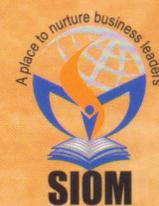




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## Employability Skills of MBA Students at Entry Level: an Employers and Students Perspective

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### Abstract:

Enhancing employability skills of management students is challenge before the institutes of management education. Management education is not able to identify the way and out to develop employability skills also in a puzzle to select a proper approach that may have more employability alternatives to management students. Today institutions are carrying a traditional education system which is focusing on knowledge based education. Institutions should adopt vocational based and practical based education. The core objective of any management institute is to deliver attributes, skills. Basic purpose of any business school is to impart the business ability, which will help students for their employability and entrepreneurship. After completing management education, getting employment, is a must for the management graduates. The reputation of the management institutes in this context, badly affect than the students of that institute. In order to simplify, what is perception and expectation of industry on employability skills of management students which will help them to get an employment and survive there. This is also an attempt to know the perception of MBA student's possession of employability skills at entry level in job market. This particular study focuses on the gap between perceived skills by management students and the industry expectations from MBA post-graduate at entry level.

**Key words:** Education, Management, Employability Skills

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### 1.1: Introduction:

Management education has become an integral part in the establishment of today's dynamic business environment. As expertise has become more advanced and the strategic value of management education is recognized, the demand for quality management professionals is escalating. As Indian economy is fast improving from the effects of global recession, industry is looking up for recruitment, which includes fresh management students (MBA). Though a number of MBA students are unable to get 'jobs of their best', due to the gaps in employability skills requirements of the industry and what the students possess. The largest gap, observed is aptitude of the students to apply their theoretical knowledge in practical situations. Most of the students also lack in awareness of contemporary developments in the country's economy, industrial development and how to correlate them to their industry and job.

To be successful in this ever-changing, gradually more competitive business environment, organizations are demanding employees with competencies which will lead to a high return to the organization.

This study is an effort to rates the importance given by industries to key factors of employability skills, attributes and knowledge while recruiting fresh MBA students, also to understand the perception of MBA students on their possession of employability skills and attributes.

### 1.2: Review Of Literature:

#### 1.2.1: Meaning of Employability:

The Employability is buzz word in the recent days. How to view employability? There is no any agreement on this issue till the time. In a general sense, employability means having employed. Employability refers to a person's capability of gaining initial employment maintaining employment, and

obtaining new employment if required (Hillage and Pollard, 1998). Employability is the ability of the graduate to get a satisfying job. (Harvey, 2001). Employability is having a set of skills, knowledge, understanding and personal attributes that make a person more likely to choose and secure occupations in which they can be satisfied and successful (Pool and Sewell, 2007).

1. "Employability skills as including personal image, interpersonal skills, and good habits and attitudes." (Lankard; 1990)
2. "Employability is the capability to move self-sufficiently within the labour market to realise potential through sustainable employment." (Hillage J., 1998).
3. "The probability, for a given group, at a given time, of finding a job or emerging from unemployment." (Lefresne; 1999)

### 1.2.2: Employability Skills Gap:

The employability skill scarcity has its origins in the education system. Because of high rate of drop-out at primary and secondary school level and deprived admission levels in higher education lead to a thin educated workforce. The poor infrastructure which institutes and universities provide leads for further challenges before employability. In Indian institutes and universities standards also detracted, more than 60% of institutes and 90% of universities in India are of poor standard. Therefore, the quality and employability of aspirants is low, making them less employable. Because of the out-dated syllabus, less interaction between industry and institutes resulting wide gap in academia, industry and students employability.

There are differences in Knowledge, Skills, and Attitudes based on the MBA institute the recently hired MBAs graduated from - 80 % of those surveyed felt it made a difference, where only 8 % felt it did not, and 12 % were unsure. Understanding why this is the case helps us better understand gaps reported in many of the specific attributes highlighted earlier. With over 2,000 Institutions offering MBAs in India today, many respondents felt that "the difference is night and day", with too much disparity between schools. The Skills Gap do exist, particularly in Skills such as listening, and team work and collaboration; Attitudes such as self-motivation, self-discipline, and commitment and dedication; and Knowledge such as understanding organization and process; product, solutions, and services; and consumer behavior. (Higher Education Forum supported by ISOS & Westat, 2010).

