



Research Article

GAP ANALYSIS OF EMPLOYABILITY SKILLS OF ENTRY LEVEL BUSINESS GRADUATES BASED ON JOB-FIT THEORY

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Abstract

This paper analyzes the perceptions of the employer on how job fit is fresh business school graduates in the Indian business scenario. The responses of employers on skills considered in the recruitment of management graduates, matching to their business profile as well as job profiles, were compared with the actual skill set of fresh MBAs inducted from the higher education sector. This study also investigated the level of importance of skills required by a new business graduate from the employer's expectations of different sectors. A 'skill gap' between actual and expected was identified from these findings and its impact will be an eye opener for Business education programs. This is a working paper based on classification of employability skills based on Holland's Job-fit theory. The study reveals that there is substantial dissatisfaction with the quality of business graduates in the practical level. The survey said 86 percent of employers concurred that MBA-hires doesn't create much value for their companies in their first few years of their career stage. This confirms the finding that the skill set of fresh managers is inadequate. There will be drastic changes in the Job market and the need of the skill sets may vary again and again. The results of this study make a valuable contribution to the field of career development/guidance, individual students of business studies, employers, and higher education institutions.

Keywords: competency; business graduates; employers; Job-Fit; India; KSA (Knowledge, Skills and Abilities)

Introduction

As per the survey, in India, the growth of services-sector GDP has been higher than that of overall GDP between the periods FY2001- FY2014. India has the second fastest growing services sector with its compound annual growth rate at nine per cent, just below China's 10.9 percent, during the last 11-year period from 2001 to 2012, the Economic Survey for 2013-14 said. The present human resource available in India and those which will be available after ten years will be voluminous when compared to its share in the world market. This study focuses on the various skills in different levels required by different service sectors in India and the gap between these as a mismatch of the supply of graduates to Industry.

There are many reports based on surveys and studies done both by various private and Government agencies which will substantiate this. The interest of employers on a high degree of employability skills of graduates has been well documented by many studies. Internal factors are related to personal skills, and external factors are dependent on the chosen occupation (the average wage in the industry,

availability of employees for that particular job, economic and job market trends (Mallough and Kleiner 2001).

Here we look at employers' views of business graduates' competencies, which consists of selected service sectors from organizations in India. This analysis focuses on the employer's perception on the relation between multiple competence and performance of the new graduates based on Job fit theories. This study supports the application of Holland's Theory of Vocational Personalities and work environments to student's employability score passing in the business management education in India.

Statement of the Problem

As the findings from different reports and studies reveals that though the employers expect graduates to demonstrate a range of skills and attributes in various levels, the potential job seekers who pass out with professional qualification doesn't match to their scale of expectation. Moreover, employers are frustrated that higher education courses as they do not meet their requirements which they expect of various levels attributed to each skill and job. Although the country has enough potential to deliver to the needs of the

global talent market, the strong employability challenge of the graduates; especially business management graduates became the bottleneck for India's growth perspective. If an organization does not make the best use of current resources, especially human resources, it may produce or perform below its potential.

There were several studies conducted in India to know the employability skills of the students. It is found that 75% of the Indian graduates are unemployable. (Talent shortage survey, 2005). Globally, about 34% of the employers find it difficult to fill the talent gap and in India 67% of the employers find it difficult to find the right talent in India (Management graduates). These results point out the need for a change among the society to enhance their skills.

Literature Review

Job performance of employees plays a crucial factor in determining an organization's growth and in sustaining competitive advantage (Lado and Wilson, 1994). In the recruitment process, both person-environment (P-E) and person job-fit (P-J) will be analyzed to assess whether a job aspirant is compatible with the system of the organization, adaptable to the process and deliver the job as expected (Kristo *et al.*, 2005). In the report by Research commissioned by the Edge Foundation, 2011, they found there is a lack of systematic practice to promote employability across HEIs (higher education institutions).

Skill shortfalls were most common in communication, teamwork, other technical and practical skills, customer handling, and problem solving and least common in numeracy and literacy (Hillage and Pollard, 1998). Employability skills are skills that are basic and generic in nature, but very valuable in assisting every person entering the workforce. Some people refer to employability skills as "core skills," "key skills," transferable skills," "general skills," "non-technical skills," and/or "soft skills" (Hofstrand, 1996).

