

Efficacy of Management Education in Increasing Employability of Students

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Abstract – The sustained fast economic growth since the nineties has ensured that the private sector has grown leaps and bounds, making significant contributions to the GDP of the country in all the three sectors of economy namely - Agriculture, Manufacturing, and Services. The professionalization of the private sector, to be on par with the best companies in the world, has created a demand for managers who are well trained in handling all aspects of a business, be it Finance, Marketing, HR, Operations, etc. Keeping in mind this robust demand for trained managers, the Government of India encouraged the establishment and growth of Management Institutes and B-Schools and brought such institutions under the aegis of the All India Council for Technical Education (AICTE). According to the latest AICTE data for 2017-18, there were 3232 institutes in India offering post graduate programs in Management and the total approved intake for 2017-19 was 3,93,035 seats.

The mushrooming of institutions offering post graduate programs in management (either an MBA degree or a Post Graduate Diploma in Management), has led to a problem of a different kind altogether – employability of the management students. As per most reports released by government agencies and industry bodies, the employability of management students is pathetically low at less than 10%. This empirical based research paper tries to look at the factors that influence the employability of management students. For the purpose of gathering the empirical data, students from two management institutions in Bangalore were surveyed through a questionnaire, and the results have been analysed and presented in the research paper.

Keywords: Management Education, Employability, Knowledge, Skills, Cognition

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1. INTRODUCTION

A whitepaper titled “MBA Graduates & Employability: The slip between the cup and the lip” published by the AIMS Institutes on their website <https://theaims.ac.in> discussed the origin of management education in the world and India, the falling employability rates of management graduates, the reasons for low employability, and offered suggestions to improve the employability of management students. The Education Committee of the Associated Chambers of Commerce in India (ASSOCHAM) sponsored a study on the employability of management students and reported shocking results as far as the employability of management students is concerned. In their “National Employability Report, MBA Graduates, Annual Report 2012”, Aspiring Minds, a leading HR consulting firm too reported dismal statistics on the employability of management students.

As practicing academicians in management education, the researchers were highly intrigued about these reports and wanted to do a reality check to ascertain the disturbing facts uncovered about the employability of our management students. Questions like “are our management students really so bad?”, “who is at fault – the students, the faculty, the institutes, or the system?”, “how relevant are these reports today?” etc., cropped up in the minds of the researchers. As a result, the researchers decided to conduct a study and base the study on the opinion of management students.

After prolonged discussions, the researchers decided to seek the opinion of the students in two B-Schools in Bangalore (Ramaiah Institute of Management Studies and R. V. Institute of Management) about various factors that have a bearing on employability, such as the relevance of

syllabus compared to the needs of the industry, the role of faculty in making students employable, the importance of the placement department in imparting skills, the importance of communication skills and domain knowledge, the role played by summer internships, research projects and guest lectures, the importance of following a case study methodology while teaching theoretical concepts, and the relevance of the semester end assessment system. The researchers felt that collecting the opinion of the students about the above important components of management education would throw some more light on the research done earlier by various individuals and institutions in the area of employability of our management students.

2. STATEMENT OF THE PROBLEM

By and large, a majority of the students who join a management program do so with the intention of becoming efficient and effective managers, capable of addressing real world problems faced by companies in the Private and Public sectors. As per previous research reports, our management institutions don't seem to be living up to the expectations of the student community in making them efficient and effective managers.

The industry feels that there is a huge gap between what they expect from management graduates and what the management institutes teach the students. This is corroborated by the fact that previous research reports indicate that the employability rate of our management graduates is less than 10%. The study needs to be analysed from the view point of the students, in terms of what do they feel about employability and what are the factors that enhance their employability. In this study an attempt has been made to understand the efficacy of management education in increasing employability of students.

3. REVIEW OF LITERATURE

In 1900, the Tuck School of Business at Dartmouth College in the United States of America offered a Master of Science in Commerce degree and is considered as the first Business School in the world. In 1908, the first ever Master of Business Administration (MBA) program was offered by the Harvard School of Business Management, with 15 faculty members, 33 regular students, and 47 special students. In 1957, INSEAD was the first European B-School to offer an MBA program. The Xavier's Labour Relations Institute (XLRI), established in 1949 at Jamshedpur, though considered as India's oldest management institute, did not offer an MBA program. In 1953, the Indian Institute of Social Welfare and Business Management (IISWBM) – a joint effort of the West Bengal Government, University of Calcutta, and the business community – offered India's first MBA program. The IISWBM also acted as a mentor to the Indian Institute of Management in Kolkata when it was established in

1961. The Indian Institute of Management (Ahmedabad) too was established in 1961.

As can be seen, though management education has been around for 118 years in the world, India was able to embrace management education only 65 years back. But, ever since, the country has made rapid strides in offering quality management education to students.

