

A Study on Factors Affecting Employability Skills of Management Students

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Abstract: *Enhancing employability skills is considered as a crucial task within any management institutes in Gujarat. Employers' needs and also the learners' skill enhancement capabilities should be taken into account in formulating future skills assessments. As the market expectations of employers are different than what the skills are possessed by graduates so the study was conducted with the objective of identifying the factors which are affecting the management graduate employability skills from the city Ahmedabad (Gujarat, India). An incidental non probabilistic sample of 160 management graduates from a group of assorted organizations was identified. Employability Questionnaire was developed and administered. Four independent Factors have been identified to make a significant impact on employability skills of management graduates. These are Analytical Skills and Self-Understanding, General Management and work Culture, Leadership and Problem solving Ability and Communication. So this study concludes that institutes should work on the path of developing above factors of graduates that will best serve the future market.*

Keywords: Management Institutes, Employability, Corporate Expectations.

Introduction

Management was one of the greatest human innovations of the twentieth century. Previous centuries had seen major advances in scientific discovery in Europe & Asia, but the application of science & its impact on most people's lives had been limited. At the same time, a true revolution was under way in the organization of industrial production in Europe & the United States, on that would allow those discoveries to have a wider impact - the emergence of the modern corporation – which shaped manufacturing & distribution – and of management, as a new profession needed to master the complexities of corporation. (Chandler 1990).

Employability has been one of the main issues haunting management institutes. With only 1 in 5 MBA's being employable, according to the Merit Trac MBA employability Study 2011-2012, management institutes should adopt a different line of thinking. They should be much more connected with industry, both to validate and enrich MBA programmes.

Today, an MBA has become a basic prerequisite for employment. Bright young students are lured by the glamour and opportunities offered by a B-school education. The challenge that business schools must tackle is how they can contribute to a reframing of the notion and purpose of the firm in society and what the role of business leaders should be. This is a priority because business schools need healthy companies with a clear purpose if they want to have a positive impact on them. If companies do not enjoy a high reputation in society, business schools are likely to become less relevant and to encounter serious difficulties in attracting outstanding faculty, top firms and excellent students. (Rosanans, 2008).

The employability of management graduates is a factor which depends basically on the level of institute. The top rung institutes providing MBA degree do not need to undergo any thought process regarding their placements. So in-order to improve the employability among business graduates, the inferior colleges should keep a watch on the pattern of the superior ones.

This is bound to help them in diligently carrying out placements, with the result, an increase in strength as well as quality of employment.

The low employability figures show that management students and colleges need personalised employability feedback and guidance to take the right corrective steps. This shall not only lead to more students getting jobs, but also addressing the large talent needs of our growing industry," said Varun Aggarwal, COO and CTO, Aspiring Minds in a release.

Management education has witnessed a mushrooming growth in India from just about 200 MBA colleges in the early nineties to around 3300 MBA colleges today. However, employability for management students ranges between 10 - 20% for roles involving sales and client servicing.

Despite its importance, there is relatively little research done on the employability and market expectations from management students. That is the reason which calls for research in this field.

Objectives

- To study the present scenario of market expectations for management students.
- To find the factors of employability for management students.
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Review of Literature

Graduate business schools were originally a US phenomenon. The first MBA program was offered by the Tuck School of Business in 1905 at Dartmouth College. Some of the ideas presented in this section were reported in an interview that appeared in the Australian Financial Review (Mair, 2002). Since the mid-1990s, the demand for business education has surged worldwide, to the obvious benefit of business schools.

After globalization, there is a great opportunity for business schools, particularly those located in high-growth economies. But it also raises a number of challenging issues.

- In recent years, India has experienced a large increase in the number of institutions offering management programs. Most of these have been private institutions. Three particular consequences of this are of significance. Given the relative infancy of graduate business education in India—the Indian Institutes of Management (IIM), Indian Institutes of Technology (IIT), and a handful of other well established and highly reputable institutions apart—it is not clear whether international standards have been achieved within much of the sector (Kannan, 2008).
- Even though the demand for business education is expected to remain strong, this does not imply that business schools are producing the right graduates or that the future of business schools is safe, Pfeifer and Fong (2002, 2003), Connolly (2003) and Mintzberg (2004).

All the challenges, if met successfully, create opportunities for business schools to differentiate themselves from the crowd of business education providers. For example, Business schools that globalize successfully and offer innovative programs will strengthen their competitive position. For many years universities have enjoyed a strong position at the heart of the global economy of knowledge, and business schools have been one of the major success stories in higher education over the last 40 years (Ivory et al. 2006, and Mintzberg 2005).

Adenekan (2009) also identified that many top business schools are witnessing a surge in applications, as diminished job prospects force many people to get new skills.

