A study of B-school student’s perception on their employability skills

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ABSTRACT

The declining demand for MBA programs at mid-tier and lower-tier B-schools has a ripple effect, notably reducing the employability of graduates from these institutions. As these school’s face dwindling admissions interest, they’ve relaxed their entry criteria, resulting in a flood of students enrolling. Consequently, the overall quality of MBA graduates has suffered, leading to diminished employability prospects. An alarming report in the Economic Times disclosed that only 10 percent of B-school graduates are deemed employable. Citing the National Employability Report 2012, skill assessment company Aspiring Minds issued a press release underscoring the dismally low employability rates among Indian MBA graduates. The press release revealed that in 2011, employability rates for functional roles in HR, marketing, and finance were below 10 percent. For specialized roles such as business consulting and analyst positions, which demand exceptional cognitive and English language skills, employability rates among B-school graduates were significantly lower, at 2.5 percent and 7.9 percent, respectively. This study aims to assess the current perceptions of employability skills among students from selected B-schools in Pune through a survey of 100 students.

KEYWORDS: B-Schools, Perception, Employability skills, Students.

1. INTRODUCTION

The Indian Institute of Social Welfare and Business Management set-up in Kolkata (formerly Calcutta) in 1953 was the first institute to offer an MBA degree in India. Although Xavier’s Labor Relations Institute (XLRI), established in Jamshedpur in 1949, is the first Indian management institute. But it did not offer an MBA program at that time. IISWBM was a joint effort between the Government of West Bengal, the University of Calcutta and state’s robust business community to promote management education in the country. The institute mentored the elite Indian Institute of Management (IIM) in Calcutta established in 1961 in its early years. IIM-Ahmedabad was also set-up in the same year and together they were and are still considered the best B-schools in India. While the older B-schools are considered the best, few
of the newer institutes are also making a name for themselves in the field of business education. Primary among these new business schools is Symbiosis Institute of Business Management (SIBM) in Pune, Indian School of Business (ISB) in Hyderabad, and Management Development Institute (MDI) in Gurgaon to name a few.

As the Indian economy began to expand, many entrepreneurs started their own B-schools anticipating an increase in demand for professionally trained management graduates. It is estimated that today India is home to around 6000 B-schools offering MBA and PGDBM courses (Taxila Business School, 2022). One of the effects of the declining demand for MBA programs at mid-tier and lower-tier B-schools is reducing the employability of students who complete these courses. When these schools began to experience a drop in demand for admissions, they relaxed their admissions criteria, resulting in virtually every graduate entering these institutions. This has led to a drop in the standards of the MBA graduates resulting in their low employability. Around the world, the Master of Business Administration (MBA) provides value and meaning to the business community. Every business organization has its own employability requirements. On the one hand, it is difficult for recent MBA graduates to be employed if they lack the basic skills and experience for employability. On the other hand, organizations suffer if their employees are ill-equipped to handle problems that require a unique and practical skill set. Organizations are therefore looking for candidates who can perform at a consistently high level, are trained to perform new tasks, and can have the skills needed to solve basic and complex problems.

A significant problem faced by many recent MBA graduates in India is lack of employability due to poor quality of education and lack of practical knowledge. Both challenges manifest themselves in the work environment and cause damage due to insufficient work performance. Therefore, more emphasis should be placed on understanding the relevance of professional courses such as the MBA, not only in providing managerial knowledge, but also in addressing other priorities that will enable graduates to perform better in their future work roles (Baruch et al., 2019). This study looks at the current perception on employability skills of the students from select B-schools from Pune by way of a survey of students.

2. REVIEW OF LITERATURE

Assocham (2016) reported that only 7% of graduates who graduated from the top 20 B-schools in India could get satisfactory employment and were considered employable in the industry. The other 93% of secondary and junior B schools either experienced extended periods of unemployment or settled into jobs earning only INR 8,000-10,000 per month. Lack of hands-on practical training for B-school graduates and poor industry-related knowledge of faculty members in B-schools are the two main reasons for low employability. Similarly, Aspiring Minds (2012) reports that more than 90% of graduates from B-school programs across India are unemployable, indicating a significant knowledge and resource gap that directly affects their employment prospects.

Several factors contribute to the skills shortage in MBA education. FICCI and Ernst and Young (2014) reported that B-school students in India have low employability due to outdated curriculum and lack of quality teachers. In addition, weak links between industry and academia, low impact on research output, and lack of freedom for MBA faculty members to introduce innovative courses create a skills gap for MBA graduates. Several studies suggest that improving the employability skills of recent MBA graduates will help bridge the skills gap that exists in industry and academia (Hughes et al., 2011; Taylor and Hooley, 2014; Abrahamson et al., 2016; Agarwal et al., 2019). Some researchers have identified the core skills that industry requires from MBA graduates (Benson et al., 2014; Ayoubi et al., 2017). Several studies have also examined the cause of the skill gap in MBA programs at B-schools in India (Pandiyan, 2011; Bansal and Agarwal, 2019; Bhatia and Panneer, 2019).

Communication is essential and can have a significant impact on the performance of MBA graduates. Charles and Krishnan (2014) argued that most MBA graduates in India have poor English skills, although they were taught in English-medium schools during their education. In addition to communication, several other employability skills are needed to
prepare MBA graduates for the workforce. India is increasingly becoming a knowledge-based economy that depends on fresh MBA graduates to fill various unique roles in the work environment and contribute to the long-term growth of organizations (Dhingra, 2017). As a result, employability is key and MBA graduates are expected to have the required knowledge and skills that can help them translate their performance into successful outcomes.

