fit for the work place or else nor fit for the decorum. These essential skills are a combination of soft kills and technical skills.

*Chiara Succi & Magali Canovi (2019)* conducted a study in different European countries to survey and compare students' and employers' perception of the importance of soft skills. The survey highlights that 86% of the participants remarked about the importance and relevance of soft skills and identified 20 skills that needed to be imparted to students during the programme.

*Bhatia, S. M., & Panneer, S (2019)* highlights the need of integrating the emotional intelligence (EI) as a key behavioural skill in the management education framework.

*Fraser, C. J, Duignan, G, Stewart, D, & Rodrigues, A (2019)* came up with a model selecting ten core attributes like positive attitude, communication, teamwork, self-management, willingness to learn, thinking skills, resilience, innovation, entrepreneurship and cultural competence as essential traits or skills that make a graduate employable.

*Bindhu Ann Thomas &Dr. K. V. Unninarayanan, (2018)*, conducted a study among 600 MBA graduates in Kerala and assessed their cognitive and behavioural abilities including communication skills, problem solving skills, planning and organising skills, interpersonal skills, motivation skills, attitude skills, leadership skill, team work skills, decision making skills, computer skills, learning skills and functional skills. They identified these skill traits based on the US Department of Education (2012) employability skill sets. Irrespective of a country's status, whether developing or developed, all nations are investing resources to maketheir graduates employable. This is because of the far reaching impact it creates in building skilled human capital, which in turn leads to the nations' economic growth and overall well-being. Rothwell A and Arnold J(2007), propounded a self perceived employability scale to assess the employability efficacy of business graduates from their perception.

*G. Gowsalya and M. Ashok Kumar (2017)* conducted a study among 500 students, identified 14 major skill areas and highlighted a few skills like effective communication, listening and learning, problem identification and problem solving and time managementthat need to be addressed immediately.

### III. Research Methodology

Research methodology is that part of the research which is the most vital part of any research framework. It is the blueprint of how the researcher structures, processes, evolves and implements the research thereby finding out a solution for the stated problems fulfilling the objectives. The present study is quantitative with a descriptive research design, and follows deductive approach for interpretation. The researcher uses random and convenience sampling. This study contains two independent studies. Study One deals with employers. The researcher conducted a survey among 100 employers on-line and in person. In the second study, the management students are the population. There are more than 7000 management students studying in Kerala, and the researcher collected data from 377 students from selected colleges. For data analysis, the researcher has used SPSS.

**Ethical consideration:** The researcher maintains the decorum of discretion, cover up and anonymity of the respondent.

#### *Data Collection*

**Primary data:** Surveyed using closed end questionnaires. Two sets of questionnaires were designed for the survey.

**Secondary Data:** AICTE official websites, Dept of higher education under Government of Kerala, college official documents, journals, articles,

**Primary Data Collection Method:** Two sets of questionnaires were designed for the survey. One set was for the employers to assess their perception of fresh management graduates' skills. Employability skills are required to enter, stay in and progress in the world of employment. The questionnaire is prepared based on the employability skill profile created by Eric for the Conference Board of Canada, "Employability Skills 2000+". Accordingly, the skill set is divided into three broader categories, namely basic or academic skill, personal management skill and ability to work in a team by Conference board of Canada (CBC). These skills are essential for a job seeker to enter and stay in workplace or to run his own business.

The critical skills can be broadly classified into three: fundamental skills, Personal Management skills and Teamwork skills. Fundamental skills are basic skills needed for further development, whereas personal management skills refer to the personal skills, attitudes and behaviours that drive ones potential for growth. Teamwork Skills, are skills and attributes needed to contribute productively, which adds value to the outcomes of a task, project or team one is working. Questionnaire used for the present study contains 28 items. The second set of questionnaire contains 16 items and is designed by Rothwell, Andrew & Jewell, Steven & Hardie, Marie (2009) to study the Self-perceived employability efficacy of management graduate students. The scale contains four subscales. More than 1500 students are studying in and around Ernakulam District, and 377 students from various colleges participated in the survey.