Although Bradshaw (2009) argues that business schools need to give students more insight into what the new role of business will be in society, he agrees with Holland (2009) that this need has already been recognized by some schools and that their teaching has begun to change. (Bradshaw 2009)

Research Gap

Several intellectual capitals have been produced on Management Institution and its teaching Pedagogy (Slater, 1995; Powell, 1995; Bush-Bacelis, 1998; Citron, 2009). Numerous research publications are prevalent in the field of Employment Opportunity of students pursuing professional courses like MBA (Wolff, 1996; Smith, 2000; Mason, 2009; Lundstrom, 2011). There are very few researches on the Employability of students having their post Graduation in Business Management as far as their skills are concerned. This is the unique area of focus of research paper.

Hypotheses

One Way ANOVA (Analysis of Variance) have been used to test the following two hypotheses:

H1: There is a significant relationship between gender and factors affecting employability.

H2: There is a significant relationship between age and factors affecting employability.

Research Methodology

To measure the factors of employability and to test the above stated hypotheses following research methodology is adopted.

Sample and Data Collection:

Sample: Students from Management Institutes of Ahmedabad region.

Sample Size: 160 management students were approached, out of that 150 genuine responses were recorded.

Data Collection Mode: Survey through Questionnaire

Instruments and Measures:

The questionnaire was prepared to measure factors related to employability of management students. First few questions were related to demographic attributes and then questions became specific to concern about factors like interpersonal communication skills, analytical skills, problem solving skills etc. They were measured on 5 point Likert Scale (*1: Very Poor to 5: Excellent*) using 25 statements.

Data Analysis: Frequency Distribution, Exploratory Factor Analysis, ANOVA

Table 1: The frequency distribution of the sample population is as follows:

		Frequency	Percent (%)
Gender	Male	98	68.1
	Female	46	31.9
Age (In Years)	20-22	72	50
	23-25	68	47.2
	26 – 28	4	2.8
Pursuing Year	First Year	72	50
	Final Year	72	50

Factors Influencing Employability of Management Students:

First, Cronbach's alpha coefficients were used to measure the internal consistency of each identified dimension of construct, and items with adequate Cronbach's alphas were retained for the scales. The general criteria for the cronbach coefficient alpha should be greater than 0.6. As all the 8 constructs have alpha value satisfying the criteria, all of the constructs were acceptable and a total of 25 items were retained for the five constructs in the study.

Table-2: Cronbach's Alpha of Constructs**Reliability Statistics**

Cronbach's Alpha	N of Items
0.890	25

To determine the important factors influencing employability, the Principal Component Factor Analysis (PCA) with varimax rotation was performed for the 25 items measuring adoption. The result indicated that the Bartlett's Test of Sphericity (Bartlett, 1954) was significant (Chi-Square 1500.681, p-value < 0.0001). The Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy was high at 0.715. This KMO value of 0.715 is excellent since it exceeded the recommended value of 0.6 (Kaiser, 1974). The two results of (KMO and Bartlett's) suggest that the data is appropriate to proceed with the factor analysis procedure (Malhotra 2010).

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.715
Bartlett's Test of Sphericity	Approx. Chi-Square	1500.681
	Df	300
	Sig.	.000

Further Exploratory Factor Analysis (EFA) was performed and only those factors were retained which have an eigen value more than 1 since they are considered significant. An eigen value represents the amount of variance associated with the factor. The result was that there were a total of 4 factors, which explained for 50.005% of the total variance. The factors considered should together account for more than 50% of the total variance (Malhotra 2010). One variable dealing with Career Planning have very low value and hence that is eliminated.

Factor 1: Analytical Skills and Self Understanding	F1	F2	F3	F4
1. I am able to use imagination, creativity in order to innovate and develop ideas for execution.	0.620			
2. I am able to identify opportunities for future development.	0.713			
3. I am able to evaluate my strengths, weakness and future learning objectives.	0.699			
4. I am able to take decisions without the help of any guidance.	0.435			
Factor 2: General Management and Work Culture				
1. I am adaptable to every situation.		0.776		
2. I am able to tolerate different views values and philosophies.		0.703		
3. I am able to use basic computer applications, internet and email properly.		0.638		
4. I am able to assess, contribute and utilize potential of other for delegation.		0.699		
5. I am able to set priorities to meet deadlines.		0.663		
6. I am able to handle more than two activities simultaneously.		0.686		
Factor 3: Leadership and Problem Solving				
1. I am able to cooperate with others and make a variety of contribution in team.			0.550	
2. I am able to manage, guide and facilitate a group.			0.584	
3. I am able to organize and manage events.			0.370	
4. I am able to understand and analyze critical issues.			0.608	
Factor 4: Communication				
1. I pay attention to my nonverbal behavior, like facial expressions and eye contact, to make sure I stay engaged with the interviewer.				0.716
2. I am able to communicate fluently in English.				0.743
3. I am able to communicate with different range of people with confidence				0.438

Factor 1 loaded on four variables and can be labeled as **Analytical skills and self understanding** as it comprises of dimensions related to creativity, imagination, strength, weakness and decision making capability. The items received a mean of 3.775 on a scale of 1-5.

