CHAPTER – 1

INTRODUCTION

1.1 Background

After by passing world economic recession in 2008, India is on the periphery of economic recession in 2017. One of the major obstacles for global economic recovery is lack of “employable” youth. Therefore, training graduates to become effective leaders in the industry is really an important undertaking (Quelch, 2005). Businesses need employees who have right combination of attitude, knowledge and skill for performing today’s job and accepting change. Even individuals’ chances of getting and maintaining job in competitive market will improve if they are employable. Hillage and Pollard (1998) states that employability has three key elements i.e. the ability to gain initial employment, the ability to maintain employment and make transitions between jobs and roles within the same organization to meet new job requirements, and the ability to obtain new employment, if required, by being independent in the labour market and able to manage employment transitions between organizations.

1.2 Concept of Employability

Employability does not guarantee the employment; however, it helps in increasing the chances of getting employment (Fugate et al., 2004). Employability has been defined differently by various authors / organizations. Few of them are as listed in Table 1.1.

A good supply of skilled employable graduates is essential for national, economic and social wellbeing and the failure to equip young people with employability skills has far-reaching consequences (Cotton, 1993). Also, it is argued that providing young people with skills for employability is an ethical responsibility (Bhaerman and Spill, 1988).
<table>
<thead>
<tr>
<th>Author / Organization</th>
<th>Description of Employability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yorke (2006)</td>
<td>It is a set of achievements, such as skills, understanding and personal attributes that makes graduates more likely to gain employment and be a successful in their chosen occupation which benefits themselves, the workforce, the community and the economy</td>
</tr>
<tr>
<td>Confederation of British Industry</td>
<td></td>
</tr>
<tr>
<td>(CBI, 1999)</td>
<td>It is the possession of qualities and competencies by an individual required to meet the changing needs of employers and customers and thereby help to realize his or her aspirations and potential in work</td>
</tr>
<tr>
<td>UK Government (HM Treasury, 1997)</td>
<td>It is the development of skills and adaptable workplaces in which all those capable of work are encouraged to develop the skills, knowledge, technology and adaptability to enable them to enter and remain in employment throughout their working lives</td>
</tr>
<tr>
<td>Hillage and Pollard (1998)</td>
<td>the ability to gain initial employment, the ability to maintain employment and make transitions between jobs and roles within the same organisation to meet new job requirements, and the ability to obtain new employment, if required</td>
</tr>
<tr>
<td>Gazier (2001)</td>
<td>As ‘Dichotomic employability’ to differentiate between people eligible for relief (unemployable) and people looking for work (employable)</td>
</tr>
<tr>
<td>Centre for Employability (CfE), UK</td>
<td>Having a set of skills, knowledge and personal attributes that make a person more likely to secure, and be successful in their chosen occupation.</td>
</tr>
<tr>
<td>(Hinchcliffe, 2001)</td>
<td></td>
</tr>
<tr>
<td>Sheffield Hallam University (2009)</td>
<td>Enabling students to acquire the knowledge, personal and professional skills and encourage the attitudes that will support their future development and employment</td>
</tr>
<tr>
<td>Harvey (2001)</td>
<td>It can be divided into two broad groups. The first relates to the capability of the student to get (and retain, develop) a job after studies. The other one is concerned with developing the student’s attributes (skills, knowledge, attitudes and abilities) and finally empowering them to be a life-long learner.</td>
</tr>
<tr>
<td>Brown and Hesketh (2004)</td>
<td>It is relative chances of getting and maintaining the different kinds of employment</td>
</tr>
<tr>
<td>Vrat (2013)</td>
<td>As an overall index of a person to perform respective functions effectively within the organization and there is some value addition in the organization from his/her side.</td>
</tr>
</tbody>
</table>
1.3 Employment Vs Employability

As per Bhaerman and Spill (1988), both the terms ‘Employment’ and ‘Employability’ are different. First one, denotes to having a job, however, the later one denotes being capable of having a job. Employability is possessing the capabilities required to get the job; sustaining it for long and switching job easily, if required. An individual might get a job or employment due to various reasons like luck, reference, however, one has to employable in order to perform well and sustain the job in long run. Employers look for more than a degree or subject knowledge; they prefer that a graduate should possess a right combination of attitude, knowledge and skills which makes a graduate employable. Therefore, all graduates should aspire to become employable rather focusing on getting employment soon. Some researchers have even proposed to replace the old promise of continued and guaranteed job with the concept of ‘employability’ to be used as new foundation (cited in Morcos, 2009).