More than 80 per cent of the students do not meet the requirements on the problem solving skills. The average score of Andhra Pradesh students was less than 25 per cent against national average of 35 per cent. "There are more than 50 per cent of the students who have scored less than 25 per cent in problem solving, making them fall in the 'hard-to-train' segment," the study revealed. Lack of these skills was forcing students to settle for non-technical jobs after engineering education. When it came to communication skills of engineering students, 80 per cent of them did not meet the qualifying criteria. However, most of out of the 20 per cent who are fine with communication skills cannot be hired because of either lack of problem solving skills or technical skills. Proficiency in communication skills is considered more of a 'qualifying criteria' than selection criteria for technical roles in the industry. More than 60 per cent of the students do not meet the employability criteria on technical skills for the IT industry. The study also revealed that 11 per cent of the students are employable when organizations do not consider technical skills as a criterion. Even the students who do meet the technical skills criteria are still not 'ready-to-deploy' in the companies and have to undergo 3 to 4 months on technical training. The survey also found that about 25 per cent of students, which currently fall in the 30-40 per cent performance band, can be trained to upgrade their skills to employable (Purple Leap, 2009).

A major skill gap exists among Indian engineering graduates, making a strong case for the engineering colleges and institutions to focus more on employability and quality, 64 percent of surveyed employers are "somewhat", "not very", or "not at all" satisfied with the quality of engineering graduates' skills. The top three most important general skills identified were integrity, reliability and teamwork, while the top three most important specific skills are entrepreneurship, communication in English and use of modern tools and technologies. The employers are relatively satisfied with the graduates when it comes to communication skills in English, but not with the graduates' reliability, (Federation of Indian Chambers of Commerce and Industry (FICCI) and the World Bank. July 2007).

India's IT sector will face a shortfall of half a million professionals by 2010 while a recent IDC report suggests India will experience a shortfall of 118,000 skilled IT networking professionals in 2008 alone in a country of so much opportunity (NASSCOM, 2008).

Nowadays, most employers prefer to hire graduates from open universities since they are supposed to have the essential academic qualifications and employability skills which are important in the current job environment. Generally

employers who have the experience of hiring graduates from an open university are satisfied and contented with their graduates (Gurvinder Kaur & Sharan Kaur, 2008).

The requirement engineering that involves capturing, structuring, and accurately representing the client's requirements in a manner that can be effectively implemented in a system that will conform to the client's specifications. Project based & collaborative learning to upgrade the students, new graduates are ill equipped to enter and survive a market with recessions because they do not exhibit the qualities the qualities that the industry treasures (Winbladh 2004).

A national level committee, comprising members from educational and industrial sectors be formed to match the demands and needs required by the labour market with the educational portfolio. This must be implemented by regular analysis, skill level determination, revision of the curriculums and finally to follow up and control, on the basis of individual specialization. This model may reduce the expenses of pre-employment training, which financially overburden the industrial sector & increases the proficiency level of graduates, leading to trust in the educational sector and enhance the economic growth (Abu Hamatteh, 2003).

The institutions must be responsive to demographic shifts that have occurred in higher education by engaging in ongoing strategic planning similar to that which is done in the business world (Burell&Grizzell 2008). The historically, colleges and universities have been extremely slow in adapting to social change (Smith and Tamer 1984).

An academia traditionally has trailed business in its grasp of trends. It must be and remain aware of trends-not fads-in business so that it continues to be relevant in its "production" of graduates who will be seeking employment after finishing their degrees & leaving the institution (Montgomery and Porter 1991).

(McCroskey, 2008) developed Leadership Practices Inventory (LPI) that resulted in a framework of five leadership practices: modeling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart.

At present, there are several mechanisms operational in India, with 'Academia-Industry interaction,' as a fulcrum of technical education. By involving the industries right from the stage of conscripting syllabi to absorbing the trained students, they are allowed to shape the core into a highly productive Human Resource Centre. This also enables them

to reduce the time required to orient a fresh graduate before she/he could be inducted into shop floor and to upgrade/ re-skill their existing employees at a very competitive cost (Ghosh Debabrata, 2007). The higher education and industry linkages should remain alive for constant updating of courses. By creating the partnership between universities and industry, both can benefit from resources of each other (Zahid 2008).

Faculty-student ratio should be close to 1:10, frequent revision of syllabus in consultation with the industry and institutions should create the professionals with global mind set so that they can adjust in different cultural & social settings (Hannan 2003).

