

# Employability Gap? An Assessment of Business School Students in Maharashtra

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## Abstract

Around 90,000 students appear, each year, for the Maharashtra State Common Entrance Test (CET) conducted by the Directorate of Technical education (DTE), the educational authority of technical education in Maharashtra, to get an admission into an MBA college in Maharashtra but only around 35,000 students graduate each year with a coveted Master of Management Studies (MMS) degree in the hope that it would land them a high paying job in a top organization. But are these students really the crème de la crème of management education? Are they well equipped with the business knowledge, skills, and attitude (KSA) that today's competitive environment demands? Many corporates seem to disagree, citing fundamental problems within the management education system. This paper will look into these problems which have created an employability gap among management students and would provide answers on how these problems can be tackled across the three main streams of business education-Human resources, Marketing, and Finance. Later, the paper will provide insights into how the structure of management education in Maharashtra can be strengthened. Data were collected using semi-structured interviews that were conducted with the following principal actors in management education: Current management students, management students who have completed a year in an organization, faculty from business schools across Maharashtra, recruiters who conduct campus placement interviews, and, finally, functional managers to whom these students would report to at work. The paper has huge implications for the management educational authorities and business schools in Maharashtra, India.

**Keywords:** Employability, graduates, India

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Today's organizations are characterized by a continued focus on cost control, increased productivity and expansion and/or diversification into new markets and/or new products and services. The Human Resources function has been made responsible for inducting talent to meet this strategic intent of the organization. Increasingly, there is a need felt for grooming talent, which in future, would lead the business units of the organization. It is largely agreed that management education is what will help provide this talent. Earlier, hardly anyone pursued management education in India. However, the liberalization of the Indian economy and the subsequent entry of foreign and private organizations drove employment in the 1990's, leading

to the proliferation of various private educational institutions, including MBA colleges, across the country. This growth was highlighted by Business India (Best B-schools survey 2010., 2010), which pegged the total number of MBA seats offered by colleges/institutes in India in 2009 at 1,20,000, rising from 70,000 in 2000. There are around 366 MBA or MMS colleges and a total of 34,995 MBA seats in Maharashtra alone (Sheshadri, 2011; Technical Education in Maharashtra State).

In fact, this huge growth has only raised employability to be a prime concern among all colleges, students, and organizations alike. This mad rush for management education has created a situation where there are too many graduates

chasing too few jobs. Being employable is one of the key goals of students once they enroll for a management course. It is not surprising to see that once a student joins a business school, he or she may look at volunteering for campus activities and campus competitions rather than studying a particular subject in depth, in order to enhance his or her employment prospects. In fact, Indian corporates contend that an MBA course is a shallow introduction to a wide range of business subjects. Most colleges end up covering around 30-35 courses in the space of 24 months. Students are expected to breeze through various reference books for a certain course, many of which have been written years ago making the study material outdated. During this period a student undertakes a summer internship which lasts typically for 2 months, a period arguably too short to gain any corporate exposure. These issues, corporates hint, to be the outcomes of the fundamental problems that exist within the management education system.

Using a semi-structured interview method, this paper will attempt to bring out these key problems facing the management education system in Maharashtra that have led an employability gap (in terms of knowledge, skills, and attitudes) among management students. The paper will, then, look at specific areas where the employability gap has been created across the three main streams of management education-Human resources, Marketing and Finance and will suggest ways that would help bridge the gap among the graduates from each stream.

