CHAPTER 1

INTRODUCTION

1.1 Relevance of the Study

India with a huge young population provides plentiful supply of work force because of its demographic composition (India has over 550 million people who are 25 years or younger (Census Report 2012)\(^1\)). In spite of having such a huge young workforce, experts have questioned the employability level of the workforce (Shrivastava, 2013; Thomas et al., 2013). The process through which one finds the best way to establish oneself in the labour market has been described as the phenomenon of employability (Bricout and Bentley, 2000). India’s first employability study on technical and management graduates was conducted by a consulting group called Aspiring Minds (2012)\(^2\). The employability test was conducted with the help of a standardized computer-based test. More than 40,000 engineering and MBA students (in final year) across the country, participated in the test. Results showed that the employability level was found to be below 29 percent. Another study conducted by Mckinsey called “World at jobs (2012)\(^3\) “predicted that India will have a deficiency of 13 million skilled employees because of inadequate vocational education by 2020. A national survey conducted by National Skill

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1 http://www.census2011.co.in/


3 http://www.mckinsey.com/insights/employment_and_growth/the_world_at_work
Development Centre (2012)\(^4\) on MBA graduates' employability found that the employability level of MBA graduates across specializations is below 13 percent.

Manufacturing and services sectors’ growth prospects are already hampered by the talent deficit of the country. This is attributed to India’s education system which has been incapable of holding up to the rising demand for people with specialized skill sets (Holtbrugge, Friedmann and Pucke, 2010). In a study by Budhwar et al. (2006), only one or two fulfil employer requirements out of every 100 applicants in Mumbai. Shortage of qualified applicants is due to the lack of interface between the industries and the educational institutes. Most of these universities barely provide adequate education which could equip students with necessary skill sets for jobs in MNCs (Holtbrugge et al., 2010). To add to this difficult situation, the economic stagnation prevailing in the country for the last few years has reduced the opportunity for significant employment for countless of applicants.

Forecasts of slowing financial growth in India, as part of the present worldwide recession, has elevated the likelihood of increased unemployment and job loss (Swan and Tanner, 2009). The authors further stated that during recession, companies were forced to safeguard financial suppleness and utilize resources more effectively. In doing so, employers drastically abridged their workforce, and discovered that they could turn out more productivity and innovation from their current curtailed manpower if they had the right person for the right job. So, the employers have no intention to increase their curtailed workforce to pre-recession workforce levels. In fact, employers have now become more thorough about the kind of talent that they are looking for, not only for seeking technical capabilities, but also for individuals who

\(^4\) http://labour.nic.in/upload/uploadfiles/files/Policies/NationalSkillDevelopmentPolicyMar09.pdf
possesses the interpersonal and value fit that will enhance productivity of their organization (Raman, Budhwar and Balasubhramanium, 2007; Budhwar et al., 2006).

Career planning in India has alleged crucial importance, given the economic situation and the labour market conditions (Altback, 2009). Career planning refers to individuals’ delineation of future career developments and to their setting of career goals and at the same time pursuing those career goals (Gould, 1979; Greenhaus, 1971). According to Hall (1986), “It is a conscious process of becoming responsive of self, opportunities, constraints, choice and consequences; identifying career-related goals; and programming work, education and related developmental experiences to provide the direction, timing and sequence of steps to attain a specific career goal (p.47)”. Thus career planning can actually improve the employability skills of individuals as the career planning process involves constant assessment of self and the market which makes the individual more adaptive and flexible to the demands of the market with respect to inculcating adequate skill set. In the process the individual also reaches his set career goals. Researchers have included career planning skills like adaptability, career identity as important dimensions of employability (Ashforth, 2001; Hall, 2002; Hall and Mirvis, 1995).

Occurrence of person job misfit is one major outcome of poor career planning. This in turn can lead to stress, dissatisfaction and despair for some employees, but they can also cost employers financially (Brosco and Scherer, 2003; Folsom and Reardon, 2003). An ill-suited employee, who is for a particular job is more likely to perform poorly, be less productive, and leave the company, voluntarily or otherwise. In such a case employee turnover can be a serious financial burden for the company (Holtbrugge et al., 2010). On the individual level, career planning can improve one’s self identity and emotional well-being that is achieved for working in a job that one has acute interest in, rather than just working for financial reasons. From
employer’s perspective, it results in a well-trained, motivated workforce, who will be more productive and less likely to job-hop (May, 2009).

