Employability issues among Management Graduates in India

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Abstract: Graduate Employability is a major concern across higher education in India. Graduate as well as the education institutions have been affected by the competitive environment and the downward economic trend across the world. More over employability rates of the graduating students affect the market ranking of the institution. Thus it is imperative for the education institutions to gain deeper understating of industry requirement so that their graduates can reciprocate to the employment needs and the opportunities while they align themselves to the broader educational objective of their degree.

***Index Terms* - Employability, Management Graduates, B-Schools, Skills, Management Education.**

1. The history Of Management Education.

The Origins of MBA degree - Master of Business Administration can be traced back in the early period of 20th century in the US. During this era the nation progressed in industrialization and the businesses became complex in nature. The corporations felt a need for dedicated experts to take care of the management and apply modern and scientific methods to carry out the managerial task, hence this need called for specialized degree in Business Management.

Though the degree is popularly known as MBA, it originated with a different name. The first ever professional specialized degree in Business Management ever awarded was named as MSc in commerce. The course was offered by Tuck School of Business established in 1900 at Dart Mouth College, in the US as a graduate program.

In 1908 the Harvard Graduate School Business Management rolled out its first ever professional graduate degree as Masters of Business Administration. Initially program had 15 teaching faculty and 80 students including both regular and special students. The program became so popular that within a decade, number of students taking up the Business Administration course at HBS (Harvard Business School) shot up over 400. The number of students enrolling for MBA at HBS crossed 1000 mark in the year 1930.

During this era only the US Universities offered Business Administration courses. It took some time for the other Nations to catch up with the trend of professional education in Business Administration as the popular belief was that the best way to learn management was on the job. In 1957 INSEAD “Institute Européen d' Administration des Affaires” or European Institute of Business Administration established in Paris was the first ever Business School in Europe to rollout a Master’s Program in Business Administration. Initially only 50 students enrolled and graduated from the program. However over a period, the number of students taking up MBA at INSEAD grew exponentially and currently the intake is about 900 per year.

The extra ordinary popularity of MBA program offered by INSEAD in Paris reflected all across Europe. As result within no time many Business Schools offering MBA degree mushroomed all across Europe. Currently European universities and Business Schools offer more than 300 Business Administration programs across the continent. Europe houses 50 most popular and sought after B-Schools such as the London School of Business and The International Institute of Management Development popularly known as the IMD.

In the Indian subcontinent, IISWBM - the Indian Institute of Social Welfare and Business Management was established in Calcutta in the year 1953. The IISWBM became the first ever institute to offer MBA program to Indian students. XLRI - Xavier's Labour Relations Institute was founded formally in 1949. Initially for the first two years it prepared the candidates for Ranchi University's M.A. degree in Labour and Social Welfare, later it started offering Diploma in Personnel Management and Industrial Relations. Though XLRI is the oldest management institute in India it does not offer MBA program.

IISWBM was a result of the consortium of West Bengal Government, and city of Calcutta along with the business community of the state with the vision of promoting management education across the country. This Institute was instrumental in establishing the Indian Institute of Management Calcutta in the year of 1961. It acted as a mentor to IIM-C during its early years of operation. During the same time Indian Institute of Management - Ahmedabad was also established. In the year 1973, Indian Institute of Management Bangalore was established followed by the Indian Institute of Management Lucknow in the year 1984. A decade later the Indian Institute of Management at Kozhikode and Indore were established. The IIMs are considered to be the top institutes offering world class Management Education in India.

The demand for management education grew exponentially, newer B-Schools established to meet this demand. Some of the premier institutes are the Indian School of Business, Hyderabad famously known as ISB, Symbiosis Institute of Business Management known as SIBM in Pune, and the Management Development Institute known as MDI in Gurgaon.

2. Indian B-Schools rise in number

Currently in India there are more than 3900 Business Schools offering programs and hundreds of Institutes offering Post Graduate Diploma in Management. These institutes are registered with the Apex body-the AICTE-All India Council for Technical Education. The AICTE provides accreditation to these management programs across India. As the Indian economy witnessed an augmented growth, there was an anticipated increased demand for management graduates and trained professionals. To meet this anticipated demand many entrepreneurs and Education Institutes established B-Schools across the country, as per the AICTE statistics in a span of 5 years between the year 2007 and 2012. However, in the last few years the trend took a U turn and many B-Schools had to close down especially the mid and the bottom tier colleges due to the deficit demand. As per the TOI report around 150 management course including independent B-Schools as well as the MBA program run by University affiliated colleges closed down in the year 2015. The sluggish growth in Indian economy left many B-Schools closing permanently as it was unfeasible to run the programs. Many other B- Schools were not well equipped with facilities and curriculum to run the management courses.