**Materials and Methods**

*Participants and procedure*

This study focuses on the employability of management graduates who have done their MBA or MMS from Maharashtra. Data were obtained from the following principal actors of management education using a convenience sampling approach: (1) Students of business schools in Maharashtra from the streams of Human resources (HR), Finance, and Marketing. These were students who were in the second year of their

**Appendix**

**Fig. 1:** Number of Respondents for each principal actor and their specialization

Stream	B-school students	Faculty	Management graduates	Functional Managers	Campus Recruiters
Human Resource	4	4	7	3	NA
Marketing	7	2	2	1	NA
Finance	6	4	3	2	NA
Total	17	10	12	6	2

Note: NA: Not Applicable

programme and had completed their summer internship; (2) Business school faculty from Maharashtra Business schools from the streams of HR, Finance, and Marketing; (3) Campus Recruiters who had conducted executive placements across any one of the three streams- HR, Marketing and Finance from business schools in Maharashtra;(4) Management Graduates from the streams of HR, Marketing, and Finance who had completed a year in an organization and were currently holding a trainee role in a specialized department;(5) Functional managers from the streams of HR, Marketing and Finance who had completed their MBA or MMS from Maharashtra and were currently responsible for leading a team that includes MBA or MMS graduates.

Figure 1 provides the number of respondents for each principal actor and the stream-HR, Marketing and Finance to which they belong to.

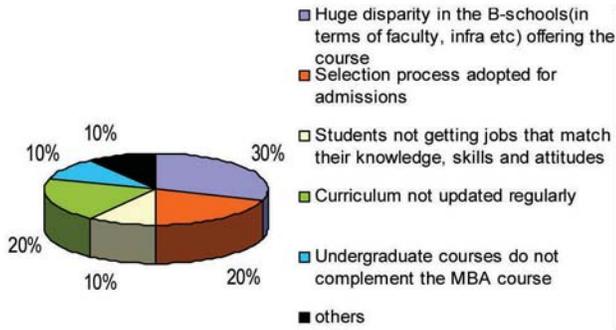
We used a semi-structured interview method in this study. Prior to each interview, each participant was sent a one-page questionnaire to complete which allowed for quantitative data to be collected. In the interview, questions were asked so as to enable interviewees to share their point of view regarding different matters, explain how and why they arrived at their conclusions and described relevant experiences (personal or workplace). One of the researchers (Neil Cornelio) made brief notes during the interview in a note book. Immediately following the interview, the notes were elaborated upon.

**Results and Discussion**

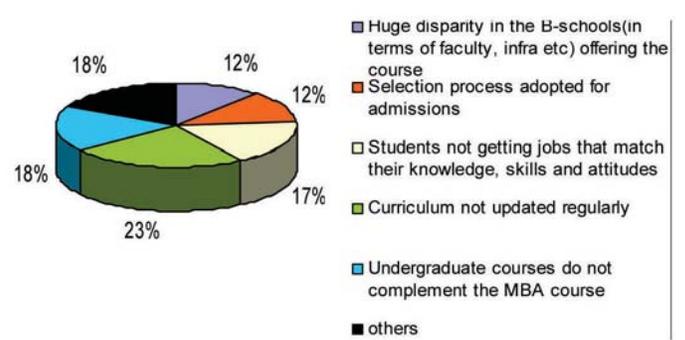
*Fundamental problems facing the management education*

Our first attempt was to understand what were the fundamental problems facing management education in Maharashtra. Responses were obtained through the questionnaire and the results are given in Figure 2. Later, further explanation was sought from the respondents on certain responses through a semi-structured interview.

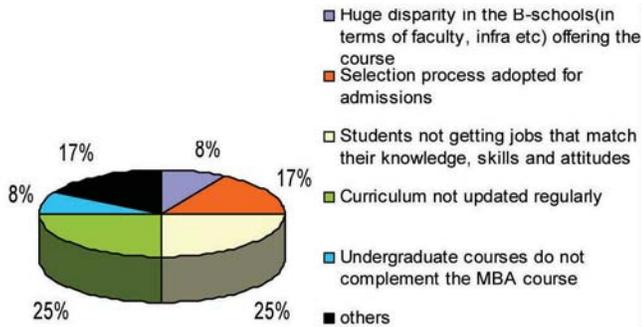
Faculty (n=10)