The All India Council for Technical Education (AICTE), in its website <https://facilities.aicte-india.org> states that during 2017-18, there were 3232 approved institutes offering management education with a total intake of 393,035 seats and faculty strength of 53,605.

According to the NHRDN and Shine.com B-Schools ranking survey, the top twenty B-Schools in India during 2017-18 were: IIM Ahmedabad, IIM Bangalore, IIM Calcutta, XLRI Jamshedpur, IIM Lucknow, IIM Indore, MDI Gurgaon, SPJIMR Mumbai, FMS Delhi, IMT Ghaziabad, IIM Kozhikode, NMIMS Mumbai, NITIE Mumbai, BIMTECH Greater Noida, IIM Trichy, TISS Mumbai, IMI Delhi, SCMHRD Pune, IIM Kashipur, and XIM Bhubanshwar.

A whitepaper titled “MBA Graduates & Employability: The slip between the cup and the lip” published by the AIMS Institutes on their website <https://theaims.ac.in> discussed the origin of management education in the world and India, the falling employability rates of management graduates, the reasons for low employability, and offered suggestions to improve the employability of management students. The reasons for low employability were identified as excess supply, lack of basic skills, lesser work experience of students, inexperienced faculty, and lack of practical and problem solving skills of students.

Shahaida, Dr. Rajashekar, and Dr. Nargundkar, in their article “Quality of Management Education in India: Development of a Conceptual Framework” which was published in the International Journal of Management Practices & Contemporary Thoughts, have acknowledged the phenomenal growth of B-Schools in the country. At the same time, they have also raised concerned about the quality of education imparted in our B-Schools. They have identified the challenges faced by B-Schools (dearth of quality faculty, poor infrastructure, poor funding, lack of research and development, poor quality of students, increasing global competition, and admission processes) and have proposed a conceptual framework to measure the quality of education imparted in the B-Schools.

In 2012, Aspiring Minds, a leading HR consulting firm released a report titled “National Employability Report, MBA Graduates, Annual Report 2012” and the facts mentioned in the report are shocking, to

say the least. Aspiring Minds conducted a survey of more than 32000 MBA students who graduated in 2012 from more than 220 B-Schools across the country. The analysis and findings are based on the results of the "Aspring Minds Computer Adaptive Test" – a standardized employability test. According to the report, the employability of B-School students in the country was between 10%-20% for roles involving client interaction, less than 10% for functional roles in the fields of HR, Marketing or Finance, and less than 7.69% in the Banking, Financial Services, and Insurance (BFSI) sector. It was found by Aspiring Minds that 32% of the students are not found employable because they lack skills in English language and cognition. Further, the survey also revealed that 50% of the students are not found employable in functional domains because of lack of knowledge and a conceptual understanding of the subject. The students found that English and Finance were the hardest skills to attain. The study also mentioned that 40%-55% of the students were not employable because they did not study in the top 1000 B-Schools in the country and were hence not visible to corporate.

In April 2016, the Education Committee of ASSOCHAM commissioned a study to determine the employability of management students and the results were no different from the study conducted by Aspiring Minds in 2012. According to the ASSOCHAM study, B and C category B-Schools were producing unemployable graduates. The study reported that only 7% of the graduates were actually found employable, except from elite B-Schools such as IIMs and other A category B-Schools. It was reported that the low quality of education imparted by our B-Schools, and the economic slowdown witnessed during 2014-16, were the primary reasons for campus recruitments witnessing a 45% slowdown. Lack of quality control, poor infrastructure, low paying jobs through campus placements, and poor faculty were mentioned as the major reasons for the poor employability of the students. B-Schools not updating and retraining their faculty in emerging global business perspectives have resulted in making the course content redundant, according to the report. The study discloses that the average course fee at the B-Schools was Rs. 3-5 Lakhs and the average monthly salary offered to the management students was between Rs.8000-Rs.10000.

4. NEED FOR THE STUDY

So far, almost all the studies have focused on employability of management students from an employer's perspective. In view of this, there is a need to study the efficacy of management education in increasing employability of students, from a student's perspective. We need to understand the factors which influence or affect the employability of management students. We also need to understand the significance of the variables involved in the

employability of students and the relationship between them.

5. SCOPE AND LIMITATION OF THE STUDY

The scope of the study involves understanding the views of the students with respect to employability and the study focuses on obtaining information on the perceptions and opinions of students to the factors that contribute to employability – syllabus, role of faculty, importance of the placement department, contribution of communication skills and domain knowledge, internships and research projects, guest lectures, and assessment systems.

Further, after collecting the information required, the data collected will be analysed using statistical tools, interpreted, and presented.