The human capital of a B-school represents all the tacit and explicit knowledge, skills, expertise and work experience of the B-school, students, and academic staff (Sardesai and Guthrie, 2018). It also reflects research results, newly created knowledge and patents registered by its faculty. Faculty members' experience in the field and their learning through research improves employability outcomes by creating better learning experiences for students (Hora et al., 2020). A study by way of a self-assessment of employability skills of the MBA students is not seen on record. This research endeavours to fill this gap.

3. METHODOLOGY

To draw meaningful inferences and conclusions, a minimum sample size of 100 is recommended (Alreck and Settle, 2003). In line with this guidance a sample size of 100 was fixed. Convenience sampling method was followed. Around 200 questionnaires were sent to second year MBA students from different B-Schools from Pune. 100 responses were received over a month, indicating a response rate of around 50%. Neither the name of the respondent nor of the Institution was recorded for ensuring confidentiality. In fact, it was only when the respondents were assured of their confidentiality, they agreed to cooperate. A questionnaire was designed in Google Forms. It was divided into following parts:

- Demographic Profile
- Perception about employability skills

The questionnaire had following features:

- Responses were sought by way of a selection from a range of options.
- In seeking agreement or disagreement on a particular issue, the sequence of responses was designed as under –
  0 – No option
  1 – Somewhat agree
  2 – Completely agree
  3 – Somewhat disagree
  4 – Completely disagree

“No option” choice was deliberately kept as the 1st response to provide an early exit option to those who either didn’t knew the answer or didn’t want to answer. The questionnaire was tested for reliability, and it returned a Cronbach Alpha score of 0.871 and hence was considered reliable. The questionnaire is given at the end of the article.

The hypothesis set was:

- Ho: There is a positive perception amongst the MBA students about their employability skills.
- Ha: There is a negative perception amongst the MBA students about their employability skills.

The hypothesis was tested based on the average agreement/disagreement responses to the ten statements in the questionnaire related to possessing employability skills. The average agreement/disagreement response of the 100 respondents for all the related statements was taken as the sample mean and it was compared with a hypothesized population mean of 50% agreement/disagreement connoting an event by chance and not due to any statistical significance. A t-test was applied at 95% confidence level and based on the p-value the null hypothesis was tested for rejection or non-rejection.
4. DATA ANALYSIS & FINDINGS

51 respondents were male whereas 49 were female. 17 were from the Northern region of Pune, 33 were from the Eastern region, 26 were from the Western region, and 24 were from the Southern region. 38 respondents were from the Marketing specialization, 16 were from the Finance specialization, 24 were from HR specialization, and 22 were from other specializations.

Table 1: Summary of responses to the questionnaire

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagreement %</td>
<td>86%</td>
<td>88%</td>
<td>82%</td>
<td>83%</td>
<td>90%</td>
<td>81%</td>
<td>89%</td>
<td>88%</td>
<td>81%</td>
<td>85%</td>
<td></td>
</tr>
</tbody>
</table>

Based on the above summary average sample mean the hypothesis was tested as under.

Table 2: Testing of Hypothesis

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample Mean ((\bar{x}))</td>
<td>85%</td>
</tr>
<tr>
<td>Hypothesized population mean ((\mu))</td>
<td>50%</td>
</tr>
<tr>
<td>SD of sample</td>
<td>0.834908</td>
</tr>
<tr>
<td>n (sample size)</td>
<td>100</td>
</tr>
<tr>
<td>t-value</td>
<td>4.2188</td>
</tr>
<tr>
<td>p-value</td>
<td>0.00003</td>
</tr>
<tr>
<td>Decision</td>
<td>Reject Null</td>
</tr>
</tbody>
</table>

Thus, the null hypothesis, there is a positive perception amongst the MBA students about the programs employability potential, was rejected in favour of its alternate, there is a negative perception amongst the MBA students about the programs employability potential.

5. CONCLUSION

MBA students are quite pessimistic about their employability skills after doing the two-year MBA program. Despite facing declining demand and questionable quality of course content and faculty, the MBA remains one of the most preferred postgraduate courses in India, according to a survey by university search engine India College Search. It is still believed to be the common man’s ticket to a high-profile job and a better quality of life. A degree allows individuals to acquire a vast amount of knowledge and acquire key skills in a relatively short period of time. Clearly, the mighty MBA still holds much promise and has the ability to live up to its lofty standards. All of these programs require a well-thought-out and deliberate strategy to overcome the challenges that plague them today. Special skill development initiatives are required from the University and the B-schools to improve the situation.

6. BIBLIOGRAPHY


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QUESTIONNAIRE

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PROFILE INFORMATION

1. Name of the Respondent (optional)
2. Gender (Male, Female)
3. Zone (North, East, West, South)
4. Specialization (Marketing, Finance, HR, Other)

I. Views about employability skills

Rate the following statements on a scale of Cannot Say, Somewhat Agree, Strongly Agree, Somewhat Disagree, Strongly Disagree

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>We have excellent oral communication skills</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>We have excellent written communication skills</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>We have reasonable negotiation skills</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>We have reasonable analytical skills</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>We have good conceptual skills</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>We are good at managerial skills</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>We are good at creativity</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>We can think practically in the light of the circumstances</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>We are good at problem-solving skills</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>We have excellent IT skills</td>
<td></td>
</tr>
</tbody>
</table>