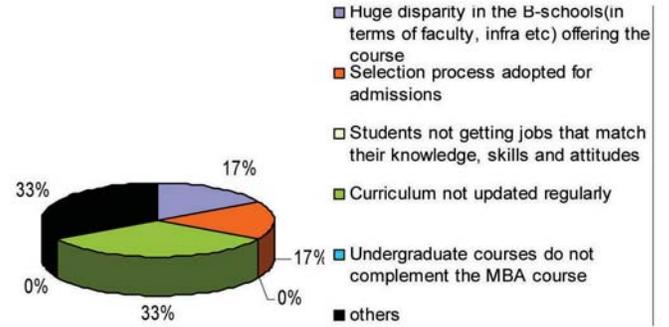
B-School Students (n=17)



Management Graduates (n=12)



Functional Managers (n=6)



Campus Recruiters (n=2)

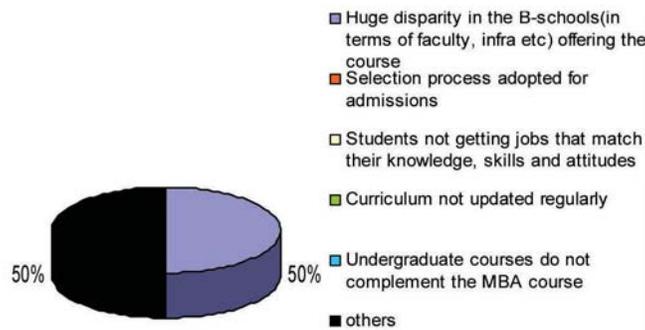


Fig. 2: Fundamental problems facing management education in Maharashtra-Break up for each principal actor

Majority of the faculty (30%) and a Campus recruiter have called for uniformity in various B-schools (Figure 2). One campus recruiter said:

Most of them [students] are excellent. It's then the B-school's responsibility to see that these students are moulded as per our requirements. But due to a rigid methodology of conducting everything on campus, these students too end up being inflexible and this comes out in the open during executive placements.

Many B-school students said that the curriculum was not updated regularly and did not match the reality of the corporate world. As one HR student who did her summer internship in a public sector organization said:

We came across a recruitment policy of a company, something that was never discussed in class. Also most of the books are by American authors that give a narrow view on HR...I think we need more Indian writers.

Management graduates (25%) and Functional managers have placed the responsibility on both the curriculum and the placements they received on campus. As one functional manager said:

Look at some of the books that these students refer to! They're [management books] centuries old! How can I expect a new management trainee to start performing from day one if they've been taught all stuff that's redundant in the current environment?

Some of the other problems highlighted by the respondents were the extreme focus of students towards specialized courses. As one campus recruiter described:

These students cannot handle work when it involves something that requires them to think beyond what was thought in their specialization. One example is when we [the recruiter's organization] conducted an induction session on Strategic HR for our new HR recruits. They found it difficult to do a SWOT analysis of an industry of their choice. ...we [campus recruiters] expect students to go beyond the confines of an MBA course.

Another professor said:

Most of the management students are too tied up with getting a good placement on campus. The course is not taken seriously and we tend to cover only a certain part of what was agreed upon at the start of the course.

*The areas (in terms of Knowledge, Skills, and attitudes) where the employability gap has been created*

Our next aim was to investigate the employability gaps that had occurred in management students, irrespective of their

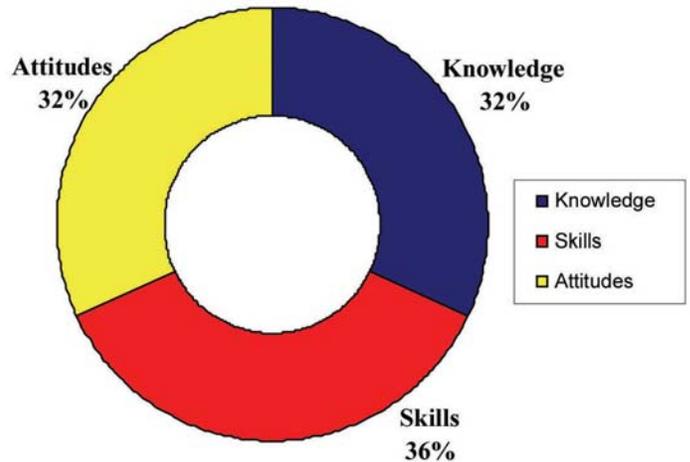


Fig. 3: The most critical area where gap has occurred in management Students (N=47)