On the other hand the Industry realized that the quality of the management graduates was very low in terms of the skill set as well as the knowledge. As the supply side was very high the employers started hiring from the tier-I B-Schools though it was costing them more, which left the II and the III tier B- School in miserable state for securing admissions.

3. Decline in graduate employability of the management graduates

The decline in the demand of Management programmes adversely affected the tier II and tier III B-Schools in terms of the employability rates of their graduates. Another effect of the dip in demand is the lowering the standards of admission criterion, allowing students with no aptitude or right attitude taking up MBA programs in turn hitting the employment rates.

Reports published by organizations such as Economic Times and ASSOCHAM in 2016 reveals that the employability quotient of Indian Management graduates as low as 10 percent. As per the reports out of above 5 lakh Management Graduates walk away with a degree, however only 7 percent excluding the IIM graduates are employable.

As per the 2016 National Employability report and Aspiring Minds, a talent assessment company the majority of the graduates hired by companies do not get into their functional areas such as Human Resources, Marketing or Finance.

As far as the specialized roles such as the Business Consulting and Analyst functions, the Employability was comparatively lower, as these job demanded the graduates to possess exceptional communication and cognition skills. The employability rates of these specialized areas was as low as 2.5 and 7.8 respectively.

Another area of employment for Management Graduates is customer service in which the communication and interpersonal skills of the graduates played a vital role. The Employability rates for these roles was around 17 percent. In the operational areas the Management Graduates were tested on the domain specific knowledge and technical skills and the employment rates in these areas hovered around 14 percent. Majority of the Business Graduates entered the BPO or the IT enabled services sector for which the rate of employment was about 33 percent.

4. Causes of Low Employability

A detailed report by ASSOCHAM titled "B-Schools and Engineering colleges Shut down- Big Business Struggle", B-Schools except the IIMs are losing their shine for corporate India Inc. and he report further says the employment rates witnessed drastic dip in campus recruitment since 2009, by alarming rate of 40 percent.

These low employment rates can be attributed to many factors which affect the employability directly or indirectly. Some of these factors are imbalance in the demand and supply of graduates, deteriorating quality of students, unequipped faculty, lack of analytical skill among the graduates and very less work exposure or experience.

4.1. Imbalance in demand and supply of Management Graduates

In India the supply of graduates is far higher than the demand for Management Graduates. In the paper titled "B-Schools and Engineering Colleges Shut down big business struggle" Associated Chambers of Commerce and industries of India - ASSOCHAM highlights that the MBA seats in India exponentially grew from 95000 in 2007 to 5 lakhs in 2016 with the component annual growth rate of 32%. Every year lakhs of management students graduate and seek employment, however the demand in the Indian labour market is only between 35000 to 40000. Capacity building of management education was based on an optimistic projection above 10% growth rate of Indian economy. Unfortunately the growth rate did not meet the expected rate. As the economic growth slowed down the opportunities for the aspiring management graduates also dipped creating an obvious imbalance between the demand and supply of these graduates. According to J. Philip the director of XIME - Xavier's Institute of Management and Entrepreneurship Bangalore, India is the only country which was able to supply managers to many European countries that faced severe crunch in supply of Management Graduates.

4.2. Poor quality graduates

According to the report of a market research firm CRISIL, 2-3-4 tier management colleges makeup for 80% of the MBA intake of the country. These institutes are not well equipped in terms of infrastructure, industry associations and qualified instructors and faculty members. In order to increase the quantity, quality has been compromised. Both the government as well as the AICTE have to be held responsible as these colleges and management institutes are governed by them. Market experts believe that educational institutes had been approved by AICTE without inspecting and validating the documents provided, infrastructure well as the mandatory requirements. Majority of these institutes where not equipped to impart management education or develop the skills of graduates.

Lack of employability skills as highlighted by TN Swaminathan, the Director of Branding and Alumni relations, Great Lakes Institute of Management, in an interview with Times of India, that majority of the B-Schools follow university curriculum that is not in pace with the industry. The same article also quoted that most of these management courses are run by engineering colleges and they do not focus on improving the skills of their graduates and making them employable. Graduates from these schools lack in basic skills such as communication and proper etiquettes. Many of them do not possess essential skills such as interpersonal and soft skills which are required work in teams that are diversified in nature. In the era where institutions are required to gear up to equip the students with skills and aptitude reciprocate to the global market trends and make them employable, these institutes are struggling to make their graduates meet the minimum employability criteria.