From above various studies it has been seen that there is skill gap between industry and students, Industry and Institute as well. Institute has to respond to the requirement of industry and has to change as per the need. There is suggestion that before employment there must be pre- employment training to the students .there is one more suggestion that involvement of industry in development of syllabus and partnership between Universities and Industry. Hence it is pivoted to find out the impact of syllabus on skills development, impact of entire course on skills development, whether skills imparted by the institution are acceptable by the industry.

### 1.3: Research Methodology:

#### 1.3.1: Research Problem:

Despite the fact that today there are millions of job opportunities in India across various sectors; industry is witnessing a serious talent crunch. Though hiring has been taking place on a regular basis, low employability of the hired resources is a serious issue. While there are instances where the workforce may be competent in their chosen areas of expertise and falling short only where the soft-skills are concerned, there are also cases where the recruits don't even have the basic skills. The question that is being raised is whether this is due to an out dated education system, which is not being refurbished to suit the changing needs of the economy.

Is there exist a gap between skills imparted by management institutes in post graduate management students and skills required for different positions in industry at entry level?

The genesis of this report is the McKinsey Global Institute study which states that "only 25 % of engineering graduates in India have the skills to be employed in IT jobs without prior training."

Many such questions are arose, discussed and debated and still did not find comprehensive and justified answer. This research is an effort to answer few of such questions.

### 1.3.2: Statement of Research Problem:

Present study intends to focus on management student employability in various industrial sectors. Management education is seeking to give college students the opportunity to learn and practice these skills in academics curriculum.

Formal assessment of these management students can help understand the perception on employability skills possession before and in MBA, can understand employers perception on present skills level of MBA students and their expected skills level from management students.

Do Management students possess adequate employability skills as expected by the various industry sectors? Are students able to transfer those skills learned in their management course to their workplace? If not, what needs to be done differently in academic programs to better prepare students? Essentially, these questions must be answered so that appropriate changes are made to syllabus and pedagogy in management education so that students learn and transfer their learning beyond their collegiate experience to the workplace and other contexts.

### 1.3.3: Objectives of the Study:

This study purports following objectives:

1. To explore the perception and expectations of employers from existing employability skills of Management post graduate students at entry level.
2. To study and analyze opinions of Management post graduate students and employers about employability skills.
3. To study the attributes expected by the industry of management post graduates students at entry level.

### 1.3.4: Hypotheses:

Using employability skills in getting the employment of the management post graduate students should be known that.

The research put forth to test hypothesis.

**H1:** There exists significant difference in to perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry.

**H2:** There exists significant difference between perceived Employability Attributes level by MBA students and available level of Employability Attributes among MBA students as perceived by industry.

### 1.3.5. Sources of Data:

The required data is collected through secondary and primary sources.

#### Secondary Data:

The data on employment scenario of Pune district, Industrialization in Pune district, list of various management institutes who are imparting two year full time management education along with students list. Curriculum design at PG management course is collected from secondary sources. Data regarding industrial sectors and units taken from Maratha Chamber of Commerce and Industries Pune Chapter and Training and Placement Officers of various management Institutes, data of management institution and their profile collected from Director of Technical Education Government of Maharashtra. And student's data collected from respective sample Institutions.

Students' personal and academic background of students perusing in second year MBA is collected from respective sample institution. The data regarding actual placement of students have collected from respective sample unit.

#### Primary Data:

The primary data consist of present level of employability skills and employability attributes perceived by employers and expected level of employability skills and employability attributes as far as skills and attributes required to different job profiles in different industrial sectors. Researchers explored number of employability skills and employability attributes. Employability skills and employability attributes imparted by management institutions, skills developed in management graduate while perusing course, perception of management institution, management students perusing post graduate management course, recruiters towards skills required for employment, opinions of management graduates students about employability skills and attributes before taking admission to MBA and the employability skills and attributes level after completion of MBA course is collected from primary source.

Perceived pinions of employer on employability skills and attributes of management post graduate students have been

collected from HR and other concern department heads from various industries. Employers' perceived opinion taken on, role of pedagogy, co-curricular and extra co-curricular activities in development of employability skills and attributes of Management students.

**1.3.6 Sampling:**

The research is focused on management institutions, students perusing management education and employers who are recruiting management students. The universe for this research comprises of the MBA students from Pune and the employers. There exist 6060 students from 78 institutes during the research duration of year 2009-10 in Pune and indefinite number of employers who comprise the Universe for this research.