specialization. The responses again were again obtained through the questionnaire and the results are shown in Figure 3. Skills emerged as the most important area by respondents for the cause of the employability gap, slightly higher than knowledge and attitudes.

But is the skills gap the most critical area across the specializations of HR, Marketing and Finance? What was the area did the principal actors perceive to be the reason for the gap within their specialization? The responses to these questions were again obtained through the questionnaire and the results are shown in Figure 4, 5, and 6. Since campus recruiters recruit across the three streams, their responses weren't obtained. Later, during the interviews, the respondents were requested to elaborate on their responses so that the researchers could arrive at a broad range of areas within knowledge, skills, and attitudes where management students were found lacking or needed improvement.

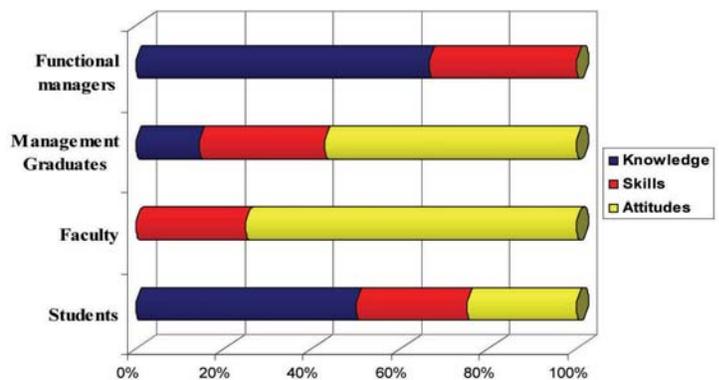


Fig. 4: Perceived Gap in Employability of Human Resources Management (n=18)

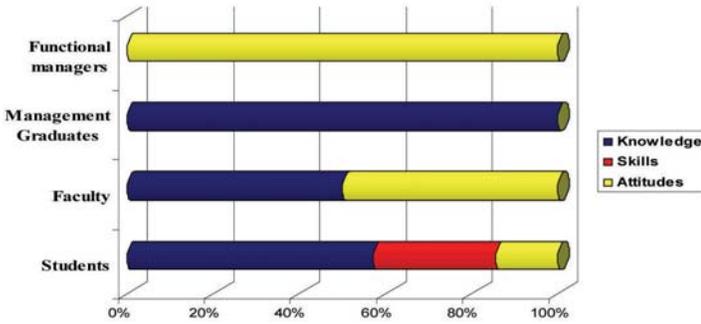


Fig. 5: Perceived Gap in Employability of Marketing Management students (n=12)

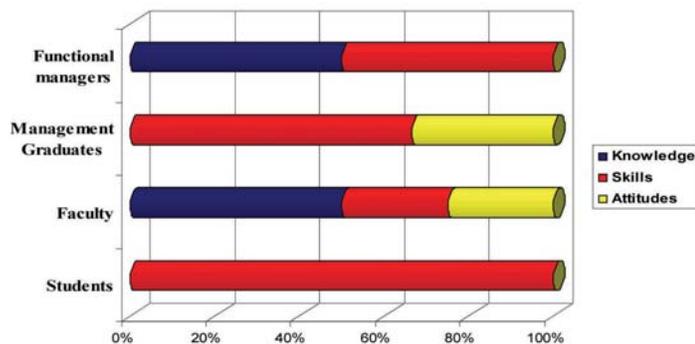


Fig. 6: Perceived Gap in Employability of Finance Management students (n=15)

Perceived Gap in Human Resources management students: Gaps in Human resource Management students is shown in Figure 4. As we can see from the figure, more than 60% of HR managers perceive HR students to be lacking in Knowledge. Around 50% of the HR students themselves feel that they lack the required knowledge, but HR graduates and faculty feel that the HR students lack the proper attitude. HR managers feel that HR students lacked the knowledge of how to use organizational processes within the organization. As one HR manager remarked:

SAP modules are not something that they're [students] exposed to in their course so the colleges should think of integrating technology with the various courses.