#### IV. Data Analysis and Interpretation

##### *Study-1: Perception of Employers about the Employability Skills of Graduates*

Management graduates at the entry level roles gain employment not only in large organisations but also in mediocre and start-ups firms. Being the commercial capital and IT hub of Kerala, Ernakulam city has more than 2 lakh work organisations providing opportunities for people from all parts of the world. For the convenience of the study, the number is limited to 100. Even the results reported cannot be interpreted as a representative of the population, it provides insights into how the employers perceived the employability skill levels of fresh MBAs.

Table 2: Types of Organization that Participated in the Survey

Type of Organisation	
Retail	9
Whole sale	8
Manufacturing	16
tourism and travel	4
Professional/Business Services/IT Services	25
Banking/Finance/Insurance	12
Recruitment/Management Consultancy	19
Education/Training	7
Others	6
Total (n)	100

Table 3: Size of the Organizations that Responded to the Survey

Questionnaire responses by size of organization (n=100)	
Employees	Respondents
1-50	48
51-100	19
100-500	12
>500	21
Total (n)	100

**Data Analysis:** Collected data were analysed using SPSS Statistics 21, the reliability of the survey instrument, Cronbach’s Alpha is 0.771, which was above the threshold of 0.7. The estimated mean score for the employers’ perception on the level of employability skill efficacy of fresh MBA students ranged from 2.4 to 2.99 with the lowest score in taking responsibility (mean of an average respondent is 2.3). The employers considered Teamwork quality in MBAs a little above the other averages scores, but still in the threshold of ‘Average’. Except the students from a few top colleges in Kerala, employers termed the rest as mediocre with average employability skill levels.

Table 4: Mean, Standard Deviation and Ratings of MBA Students who Seek Employment at Entry Level

Category	Mean	Std. Deviation	Ratings based on Mean Score
Communicative Skills	2.4700	.77163	Average
Thinking/Creative Skills	2.4800	.83828	Average
Learning Skill	2.6000	.81650	Average
Positive Attitudes and Behaviour	2.4560	.79272	Average
Adaptability Skills	2.5000	.75000	Average
Responsibility	2.3200	.83044	Average
Team Work	2.9933	.76479	Average
Overall employability skills of MBA Students perceived by employers	2.5028	.69113	Average

The Likert scale of score of 1 to 4 was used in the questionnaire. The ratings corresponding to the scores are: 1 to 2- 'Poor', whereas 2-3 is 'Average' and 3-4 is 'Good' and 4 and above is 'Excellent'. Except, for a few MBA colleges in Kerala, the employers considered the quality or skill efficacy as average.

Table 5: Mean and Mean Percentage Score of the Perceived Employability Skill Efficacy of MBA Students from the Employers' Perspective

Factors	N	Mean	Mean % Score
Employability Skill Perceived by employer	100	70.9600	61.17241
Communication Skill	100	9.8800	61.75000
Creativity Skill	100	12.2800	61.40000
Learning agility	100	2.6000	65.00000
Positive Attitude	100	10.5200	65.75000
Adaptability	100	10.0000	62.50000
Responsibility	100	6.9600	43.50000
Teamwork	100	18.7200	66.85714

**Study: 2 Self-Perceived Employability Skill of MBA Students**

Self-perceived Employability skill of MBA students is conducted among 377 MBA students. Cronbach's Alpha Score of the instrument is 0.864.

Table 6: Mean, Standard Deviation and Mean Percentage Score of Self-Perceived Employability skill of MBA Students

Variable	N	Mean	Mean % score
Self-perceived employability Skill	377	53.3224	67.2

The mean percentage score level of Self-perceived employability Skill of MBA students in Kerala is 67.2% which indicate that the level of Self-perceived employability Skill of MBA students in Kerala is good or medium.

The Likert scale of score of 1 to 5 was used in the questionnaire. The ratings corresponding to the scores are: 1 to 2- 'strongly disagree', whereas 2-3 is 'Disagree' and 3-4 is 'neither disagree nor Agree', 4-5 and is 'Agree' and 5 and above Strongly Agree.