Paranto and Kelker (1999) analyzed employers' satisfaction with job skills of business college graduates in a regional university in the US. They examined which skills employers perceived important when hiring business graduates. Recent studies have analyzed the earnings gains conveyed by non-academic skills, including personality variables, and the interactions between cognitive and non-cognitive skills (Almlund *et al.*, 2011).

Research Objectives

- i. To identify the employability skills which are classified into three groups of person environment theory- Person to Person, Person to Vocation and Person to Job.
- ii. To assess the skill gap of management graduate's that are developed in academic process with respect to the level of expectation of the industry.

- iii. To identify the new strategies to improve the process skills in the course of higher education

Theoretical Background

The employability analysis is based on 'Job fit' theories. The job fitness: Person- Environment (P-E) (Chatman, *et.al.*,1989) is grouped into Person – Organization (P-O) (Kristof *et al.*, 2005), Person – Person fit (P-P) (Vianen-2004), Person- Group fit (P-G) (Johnson, 2001), Person-Vocation (P-V), Person- Job fit (Werbal & Gilliland,1999).

Employability is considered as a set of skills needed to complete a task. It varies from one job to another and it is a yardstick to decide whether one person is fit for a task. The employer's outlook in selection of an employee will be based on his P – O fit (Person to Organization) with the organization. This paper analyzes the employability skills in terms of job fit theory using the response from the employers using employability model - USEM model. The USEM model groups the employability skills into four groups- subject Understanding (U), Skills (S), Efficacy (E), Meta Cognition (M). These constituents of employability can be related 'U' with P- V & P- J; 'S' with P-O, P-P, P-G, P-V, P-J; 'E' with P-O, P-G, P-P; 'M' with P-O, P-G. This relation helps to analyze how each skill will be perceived by the employer to evaluate the performance of the employee.

PERSON – GROUP THEORY / P-P FIT THEORY

Festinger (1962) tackles the fundamentals of how a person forms beliefs and opinions about one's own capabilities. According to this theory, individuals who compare themselves with persons who are similar to them are skilled at producing accurate appraisals of their capabilities and beliefs.

PJ fit (PERSON – JOB FIT THEORY)

PJ fit is conceptualized as the match between individual knowledge, skills, and abilities (KSA) and the demands of the job or the needs/desires of an individual and what is provided by the job (Edwards, 1991; O'Reilly *et al.*, 1991). The personal –job fit theory postulates that a person's personality traits (listed in the 42 competencies) will reveal insight as he can be adapted within an organization or not. The degree of confluence between a person and the organization is expressed as their Person-Organization (P-O) fit. This is also referred to as a person–environment fit. In the case of a just passed out graduate, the employer perceives that the job-aspirant will automatically adapt with the organizational theme, objectives, mission, vision and structure. An employer, in the course of different steps of recruitment, assess the potential of the candidate whether he can fit with the job related demands, personal attributes and efficacy to match with the environment.

P-V fit (PERSON – VOCATION THEORY)

Individuals' vocational interests typically differ according to one of the personality types. Individuals differ in their personality, interests, and behaviors. 'Parsons' believed that if individuals actively took part in selecting their vocations rather than "allowing chance to operate in the job search process, they would be more satisfied with their careers, employers' costs would decrease, and employees' efficiency would increase" (Parsons, 1909). This premise is still the root of most career development theories. According to Peddle (2000), employers question the success of higher education programs in developing employability skills of graduates.

Holland's theory is the basis for several of the skill assessment inventories in use today. Because the demand for vocational assistance continues to be very strong in education, business and industry, and counseling, a knowledge of Holland's theory is important to effective career assessment and intervention. The theory provides a comprehensive and coherent set of constructs for use in the assessment of career and vocational issues. Holland (1997) uses a few strategies to explain the associations of individual and environment. Degrees of harmoniousness (or similarity), consistency (on the other hand likeness), and separation (size of the distinctions) are the three most regularly characterized. Collaborations including different degrees of congruency, consistency, and separation will bring about various results. All of the theories have the same objective of predicting the degree of fit or congruence between people's skills and their fit for the job and the organisation.

As per Hofstrand, (1996), the skill set of an entry level graduate is compared with perception of employers of different sectors as how they fit into their firm. The Placement Officers of different B-schools who had co-operated with the survey assessed the skill sets of their students using an instrument matching to the level of cognitive and non-cognitive capabilities of level of institutions.