Another HR manager offered the same view on HRIS. HR students felt that they should increase their knowledge of the latest organizational interventions or strategies. This, they believe, was not their fault

...as it [latest organizational intervention or strategies] is something that isn't discussed in a theoretical syllabus.

HR graduates felt that they didn't have commitment and dedication mainly because, as one of them said,

...the MMS course in the second year is chilled out.

HR faculty felt that HR students lacked the willingness to learn. As one professor put it bluntly:

They're just happy doing PowerPoint presentations. If I distribute case studies in the class based on some HR issue, I can see some of them resting their heads on the bench.

Perceived Gap in Marketing Management students: Gaps in Marketing Management students is shown in Figure 5. As we can see, the Marketing manager and some Marketing faculty believe that the problem lies in the attitude of marketing students. But 55% of the Marketing students and all Marketing graduates believe that the student's knowledge of marketing concepts has been inadequate. The Marketing manager perceives the problem to be a general lack of creativity among students but the Marketing faculty felt that

...there was no willingness shown by the students to learn how marketing is done in the market. They despised any live assignments given to them.

But Marketing students had a different story to tell. As one said:

We wanted more sessions on branding, entrepreneurship, advertising, and communications. It [college] should invite speakers from the industry who can effectively communicate the present scenario of the industry rather than merely have lectures on these topics without providing an understanding of where or how these theories can be applied.

Marketing graduates felt that they lacked

...the knowledge of products and services of their [the organizations they are working in] competitors and how to analyze consumer behavior probably because the course wasn't completed.... Not sure though.

Perceived Gap in Finance Management students: Gaps in Finance Management students is shown in Figure 6. As we can see from the figure, there is some agreement in what some Finance managers (50%), Finance graduates (65%) and Finance students (100%) perceive the gap to be. They attribute the gap to be the lack of skill sets in finance students. The faculty of Finance though felt that the students should widen their base of finance knowledge

...especially of new financial products entering the financial derivatives market .... Financial newspapers are a good source for finding these products.

Finance managers attributed the problem to

...Poor analytical skills. They [finance students] can only read Balance sheets but cannot analyze what the figures describe. Additionally, their MS Excel skills are very basic....(they are) not very comfortable with large amounts of data.

Finance graduates said that they need to brush up their written communication skills. As one said,

... [I would] like to know how to prepare a Credit Appraisal Report.

Finance students though felt that project management skills are where they need to improve

...especially in this age of killing deadlines!

### **Practical Implications**

#### ***Bridging the employability gap among Human Resources Management students***

As seen earlier, one of the gaps in knowledge among HR students was related to organizational processes such as SAP or HRIS. To address this gap, business schools should tie-up with companies that provide certification courses in SAP to train students on these modules. All modules need not be covered; the important ones in consultation with the corporates can be covered. As such sessions can't be a part of the main MMS course, they should be conducted as part of a series of workshops. It would be best to conduct these workshops before the students proceed for their summer internships as they will get an opportunity to transfer their learning. Another knowledge gap that emerged was the poor understanding of the latest strategies and interventions in HR. As mentioned earlier, the fourth semester of MMS program didn't involve HR subjects, making the course 'chilled out'. Hence, we suggest that during the fourth semester, industry sessions must be conducted where experts from the field of HR share some of their insights covering the latest trends and challenges impacting HR. As seen earlier, HR students saw the case study methodology negatively. We believe, this attitude towards case studies, mainly develops due to the unbalanced assessment criteria developed for the MMS course. The criteria places a huge emphasis on semester end examinations which essentially measure rote memory. We feel that there is an urgent need for a continuous assessment placing equal weightage on case discussions, theory, and assignments.