The study is limited to two B-Schools in the city of Bangalore (Ramaiah Institute of Management Studies and R. V. Institute of Management Studies). Fifty second year students from each B-School mentioned above participated in the survey (25 students from Marketing Specialization and 25 students from Finance Specialization) and hence the findings of this study may not be an accurate representation of the entire population of management students across geographies and across different categories of B-Schools.

6. OBJECTIVES OF THE STUDY

- To analyze the various factors that impact the employability of students
- To study the gaps in the present system of management education with reference to employment
- To study the insights of the student community about the efficacy of management education in increasing employability
- To suggest concrete measures in improving the employability of the management graduates

7. HYPOTHESES OF THE STUDY

H₁: There is a significant difference between the factors that impact management education and in increasing employability of students

H₂: Efficacy of management education in increasing employability of students is related to the specialization opted for by the students

8. RESEARCH METHODOLOGY

The research paper is based on descriptive and exploratory study and the purposive sample size taken is 100 from two B-Schools in the city of Bangalore, namely **Ramaiah Institute of Management Studies** and **R. V. Institute of Management Studies**. 100 respondents were selected under purposive sampling method with special reference to Marketing and Finance specialization students. A Pilot tested structured questionnaire was administered to 110 respondents. 105 responses were collected, of which 100 responses were used. The response percentage is 91.

8.1 Statistical Tools and Techniques

The data collected from various sources were analyzed by applying appropriate mathematical and statistical techniques along with percentage analysis. Analysis of test by descriptive test and independent sample test are used with the help of SPSS 24.

8.2 Sources of Data

8.2.1 Primary Data

Primary data is one which is collected specifically for the purpose of the research. For this study the primary data was collected from questionnaires and discussion with management graduates of two management institutes in Bangalore City – **Ramaiah Institute of Management Studies** and **R. V. Institute of Management Studies**.

8.2.2 Secondary Data

For this study the secondary data was collected from published sources, journals, and websites.

9. DATA ANALYSIS AND INTERPRETATION

Frequency Table 1: Gender Distribution

Gender	Frequency	Cumulative Frequency
Male	71	71
Female	29	100
Total	100	

Source: Primary Data – Survey

This table evaluates the gender of the respondents. Sample size is 100, of which 79 respondents were male and the balance 29 respondents were female.

Frequency Table 2: MBA Specialization

Specialization	Frequency	Cumulative Frequency
Finance	50	50
Marketing	50	100
Total	100	

Source: Primary Data – Survey

This table shows the educational qualification of the respondents. All respondents are students, pursuing MBA in marketing and finance specializations.

Testing the Hypotheses:

H₁: There is a significant difference between the factors that impact management education and in increasing employability of students

Table 3: Observed Mean and expected values on “factors that impact management education and in increasing employability of students” and results of one sample t-test

N	Observed Mean	Std. Deviation	Expected	Difference	t value	P value
100	42.72	3.099	41.25	1.47	9.553	0.000

According to the above table, the observed mean for “factors that impact management education and in increasing employability of students” was 42.72 as against the expected value of 41.25. Further, one sample t-test revealed a significant difference between observed and expected values ($t=9.553$; $P=0.000$) indicating that observed mean values were higher than expected ones and were much better than expected.

Table 4: Mean scores on “factors that impact management education and in increasing employability of students” element for respondents among B-Schools and results of One-way ANOVA

Category	Mean	S.D	'F' Value	P Value
B-School 1	43.19 ^B	3.062	4.349	0.014
B-School 2	42.11 ^A	3.338		

Note: Mean values with different superscripts are significantly different from each other as indicated by Duncan's Multiple Range Test (DMRT) ($\alpha=0.05$).

H₁ stated: “there is a significant difference between the factors that impact management education and in increasing employability of

students" is accepted. According to table No. 3, the observed mean for factors that impact management education and in increasing employability of students was 42.72 as against the expected value of 41.25. Further, one sample t-test revealed a significant difference between observed and expected values ($t=9.553$; $P=0.000$) indicating that mean observed values were higher than the expected ones and factors that impact management education and in increasing employability of students were much better than expected.

According to table No. 4, there is a significant difference in the mean factors that impact management education and in increasing employability of students element for respondents among B-Schools (B-School 1 and B-School 2). F value of 4.349 was found to be significant at 0.014 level. The mean scores for B-School 1 and B-School 2 were 43.19 and 42.11 respectively. Further, Duncan's multiple range tests revealed that mean value of B-School 2 differed significantly from mean value of B-School 1.