Factor 2 loaded on six variables and can be labeled as **General Management and Work Culture** as it comprises of dimensions related to adaptability, multitasking, tolerance level , computer knowledge and setting priorities. The items received a mean of 3.995 on a scale of 1-5.

Factor 3 loaded on four variables and can be labeled as **Leadership and Problem Solving** as it comprises of dimensions related to authentication of team building, leadership skills, understanding and analyzing critical issues. The items received a mean of 3.89 on a scale of 1-5.

Factor 4 loaded on three variables and can be labeled as **Communication** as it comprises of dimensions related to authentication of interpersonal communication, fluency and confidence. The items received a mean of 3.85 on a scale of 1-5.

Hypothesis Testing

One Way ANOVA (Analysis of Variance) have been used to test the following two hypotheses:

H1: There is a significant relationship between gender and factors affecting employability
ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Analytical Skills	Between Groups	5.918	1	5.918	14.170	.000
	Within Groups	59.304	142	.418		
	Total	65.222	143			
Self Understanding	Between Groups	3.578	1	3.578	5.395	.022
	Within Groups	94.172	142	.663		
	Total	97.750	143			
Problem Solving	Between Groups	4.494	1	4.494	6.684	.011
	Within Groups	95.478	142	.672		
	Total	99.972	143			

It is evident from the table that three factors have p value less than 0.05 and hence null hypothesis can be rejected for those (Analytical skills, self understanding and problem solving) only. There was a statistically significant difference between groups as determined by one-way ANOVA ($F(1,142) = 5.198, p = 0.000$ and $F(1,142) = 3.578, p = 0.022$ and $F(1,142) = 4.494, p = 0.011$).

H2: There is a significant relationship between age and factors effecting employability.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Communication Skills	Between Groups	5.792	2	2.896	5.268	.006
	Within Groups	77.513	141	.550		
	Total	83.306	143			
Analytical Skills	Between Groups	5.792	2	2.896	4.890	.009
	Within Groups	83.513	141	.592		
	Total	89.306	143			
Leadership Skills	Between Groups	4.141	2	2.070	3.339	.038
	Within Groups	87.415	141	.620		
	Total	91.556	143			
General Management	Between Groups	9.913	2	4.957	9.729	.000
	Within Groups	71.837	141	.509		
	Total	81.750	143			

It is evident from the table that four factors have p value less than 0.05 and hence null hypothesis can be rejected for those (Communication Skills, Analytical skills, Leadership skills and General Management) only. There was a statistically significant difference between groups as determined by one-way ANOVA ($F(2,141) = 5.268, p = 0.006$ and $F(2,141) = 4.890, p = 0.009$ and $F(2,141) = 3.339, p = 0.038$ and $F(2, 141) = 4.957, p = 0.000$).

Conclusion and Findings

The challenge for the management institutes in the country today has been to churn out employable management graduates as per the need of the industry. While a lot has been done in this direction still the gap in between the management students churned out by the institutes and the expectations of the industry has been widening continuously. The primary objective of the study has been to investigate and examine the various factors of employability of management graduates and to draw an outline of conceptual research for further empirical testing to predict relationships between those factors and employability of management students. The factors which are identified are Analytical Skills and Self-Understanding, General Management and work Culture, Leadership and Problem solving Ability and Communication having significant impact on the employability of Management graduates. However the independent variable 'Career Planning' has not been observed to have made any significant impact on the employability of Management graduates.

Limitations

Sample is taken only from management institutes of Ahmedabad region. So this study will help others to conduct further research in the same area in different regions. We have included only selected management institutes but further research would be strengthening by adding all the management as well as other discipline institutes.

Managerial Implications

Employability Skills of the management graduates considered properly. The management institutes should start continual Training/Workshop programs for familiarizing the students about the current need and market expectations by the different employers of different sectors. To bridge the gap between what actually graduates are having and what are is actual market or employer expectations and to provide the graduates with required skill set, Institutes need to be clear about the development of the students according to the requirements by the employers. Last but not least, It is not only the responsibility of Institutes but future management graduates should make their selves employable by developing above skills by their own.

Management institution should strive and build premium quality manpower with techno-managerial skills, to help students act as 'business leaders' and 'change managers', in the various fields. The management institute should be backed, guided and supported by the industry academically, and blend in the best of the Technical & Managerial skills in its curriculum into the most sought after and highly valued breed of future managers, professionals and

entrepreneurs. Actively engaging students in variety of research projects with the case study based methodology makes MBAs employable and entrepreneurial.

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