#### ***Bridging the employability gap among Marketing students***

We believe that creativity cannot be developed within the

confines of a classroom, especially when dealing with concepts such as branding, product design and consumer behavior. As seen earlier, the faculty felt that the students lacked the drive to go beyond classroom lectures whereas students wanted lectures on how marketing actually takes place in the market. We need to build a common ground so that the gap can be addressed. This can be done by a college by inviting an industry expert who could conduct brainstorming sessions with the students in which students, for instance, are expected to share ideas on product design or improvement. This could be a product from the organization/industry that the expert is part of so that he or she can provide insights to make the session interesting. The classroom should resemble a boardroom meeting. On the other hand, consumer behavior and competitor analysis can be taught through simulation games where students work on a product and develop their own strategy to market the product by developing perceptual maps, for example, to understand the customer needs.

#### ***Bridging the employability gap among Finance students***

We believe, students can acquire knowledge of new financial products, as discussed earlier, by keeping themselves abreast with the latest products discussed in financial periodicals, newspapers etc. It is important to note that inculcating this habit of reading should begin in the class. For instance, a lecture of interest rate for bond pricing could use real time rates provided by the Reserve Bank of India rather than historical rates provided by text books. Furthermore, we suggest that Excel skills be covered in two parts: basic and advanced. The basic module should be covered in the first year of the MMS course as part of the subject 'IT in Management'. The advanced module should be covered in the second year dealing with applications in real time business analysis in the domains of Valuations, Corporate finance, Security Analysis and Financial Derivatives. Analytic skills are best developed when you combine theory and action learning, focusing more on practicing concepts than delivering power point presentations.

#### ***Limitations of the study and Directions for future research***

We acknowledge several limitations. First, the sample was limited to full-time MMS graduates from the state of Maharashtra and part-time graduates were excluded. Future studies should include their views as well. Second, we have narrowed our definition of employability in terms of business knowledge, skills, and attitudes. We though, acknowledge that, the personality and the motivation of a student, factors ignored in this paper, also have an important bearing on the employability of a student. Third, we have kept certain principal

actors outside the purview of the paper. For instance, we have ignored the roles that the trustees or promoters play in the development and branding of a business school. We have also kept out the viewpoints of a key actor in management education-government authority specifically the DTE. By not surveying these important actors, we acknowledge that the paper is not comprehensive in its coverage of employability issues and solutions. Finally, we have looked at the employability of graduates from the streams of Finance, Human Resource, and Marketing. But today many business schools, seeing the huge manpower needs of the service sector, offer specialized management courses to cater to the needs of sectors such as retail, real estate, oil and gas etc. Unfortunately, the employability issues of these students were beyond the scope of this study. Future research should explore the employability gaps of such students and how such gaps can be addressed. This will help add to the generalizability of the findings obtained.

### Conclusion

All issues and solutions discussed here cannot work wonders unless all principal actors, including the educational authorities (the DTE), work in close coordination with each other. Business schools must tie-up with the industry in order to keep the curriculum oriented towards making the student ready for his or her summer internship and the job that he or she receives

after graduating. Both should spell out the expectations that they have of each other and try to address these expectations over a period of time. The DTE, the educational authority in Maharashtra, needs to revamp the admission process, especially the written test that is conducted as the first round of admission. The test has to be designed to cover areas of general knowledge, skills, and attitudes that are required of management students. Further, it should see that colleges affiliated to it strictly follow the guidelines drawn up for running the MMS program. This will help weed out colleges that are guided solely by profit motive and end up doing disservice to management education. These steps, we believe, would lead us on the path of strengthening management education in Maharashtra.

### Notes

An earlier version of this paper was presented at Anveshi, a National-level paper presentation competition held on 2<sup>nd</sup> March 2012.

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