A questionnaire survey was conducted among the employers in different segments in South India. In the questionnaire, the employers were also asked to indicate the level of importance they placed on the skill set required by the graduates, entering business roles. The ratings were based on responses to an eleven-point Likert scale, ranging from 0 (insignificant) to 10 (most significant), denoting zero as the "no skill" and ten as the "highest level of skill". The broader scale will help the employer to express precisely their expectation.

The skill set of the students was measured through placement officers of different B schools using a two level assessment – self assessment using an instrument and the score the students gain in different recruitments in aptitude,

Group discussion, Personal interview, technical interviews and general personal assessment. At the primary level of analysis, the difference between self-assessment results and real measurement in recruitment are assessed for each student. This ensures that the response of self-assessment and recruitment process are highly correlated.

From the response of the employer, the highly preferred skills are sorted out in three groups – Personal, Core and Process were renamed as per the Job-fit theory as Person to Person, person to vocation and Person to Job. In P – P, (person to person), all personal attributes to adapt to the environment in the organization is considered. Using exploratory factor analysis, the significant skills of P-V and P-J are listed and taken for analysis.

In the second level of analysis, the expectation of the employer and the student's performance level of employability score was compared using 'T' test. The skill sets having higher 't' values with significant level < 0.05 denotes as the skills with difference in the mean between achieved and expected levels. In this analysis, negative 't' value denotes the higher score of student and positive 't' value shows a higher expectation level of the industry.

The internal consistency of the data in each analysis is determined using Cronbach alpha and it is found that it is more than 0.6 in all cases after eliminating outliers and non-involved responses. In the case of EFA, (exploratory factor analysis) the KMO factor was consistently above.06 fulfilling the minimum adequacy of the data for EFA.

Analysis of Results

As per the recent findings with respect to the employability skills, there are forty-two skills which can be grouped into three groups- as per the Job-fit theory. In this theory, for a fresh graduate a recruiter evaluates three levels of Job-fitness – P-P or P-G (Person / Person or Group), P-V (Person to vocation) and P-J (person to job), under the assumption that an MBA graduate can adapt to the P-O requirements after the training.

Assessment of the Gap in skills expected by the industry and student attainment in education

Table1 shows List of skills in which there is a gap between industry expected level and skill perceived by the graduate

(Paired t test result, the positive difference in mean and positive 't' value denotes the higher expectation of industry and negative difference in mean and negative 't' value denotes a higher level of the student's skill set.

In the case of *¹influencing, ethical sensitivity, negotiating, political sensitivity, analytical skill, conflict resolution and reflectiveness, the student's level is higher than the industry expected. This result shows the effect of living environment on the student's attitude, behavior and employability. But in the case of coping with complexity, the industry expectation

is more due to the high dynamic attribute modern business environment and high expectation of the employer in terms of targets and achievements (Table 1).

But in the case of *² cross cultural sensitivity and Autonomous, there is no significant difference between the industry expectation and the skill level of the students. In the present scenario, the work environment in India has changed from homogenous to heterogeneous due to the migration of job aspirants across borders of states within India, barring language and cultural limitations (Table 2). The present mode of school education incorporating project works and self-assessment programs enabled the students to emerge with their own ideas, values and perceptions. It exhibits in work environment also.

In the case of *³ numeracy and self-awareness, the student's level is higher than the industry expectation. this is due to

the frequent use of numerical analysis as a part of academic curriculum and continuous motivation of parents and faculty to excel in their career. But in the case of language, stress tolerance and self-confidence, the industry expectation is very high ($t > 2.5$). To achieve goals in the work environment, one should have potential of stress tolerance, self-confidence and command on language (Table 3).

But in the case of *⁴ information retrieval, written communication, listening, self-management and oral presentation, the difference in t value is less and it shows that the industry expectation is matching with the skill level gained by the students as all these activities are a part of the academic process (Table 4).