1.4 AKS Tree

The performance of an employee on the job is affected by a cluster of attitude, skill and knowledge together. Attitude refers to the values, self-image. Knowledge refers to the information a person possesses in a specific subject whereas skill refers to the application of that knowledge. It is widely believed that knowledge and skills are relatively easy to modify and impart to a person while it is extremely difficult to bring about a change in attitude. These constructs of employability could be made analogous to tree where roots of the tree are the attitude that lay the strong foundation, then the knowledge of a candidate is the trunk of the tree and that gets applied through the skills which can be taken as the branches of the tree. The same has been represented in Figure 1.1.
1.5 Demographics of India

As per United Nations estimates, the population of India in May 2017 is 1,339 (in million) with a median age of 26.9 years (Worldometers, 2017). With these demographics, India is the second most populous country in the world.

As per FICCI & EY India estimates (FICCI & EY, 2013), India is expected to become the most populated country surpassing China by 2030 (Figure 1.2) with a median age of 32 years (Figure 1.3). It is clear from Figure 1.3 that India will have the youngest population in

Figure 1.1: Attributes of employability analogous to Tree (Source: Self)
the world by 2030. Also, India will have a labor surplus of 47 million by 2020 (Figure 1.4) and therefore, India could be a large supplier of manpower to the countries which are labor deficient. It gives India a demographic dividend potential if Indians are globally employable. India can become a global hub for shopping talent. However, if Indians are not made employable then white-collar crime will increase and that will be a disaster for India. If youth can’t be equipped with required employability attributes then it will have far-reaching consequences (Bhaerman & Spill, 1988).

Figure 1.2: Expected Population in 2030 (Source: FICCI & EY, 2013)
Figure 1.3: Projected Median Age by 2030 (Source: FICCI & EY, 2013)

Figure 1.4: Shortfall and Surplus of Labor by 2020 (Source: FICCI & EY, 2013)
1.6 Employability status in India

There is a gap between skill requirements for entry-level graduate employment and skill levels of entry-level graduate job applicants (Davies, 2000; Finn, 2000; Lindsay, 2002).

1.6.1 Aspiring Minds Report

Employability solutions firm ‘Aspiring Minds’ (2012), which is involved in assessing various aspects of employment, education and training, reveals in its National Employability Report of MBA graduates that the employability of MBA graduates in functional domains remains below 10%. Also, as per the “National Employability Report – Graduates” in 2013 by Aspiring minds, nearly half of Indian graduates are not fit to be hired i.e. majority of graduates (47%) are not employable in any sector of knowledge economy.

1.6.2 MeritTrac-MBAUniverse.com Report

MeritTrac, India’s largest testing & assessment company and MBAUniverse.com, online e-portal of India’s voice of MBA community published MBA Employability Report (2012). This report stated that there is a dip in Verbal Ability & Quantitative Ability Scores of students from Tier 1 cities.

1.6.3 Assocham Education Committee Report

Education Committee of the Associated Chambers of Commerce & Industry of India conducted a study in 2016 and found that only 7% of MBA graduates are employable excluding graduates passing out from IIMs. Even if the graduates get job, they earn approximately 8-10K per month. The report mentions that the major reasons behind this disaster are lack of infrastructure and quality control, less salary jobs offered through campus placement and incapable faculty.
1.6.4  Nasscom Report

Nasscom (in 2005) stated that only 25% IT graduates are employable in country. Nasscom Survey (2011) mentioned that 25% graduates across all streams are employable and 35-40% Tech graduates are employable.

1.6.5  FICCI & World Bank Survey Report

According to the survey (2009), jointly carried out by the Federation of Indian Chambers of Commerce and Industry (FICCI) and the World Bank, 64% of surveyed Indian employers are “somewhat to not-at-all” satisfied with the quality of engineering graduate skills.

1.7  Preliminary definition of proposed research problem

Above discussion leads to the following preliminary definition of the problem:

“Investigating dimensions of employability with a view to develop an employability model, which may be significant in suggesting better curricula to educational institutes and hence improving the employability index of students pursuing management education.”