The sample units for selection of Industries for this research are selected using Stratified non proportionate sampling method. Being the infinite number of employers, at least five samples are selected from each of the ten industrial sectors available in Indian industry. The ten industrial sectors are FMCG, Consumer Durables, Management Consultants, Engineering, Pharmaceuticals, Retailing, Banking, Insurance, Real estate and Software (IT).

The sample frame is as given:

**Table: 1.1: Sample distribution as per Industry, Institute and students**

Sr.	Respondents	Number of respondents
1	Industry	55
2	Student	304
	<b>Total</b>	<b>359</b>

Source: (Field data compiled by researcher)

**2:1 Data analysis and Interpretation:-**

**Testing of Hypotheses:**

Null Hypothesis:H0 - No significant difference in to perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry executives.

Alternate Hypothesis: H1: There exists significant difference in to perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry executives.

To check the hypothesis "No significant difference in to perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry executives" researcher has applied independent samples T-test.

It is observed that there is difference between the perceived

employability skills of MBA students and employability skills available among MBA students as perceived by industry executives (t-score= 0.038) which is statistically significant(p-value=0.000)

Further it is observed that the mean for the perceived employability skills by MBA students (364.12) is more than the mean for the Employability skills available among MBA students as perceived by industry executives (327.30). There exists gap between employability skills available in the students perceived by the students and industry executives.

**Table: 2.1:1:T-Test of perceived employability attributes and expected employability attributes by Industry.**

**Group Statistics**

	Group	N	Mean	Std. Deviation
Perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry.	1	304	4.00	4.94
	2	55	3.59	3.99

**Independent Samples Test**

		t-test for Equality of Means			
		t	df	Sig. (2-tailed)	Mean Difference
Perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry.	Equal variances assumed	2.140	40	<b>0.038</b>	0.41

Source- (Field data compiled by researcher)

**Decision:** Being the significance value of **paired t test 0.038** the null hypothesis is rejected and alternate hypothesis that 'There exists significant difference in to perceived employability skills by MBA students and employability skills available among MBA students as perceived by industry executives.' is accepted.

D) Null Hypothesis: H<sub>0</sub> - No significant difference between perceived Employability Attributes level by MBA students and perceived available level of Employability Attributes of MBA students by industry executives.

Alternate Hypothesis: H<sub>1</sub>: There exists significant difference between perceived Employability Attributes level by MBA students and available level of Employability Attributes among MBA students as perceived by industry executives.

To check the hypothesis "No significant difference into perceived Employability Attributes by MBA students and available level of Employability Attributes among MBA students as perceived by industry executives." researcher has applied independent samples T-test.

It is observed that there is difference between the perceived Employability Attributes by MBA students and Employability Attributes available among MBA students as perceived by industry executives (t-score= **0.002**) which is statistically significant (**p-value=0.000**)

Further it is observed that the mean for the perceived employability attributes by MBA students (42.56) is more than the mean for the Employability Attributes available among MBA students as perceived by industry executives (35.90). There exists gap between employability attributes available in the students perceived by the students and industry executives.

**Table: 2.1.2: T-Test of perceived employability attributes and expected employability attributes by Industry.**

#### Group Statistics

	Group	N	Mean	Std. Deviation
Perceived attributes by MBA students and available level of employability attributes among MBA students as perceived by industry	1	304	4.25	1.27
	2	55	3.59	1.29

Source- (Field data compiled by researcher)

#### Independent Samples Test

		t-test for Equality of Means		
		t	df	Sig. (2-tailed)
Perceived attributes by MBA students and available level of employability attributes among MBA students as perceived by industry.	Equal variances assumed	3.376	40	0.002

Source- (Field data compiled by researcher)

**Decision:** Being the significance value of paired t test 0.002 the null hypothesis is rejected and alternate hypothesis that 'There exists significant difference into perceived attributes by MBA students and available level of employability attributes among MBA students as perceived by industry executives.' is accepted

#### 2.2: Conclusion:

The mean score of Perceived employability skills by MBA students is 4.00 and the mean score employability skills available among MBA students as perceived by industry is 3.59.

The mean score of perceived attributes by MBA students is 4.25 and the mean score of available level of employability attributes among MBA students as perceived by industry 3.59.

The level employability skills perceived by the industry are low as compared to the level of employability skills perceived by the students. This is the gap area when it comes to the employability skills perceived by the MBA students and the perceived employability skills of MBA students.

Researcher can conclude that some efforts can be taken to bridge this gap through various development programs for MBA students in addition to the syllabus and pedagogy of MBA course.

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