In view of the various advantages of career planning, one critical aspect is making the right career choice or deciding on a career (i.e. Career Decisiveness) that is most appropriate for oneself. In other words the concept of Career Decisiveness (the certainty with which one decides a career) forms a major consequence of effective career planning. A significant section of research in the area of vocational psychology was focused in the understanding the reasons behind career decision making (Gunkel et al., 2010). Career decision-making includes a complex process by which one selects an occupation (Zunker and Osborn, 1994). One of the most desired outcomes of career decision making is Career Decisiveness. It is an especially important topic to study today due to the changing nature and complexity of the global economy and current vocational marketplace in the country. The demands of this competitive landscape require incessant adaptation and novelty, making it even more imperative for the next generation to be well equipped to meet the challenges which are very diverse than what earlier generation have experienced.

Career planning is the first step in the course of career development which helps in the process of vocational decision making (Gunkel et al., 2010). In order to attain Career Decisiveness one requires an huge amount of preparation and a level of capability that is considered by an examination of one’s skill, familiarity and awareness of obtainable careers, employment, and training opportunities (Gottfredson, 1981). Thus, it becomes a matter of necessity to recognize and explore the factors that promote sufficient career planning skills among individuals.
Recently there has been a linking of career development with the field of positive psychology in the form of psychological well being and positive thriving. Especially in the US context, such career planning attitude has helped students to increase their well being and decrease their distress (Hirschi, 2009; Skorikov, 2007; Vondracek et al., 1995). This provides impetus to conduct an empirical study to investigate the antecedents and consequences of career planning attitudes in a collectivist culture like the Indian context. In a collectivist culture, with the impetus being primarily on social norms, the career choice process would be very different from the US context. The findings of the study would provide insights which would aid in effective career choices for individuals in the Indian context. Results of the study would be beneficial to career counselors as well as it would help them provide career related assistance to their clients.

1.2 An Overview of the Study

The thesis has six chapters. In the next chapter, the conceptual background for the study is discussed which provides a theoretical framework for the study for development of research hypotheses and analysis and review of the literature relevant to the study. A brief account on the evolution and importance of Motivational Systems Theory (MST) which is the core of the theoretical framework is followed by an introduction to the concept of three career planning attitudes namely Career Adaptability, Career Optimism and Perceived Knowledge of Job Market. In the last two sub sections, a brief outline of the two consequences of career planning attitudes namely, Career Decisiveness and Life Satisfaction are provided. The review is divided into five sections. In the first section, significant research works which explored the relationship between individual factors and career planning attitudes are reviewed. In the second section, empirical research works specifically exploring the relationship between contextual factors and
career planning attitudes are reviewed. The third section concentrates on the review of relevant empirical studies which investigates relationship among individual and contextual factors and career planning attitudes. The fourth reviews literature on the relationship between of career planning attitudes and Career Decisiveness. And the last one reviews literature on the relationship between Career Decisiveness and Life Satisfaction. Following the review of research literature, gaps in the literature are identified.

In the third chapter, basic objectives of the study are stated first. Next, the conceptual model which is formulated and used as the core for the present study is illustrated. Justification for inclusion of all the components in the model is given. Based on this conceptual model, six research hypotheses (including sub-cases) are developed, along with rationale for their formulation.

In the fourth chapter, a detailed description of the research methodology used in the study is presented. A detailed description and measurement process of each and every construct is given. Next, the sampling process employed in the study is described followed by a description of the data collection method.

In the fifth chapter, results of statistical analysis are presented starting with the description of reliability and validity tests for constructs used in the study. Results of statistical analysis for hypotheses 1 to 6, along with figures and tables are also presented in this chapter.

In the sixth and final chapter, summary of the results along with the implications of the results, limitations of the study and scope for future research are then presented. Finally, the concluding comments on the study are made in this chapter.