1.8  Research issues

The research issues envisaged in this socially relevant research area are:

a) To investigate various dimensions of employability for management graduates
b) To prioritize the various employability parameters with respect to specific job function
c) To propose an employability model which can quantify the employability level of management graduates
d) To propose suggestions in curricula of management courses to improve the employability level of students
e) To develop a framework to be used for ranking business schools
1.9 Organization of the report

The thesis comprises of ten chapters which are briefly described as follows:

Chapter 1: Introduction

This chapter introduces the concept of employability. It briefly introduces the employability status in India and the reasons behind the low employability levels in India. It identifies the importance of high employability of management graduates to realize the demographic dividend potential in the absence of which it might lead to demographic disaster. It also presents an overview of the thesis.

Chapter 2: Review of Literature

This chapter discusses review of literature including conceptual foundation, different stages of and various theories of employability. The various employability models are compared in order to bring out the limitations of existing models which provided the framework for developing a new employability model. The existing research on employability is classified based on year of study and geographical region. It also identifies the existing research gaps in the field of employability.

Chapter 3: Research Design

This chapter discusses the research design including specific research objectives of the study, research participants, overview of general methodological approach, statistical tools and techniques used in the thesis.

Chapter 4: Defining relevant attributes of employability of management graduates

This chapter attempts to define various attributes of employability. Based on the literature reviews and focused interviews with industrial experts and experts from academia teaching management subjects, various sub-attributes under attributes of Attitude, Knowledge and Skill are defined. It also presents the current level of employability of management graduates based on the perception of industry experts.
Chapter 5: Modeling attributes of employability of management graduates

This chapter categorizes sub-attributes of Attitude, Knowledge and Skill as ‘Core’ and ‘Specific’ using ISM and FMICMAC. The driving and dependence power of sub-attributes are also found. Also, using AHP, specific weights have been assigned to ‘Specific’ attributes of Attitude, Knowledge and Skill for different specializations like Human Resources, Finance, Marketing, Operations and Analyst.

Chapter 6: Employability model for consistency in quality of hiring decisions

This chapter proposes the model of employability for management graduates. The proposed model is based on Bowman Management coefficient model and Vrat’s model of employability. It describes the measurement methodology of the proposed model and prescribes descriptive index of employability in order to understand meaning out of the value of employability. It details about the computer software developed to be used by the hiring managers and the procedure to use the employability tool for enabling hiring managers to improve quality of hiring decisions.

Chapter 7: Validation of employability model of management graduates

This chapter focuses on the dimensional verification of the model and its validation using feedback from industry, cluster analysis and simulation. It also illustrates the application of the proposed employability model for evaluating employability value of management graduates. Lastly, this chapter focuses on identifying various sub-attributes under Attitude, Knowledge and Skill attributes for students of computer science and engineering, mechanical engineering and law graduates respectively.

Chapter 8: Application of QFD methodology to evolve curricula to enhance employability: A Case study

This chapter presents a case study on improving course curricula and course structure of the MBA program in an ongoing business school using Quality Function Deployment. It also highlights the summary of suggested changes in the curricula of MBA program.
Chapter 9: Proposal to use value addition in employability as a ranking framework for business schools

This chapter presents the current practices in ranking business schools in India and proposes that the ranking of an educational institute should be based on gain in the employability level among the students. A case study on change in the employability level of management graduates of batches 2012-14, 2013-15, 2014-16 of an ongoing business school is discussed. Also, perception of students of Government University and Private University regarding industry requirements is compared in order to know the role of educational institute in making students aware of composition of employability attributes as per industry requirements. Transition in the perception of students at the time of entry to the institute and at the time of exit from the institute is also discussed.

Chapter 10: Summary of Major Findings and Conclusions

This chapter presents summary of major research findings and significant research contributions made. It also outlines the limitations of the study and lists suggestions for the future research in the field of employability.

1.10 Conclusions

This necessitates exploring what constitutes employability of management graduates and how to enhance its level. In this thesis, an attempt has been made to investigate the attributes and sub-attributes of employability with a view to develop an integrated employability model, which will be effective in improving the quality of hiring decision, suggesting better curricula to educational institutes and hence improving the employability index of students pursuing management studies.