4.3. Unequipped faculty

Unless the faculty is equipped with the industry knowledge and up to date practice of the industry they will not be able to do justice to their job of teaching and training the business graduates to perform well in the business world. Unfortunately B-Schools are failing in attracting competent faculty member who have enough industry experience. Majority of the faculty members join the teaching profession as soon as they complete graduation. Quite a few B-Schools do not have permanent faculty members. Moreover the organization does not make an effort to train their faculty to keep them abreast with the industry.

Teaching in Business domain also requires the faculty to have good network in the industry which can be done through continuous industry interactions. Both the institutes as well as faculty members are guilty of not building an industry network. B-Schools should have inherent systems that allows ample interaction with the industry and the faculty members should strive to build a good personal network by optimization on the opportunities provided.

4.4. Inexperienced Students

In the US and UK as well as other developed nations, in order to pursue MBA, the students are required to have work experience. If students do not possess work experience, it's almost impossible to get into a good B-School. In India, the scenario is completely different, students are able to secure seats without any work experience or industry exposure. Without work experience students are at disadvantage as they will not be able to maximize their learning from the course. The course may not add real value to the employability as well career of the students due lack of experience and relatively young age.

5. Boost the Employability of the graduates

In order to improve the Graduate Employability rates, ASSOCHAM has recommended that the B-Schools should invest on a better infrastructure, provide training and developmental opportunities to their faculty members, attract talent pool by paying the employees well, build on industry linkage and allocate enough resources for research and creation of knowledge base. Following are a few pragmatic measures that can be taken up by the B-School to boost the Employability rate of their graduates:

5.1. Focus on building skills

In order to boost the Employability of the students, the B-Schools should focus on building skills which are high in demand. They should build systems that inculcate creative thinking, critical analysis, interpersonal and leadership skills among the students and provide enough industry interaction. These skills will help students develop global perspective of business management and in turn improve their employability. For a long term sustainability the B-Schools should have an outcome based approach towards their students as well teaching.

5.2. Industry synced curriculum

It is imperative for B-Schools to keep their curriculum updated with the industry practices. The B-Schools should be proactive in bridging the gap between the industry and academics by reinventing their courses as well as their syllabus which will facilitate the easy transition of students from campus to corporate. In case of colleges confined by University dictated curriculum, they should go an extra mile to add value by introducing extra courses and practical application of the knowledge delivered in the class.

5.3. Optimize on student internships

Internships are one of the most feasible solution to provide the inexperienced management graduates with practical application which will augment the employability of students to a large extent. Internships are excellent platform where they get an opportunity to gain practical exposure on the job and learn through experience. Students will be able to hone their skills as they work with challenges and solve real life problems in turn facilitate the development of the right attitude required to run a business and succeed in the corporate life.

5.4. Development of faculty members

According to ASSOCHAM, the B-Schools should have special budget for faculty development, so that they can be trained for understanding the global markets and gain the business prospective. The faculty should be motivated to conduct industry driven research, indulge in industry immersion programmes and develop industry network in order to keep themselves abreast of the latest trends in the business world.

5.5. Pay equal importance to practical application of knowledge

Student should have sound theoretical knowledge to have better understanding of the corporate dynamics, but at the same time if they fail to apply this knowledge, it becomes futile. This drives the importance of practical knowledge being imbibed among the students. The employers look forward to students possessing certain basic skills which allows them to solve real problems at work place. Therefore students should be given good amount of opportunities to sharpen their skill by applying them while they are still studying. One example could be allowing students to organize events locally.

5.6. Have more specialised streams.

To improve the employability of the students, B-Schools should consider offering non-conventional steams. Specialized streams such as Analytics, Health care or Tourism should be offered with the traditional streams such as Human Resources, Marketing Management or Financial Management, IT and Operations. It provides employers with plethora of students to choose from and the students get to choose according to their field of interest. It facilitates the B-Schools to be reciprocate to the industry better.

5.7. Strive to nurture entrepreneur instead of employees

B-Schools should concentrate their resources on building system that emphasize on developing entrepreneurial flair among students. Students should be taught to create jobs rather seek one. Employers appreciate and hire graduates with entrepreneurial attitude. Hence both the students as well as the B-Schools must focus on entrepreneurship which will promotes Employability as well.

6. Conclusion

Despite all the odds, MBA is one of the most sought after PG courses in India. This course promises students an access to good jobs and better quality of life. It allows students to gain expansive knowledge and key skills required by the industry in short time. MBA is applicable to all walks of life, as it equips a professional with business acumen which gives them holistic approach to their work. Especially in this globalized era, it is imperative for professional to develop skills which facilitates sustainability in the long run.

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