Factors effectiveness on management education practices in B-Schools: One-way ANOVA revealed a significant difference in the mean factors' effectiveness on management education practices in B-Schools (B-School 1 and B-School 2). F value of 4.349 was found to be significant at 0.014 level. The mean scores for B-School 1 and B-School 2 were 43.19, and 42.11 respectively. Further, Duncan's multiple range tests revealed that mean value of B-School 2 differed significantly from mean value of B-School 1.

H₂: Efficacy of management education in increasing employability of students is related to the specialization opted for by the students.

Table 5: Observed mean and expected values on "relationship between management education in increasing employability of students and their specialization" and results of one sample 't' test

N	Observed Mean	Std. Deviation	Expected	Difference	t value	P value
100	39.00	3.333	33.75	5.25	31.670	0.000

The above table shows that the observed mean for relationship between specialization practices in B-Schools and influence on the category to which they belong was 39.00 as against the expected value of 33.75. Further, one sample t-test revealed a significant difference between observed and expected values ($t=31.670$; $P=0.000$) indicating that mean observed values were higher than expected ones and relationship between management education in increasing employability of students and influence on the category to which specialization they belong were much better than expected.

Table 6: Mean scores on 'relationship between management education and learning atmosphere' element for respondents among B-Schools and results of One-way ANOVA

Category	Mean	S.D	'F' Value	P Value
B-School 1	39.76 ^B	2.658	14.550	0.000
B-School 2	39.44 ^A	2.579		

Note: Mean values with different superscripts are significantly different from each other as indicated by Duncan's Multiple Range Test (DMRT) ($\alpha=0.05$).

H₂ stated: "Efficacy of management education in increasing employability of students is related to the specialization opted for by the students" is accepted. According to table No. 5 it is accepted that the observed mean for management education and learning atmosphere among B-Schools, which was 39.00 as against the expected value of 33.75. Further, one sample t-test revealed a significant difference between observed and expected values ($t=31.670$; $P=0.000$) indicating that mean observed values were higher than expected.

According to table No. 6, it revealed a significant difference in the mean relationship between management education and learning atmosphere among two categories (B-School 1 and B-School 2). F value of 14.550 was found to be significant at 0.000 level. The mean scores for B-School 1 and B-School 2 were 39.76 and 37.79 respectively.

Further, Duncan's multiple range tests revealed that mean value of B-School 2 differed comparably from mean values of B-School 1.

Relationship between B-Schools and influence on the category to which they belong: One-way ANOVA revealed a significant difference in the mean relationship between education practices and influence on the category to which they belong (B-School 1 and B-School 2). F value of 14.550 was found to be significant at 0.000 level. The mean management education scores for (B-School 1 and B-School 2) were 39.76, and 37.79 respectively. Further, Duncan's multiple range tests revealed that mean value of B-School 2 differed comparably from mean values of B-School 1.

10. SUMMARY OF RECOMMENDATIONS, AND CONCLUSION

11.1 Recommendations

- The business schools should incorporate new curriculum design and delivery. Using digital technologies will push the boundaries of education. Faculties and

instructors should adapt to the changing needs and make classroom sessions more interactive with easy access to knowledge.

- Today's students are highly tech-savvy. Prepare students for a successful life in the contemporary society with e-device. Give digital access to news, eBooks, textbooks, magazines, journals, from anywhere on the campus and beyond.
- Employability skills are very important for the betterment of the organization as the organizations are going to hire the competent employees who would match rightly to job. Hence curricula of the educational system should implement certain important employability skills like problem solving, soft skills, decision making.
- There should be more scope for practical and field experiences as part of curricula so that the management graduates get sufficient exposure at the education level and would become better performers at job floors.
- Management graduates belonging to post-graduation level expect more changes in their curricula related to employability skills as most of them end their education journey and get into jobs or occupations to meet their day to day needs.
- Organizational goals and individual goals are accomplished at a faster rate if the human resources recruited are competent enough to meet any challenging situations.

10.2 CONCLUSION

In today's competitive business world, management professionals are turning into survivors. The biggest challenge that has emerged for the B-schools as such is to produce efficient managers, who have the potential to survive the industry advancements and changes. Management education has to, hence focus more on teaching and training students for high managerial positions in corporate organizations and industries so that they can effectively manage and lead. Various factors that can have an influence on employability of students have been identified. After analyzing them with the help of factor analysis it was concluded that the inter-item correlation, though not very high, is positive for all items. Some items also negative correlation. The factors were subjected to principal component analysis using SPSS 24.0. Finally four factors comprising fifteen items, all for values of unity and above were extracted. The final four factors were selected based on the innovative strategies of enhancing employability in management education. Here efficacy means that the management graduates should have sufficient

practical experiences, be exposed to field surveys, internships, twinning programs in their curriculum so that the output can be a competent management graduate having sufficient employability skills.

11. REFERENCES

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