*¹ **Table 1:** Variation in personal and core skills of the management graduates with Industry expectation

P-P Skills	Difference in Mean	Difference in Std. Deviation	Std. Error Mean	t	Sig. (2-tailed)
Coping with complexity	.2000	1.5841	.0807	2.477	.014
Influencing ¹	-.2078	.7928	.0404	-5.143	.000
Ethical sensitivity	-.0364	.3365	.0172	-2.120	.035
Negotiating	-.0701	.4977	.0254	-2.765	.006
Political sensitivity	-.0753	.5881	.0300	-2.513	.012
Analytical thinking	-.1299	1.0987	.0560	-2.319	.021
Conflict resolution	-.0857	.5547	.0283	-3.032	.003
Reflectiveness	-.1974	.7517	.0383	-5.153	.000

*² **Table 2:** Skills where there is nil variation in the expectation and perceived skill

SKILLS P-P	Difference in Mean	Difference in Std. Deviation	Std. Error Mean	T	Sig. (2-tailed)
* ² Cross-cultural awareness	-.0234	.4232	.0216	-1.084	.279
Autonomous	.1117	1.2606	.0642	1.738	.083

*³ **Table 3:** Variation of skills with student's perceived skill are higher than the industry expected level

SKILLS	Difference in Mean	Difference in Std. Deviation	Std. Error Mean	T	Sig. (2-tailed)
* ³ Numeracy	-.0625	.5123	.0261	-2.391	.017
Language	.2396	1.2640	.0645	3.714	.000
Self-awareness	-.1380	1.1376	.0581	-2.377	.018
Stress tolerance	.0833	.5582	.0285	2.926	.004
Self confidence	.0755	.5475	.0279	2.703	.007

*⁴ **Table 4:** Skills with high variation from the Industry and student's perceived skill

SKILLS	Difference in	Difference in Std.	Std. Error	T	Sig. (2-
* ⁴ Information retrieval	.0573	1.1250	.0574	.998	.319
Written skill	.0130	.8317	.0424	.307	.759
Listening skill	-.0391	.8277	.0422	-	.356
Emotional -	-.0496	1.2512	.0639	-	.438
Oral presentation	-.0104	.9310	.0475	-	.827

*⁵ Table 5: Skills with high variation between the industry expected skill and the student's perceived skill level

SKILLS	Difference in	Difference in Std.	Std. Error	T	Sig. (2-
* ⁵ Problem solving	.2708	1.1650	.0595	4.555	.000
Commercial	.1875	.8527	.0435	4.309	.000
Sincerity & honesty	.9115	1.6470	.0841	10.844	.000
Decision making	.0495	.4025	.0205	2.409	.016
Prioritizing	.0417	.4066	.0208	2.008	.045

*⁶ Table 6: Skill with similar level in student's perceived skill and the industry expectation

SKILLS	Difference	Difference in Std.	Std. Error	T	Sig. (2-tailed)
Accountability	-.0026	.7665	.0391	-.067	.947
Explaining	.0443	1.0425	.0532	.832	.406
Critical analysis	.0443	1.0324	.0527	.840	.401
Subject application	.0260	.3949	.0202	1.292	.197
Justify and argue	.0469	.4984	.0254	1.843	.066
Creativity	.0703	.7318	.0373	1.883	.060
Adaptability	.0182	.3346	.0171	1.068	.286

In the case of *⁵ Problem solving, Decision making, commercial awareness, sincerity and honesty and prioritizing, the student's level is lower than the industry expectation. This is due to the lack of opportunities for the students in getting experience through experiential learning as the industry give less opportunity to the students for interface (Table 5).

In the case of *⁶ accountability, explaining, critical analysis, subject application, justify and argue, creativity and adaptability, there is no much difference between industry expectation and the student's skill level (Table 6).

The skills used here is limited to the institutions where cognitive and non-cognitive capabilities are less, but this research can be extended to high-standard institutions where this skill set may vary. To segregate the skills where the industries expectation is higher than the attained skills of fresh graduates, we used 'T' test. In this, the pairs are formed taking some skill, but responses are taken from employer's perception and placement officer's assessment.

Conclusion

The purpose of this study was to investigate the gap between the employer's expected skill sets of business graduate and the actual skills they possess at the time of recruitment. The employer's perception of the level of skill attributes relevant for each sector was discussed, along with a look at the skills graduates acquire after their professional studies. From the empirical study, it can be concluded that the respondents see only 35% of them as employable, with a high level of variation each student possess based on many factors. In the five components of P-E (person to environment) fit, concept of Job fit theory, only three components which are P-P(person to person fit), P-

G(person to group fit), and P-J(person to job fit) are relevant for a fresher recruitment. After joining the firm, the P-O and P-V fit will be relevant as it depends on the organizational environment and the type of task given to him.

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