Table 7: Mean, Standard Deviation and Ratings of MBA Students who Seek Employment at Entry Level

Details	N	Mean	Ratings based on Mean Score
Self- Perceived employability Skill of MBA students (Main scale)	377	3.33265	GOOD
Self-perceived employability efficacy (sub scales)	377	3.36	GOOD
Subject efficacy or Individual employability Efficacy (sub scales)	377	3.4112	GOOD
External employability belief (sub scales)	377	3.2891	GOOD
University Commitment (sub scales)	377	3.2526	GOOD

So, it is concluded that the level of Self Perceived employability Skill of MBA students in Kerala is good (Score fall between 3 to 3.5)

Table 8: Mean and Mean Percentage Score of the Self-Perceived Employability Skill efficacy of MBA Students from the Student's Perspective.

Descriptive Statistics				
	N	Mean	Mean Percentage Score	Std. Deviation
Self-perceived employability efficacy	377	16.8000	67.2	3.11795
External employability belief	377	9.8672	65.78161	2.08489
University Commitment or belief in the university reputation	377	13.0103	65.05172	3.26332
Subject efficacy or Individual employability Efficacy	377	13.6448	68.22414	2.94182
Self- Perceived employability Skill of MBA students	377	53.3224	66.65302	9.07831

## V. Interpretation

A comparison of the mean of the two ends, the offerees' perception of what he/she is offering and accepters' or employers' perception of the offerees' quality and quantity of the offerings, interestingly reveals that both perceive that the "offering" is mediocre. Both mean score percentage for the employability efficacy is 61.17%, and 66.353% is the self-perceived employability of the management students. The studies reveal that the employers as well as the MBA students perceive that the employability skill is average that is 67.2%.

## VI. Findings

- From the study, it is identified that the trait of assuming or taking responsibility is very poor (43%) among management students.
- Learning ability skill (mean score 2.6), positive attitudes and behaviour skills (mean score 2.45), adaptability skills (mean score 2.5), thinking and creative skill (mean score 2.48), communication (mean score 2.47) and Team work (mean score 2.9) are perceived as average in the management students in Kerala by the employers.
- The study reports that all important employability skills essential for 'work place efficacy' are rated average in management students.
- The students perceive their employability skills as mediocre, self-rated within the range of 65 % to 69%.
- Employers rate the employability skills of fresh MBA students between 43% to 67%

## VII. Discussion

- The findings support the study of ASSOCHAM report-2018 and confirm the results of much of the research conducted in this field. From this study it can be deduced that a mediocre self-evaluation of employability skills forces the candidates to settle down for salaries below Rs15,000/, In other words , they don't believe they possess the right proportion and blend of essential skills the industry is looking for in a management graduate, and they are compromising with lower salary offers, even though, on an average they spend 2 to 5 lakhs for course as tuition fees. .
- Except a few top management colleges in Kerala, MBA program can no longer be tagged as the well sought career option. The study identifies the quality gap in the real product, which is among the entry level MBA students for the job.
- The study precisely reveals that MBA education in Kerala is a hundred crore business demanding a high time involvement by educationalists, policy makers, institution management, university management and higher education department with turnaround programmes and curriculum to inculcate the right blend of imparting essential employability skills to promote the socio-economic development of the state and the nation at large.
- More studies need to be conducted on the behavioural aspects of MBA students, and to design tailored mentoring and coaching programmes to impart fundamental and work skills among management students.

## VIII. Conclusion

There are 84 MBA colleges operating in Kerala (AICTE2019) with an intake capacity of 7710 students. The average enrolment to the course is 4000 students every year and campus placement for the 2017-18 was 2142 i.e., 51.45% of the total enrolled were placed from the campus. This study tries to expose the decline in the quality of management students at the cognitive level creating graduates with average job skills. According to Theodore Schultz, education makes people productive and hence education can be termed as an investment. A detailed study and systematic intervention programmes are essential to regain the glory of MBA education. The higher education department of the State Government, in association with the academic, industrial and university fraternity, needs to develop an acceptable, enriched, valid and reliable integrative learning model for MBA education to regain the lost charms and contribute to the country's human capital.

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