

Employment and Employability of MBA Graduates: Departure from Clamor to March towards Glamour

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Abstract

Some of the reasons for unemployability of MBA graduates are not strictly within the domain of management institutes. Management institutes are expected to do much just because very little is done in school and colleges. To forget that time constraints operates in the management institutes also is not a wise policy by any reckoning. This is not to say that management institutes have no any share in the current predicament of unemployment of a very large number of their own products. B schools with poor infrastructure, incompetent teachers and outdated curriculum have done enormous damage to the cause of management education. Some silver linings are now visible. For another decade or so, the infrastructure sector will be growing with its variegated requirements of governance and management. Urbanization would increase avenues for entrepreneurship and management compare to what is possible in dispersed rural areas. India is emerging as the hub of manufacturing activities. New employment opportunities will arise for MBA graduates as the growth rate of the Indian economy picks up. B-schools need to prepare students with employability to deserve new opportunities in various sectors. The management institutes can play their role effectively only if they enjoy autonomy. While the state owned IIMs enjoy a high degree of autonomy, the privately owned management institutes are deprived of the same. This indeed paradoxical.

Keywords: Gresham's Law, Zooming infrastructure, 'Make in India' program, New employment opportunities for MBA graduates, Employability, Autonomy

Clamor and its Impact

Surveys after surveys at the national level have brought to light the hard and unpleasant truth that many MBA graduates are not employable. Nearly 10 – 20% of young boys and girls with fascinating MBA degrees - obviously a part of much publicized demographic dividend – are not able to get jobs they aspire for. The most common complaint is that they do not possess basic skills necessary for jobs that they seek. However, we have to admit that this problem is not confined to only those who get management education. This is a wide spread malaise affecting sizable section of young persons with higher education in general, irrespective of the field that they deliberately choose or the place that they like out of helplessness. Yet when MBA graduates are found unfit for management jobs in marketing, sales, banking, finance, HR management and consulting, it becomes a burning and bubbling issue. All this is perhaps attributable to some glamour

associated with management education in a fast changing society. When the same glamour does not count at the stage of getting right jobs, the MBA degree holders raise a clamor often shared by their parents as well. It is not a surprise, if some of these parents assiduously make simple cost-benefit analysis of their educated sons and daughters facing the complicated problem of unemployment.

It may be noted here that some of the reasons for un-employability of MBA graduates are not strictly within the domain of management institutes. Those who lack communication skills are not employable. Then there are others who are not acquainted with even the basic terms and concepts in their very areas of specialization. Those with some experience of work but without MBA degrees are preferred to those with fresh MBA degrees. The instances of graduates ready to work for less salary becoming substitutes for MBA degree holders have increased in number in recent

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years. In fact many blames against management institutes are not based on facts. Is it not reasonable to expect that the basic communication skills, both written and verbal, should have been imparted to young students at the under-graduate level itself? What is conspicuously missing at the under-graduate level is at once expected of MBA institutes required to follow a well-structured curriculum. To put it differently, the MBA institutes are expected to do much just because very little is done in schools and colleges. To forget that time constraint operates in the management institutes also is not a wise policy by any reckoning.

Gresham's Law Operating?

This is not to say that management institutes have no any share in the current predicament of unemployment of a very large number of their own products. B-schools that run with poor infrastructure, incompetent teachers and outdated curriculum have done enormous damage to the cause of management education. If many of such incredibly anemic and sick B-schools cannot survive, there is no dispute in the fact that they are the grand architects of their own misfortunes. Gresham (1519-79), a leading Elizabethan businessman and financial adviser to Queen Elizabeth I, stated a law which is named after him. He said that if two coins are in circulation the relative face values of which differ from their relative bullion content, bad money drives good money out of circulation. Gresham never said that bad money would continue to circulate for all times. Bad money may go out of circulation just because it has the dubious distinction of being bad in many respects. Many bad management institutes which were disturbing even good management institutes are now going out of picture because their products cannot meet the challenge of employability.

The formidable challenge of employability of MBA graduates may have to be judged in the light of the fact that management education is still in transition. After all this employability is subjective, reflecting on variety of socio-economic circumstances. There was a panel discussion on management education organized by Business World in 1994. What Adithya Birla said was interesting as well as important. To quote him, "You cannot have an organization where

80% are highfliers. Any organization should target itself that it must have made 10% or 20% highfliers and other must be plodders, people who stick on and not leave you". Anil Ambani agreed with Adithya Birla (J. Philip, 2009). Therefore, all that is stated to highlight the un-employability of MBA graduates must be carefully examined before being accepted. B-schools have to maintain diversity in their operations to satisfy the requirements of diverse industrial situations in India. It would be appropriate if B-school curriculum is revised and updated in consultation with representative groups of stake holders in the society to bring greater relevance, realism and contemporariness.

Zooming Infrastructure

Now India is passing through a stage of development in which infrastructure sector is enjoying priority over other sectors. The Twelfth Plan (2012-2017) has a clear set of priorities to build a modern, healthy, educated and sustainable society. The first is to take the task of infrastructure creation forward through modern technology. That management issues would acquire prominence in infrastructure development becomes clear if we read the Twelfth Plan Document. In the words of the Planning Commission "Project management capabilities must be improved for the country to get better returns from public investment in infrastructure and also in the social sectors. Project management with a view to deliver on time and within cost, is a learnable capability that can be institutionalized as demonstrated by the development experiences of Japan, Korea, Singapore and China. A nation-wide drive to improve project management must be an integral part of the Twelfth Five Year Plan" (Planning Commission, 2013). For another decade or so, the infrastructure sector will keep on growing with its variegated requirements of governance and management. The management institutes can raise the employability of their products by designing courses oriented to meet the needs of the zooming infrastructure sector.

India has been passing through a phase of urbanization on unprecedented scale because the proportion of urban population to total population shot up from 19.9% in 1971 to 31.8% in 2011. There was an increase of as much as 3.35 percentage points in

the proportion of urban population in the country during 2001-2011. There was a dramatic rise in the urban agglomerations, 91 new UAs coming up during the same decade. The number of class I UAs/towns increased from 394 in 2001 to 468 in 2011. What is more, 2011 Census recorded an increase of million-plus UAs/cities from 35 in 2001 to 53 in 2011, accounting for nearly 42.6% of the total urban population. It is further expected that by 2050, more than 50% of our population will be living in cities and towns. (Srutikanta Mishra and Amiya Kumar Mahapatra, 2014)

Though urbanization is hailed as an integral part of the economic transformation of the country, there is no dispute in the fact that India would face formidable challenges in managing urban infrastructure project. The Report of FCCI on 'Urban Infrastructure in India' has identified a few areas of intervention for the improvement of urban infrastructure. Planning at various levels, managing urban services, managing solid waste and managing social infrastructure projects are but some of the areas for absorption of MBA degree holders.

The Twelfth Plan envisages that urbanization would increase avenues for entrepreneurship and employment compared to what is possible in dispersed rural areas. The ambitious project of creating 100 Smart Cities as satellite towns of larger cities and by modernizing existing mid-sized cities announced in the union budget for 2014-15 is also expected to result in job generation for the products of B-schools. The B-schools have to evolve suitable programs for turning out MBA degree holders with specialization in urban planning and management.

Silver Linings

At a time when the MBA graduates are raising a clamor, they have a picture promising a fairly radiant tomorrow. Demand for graduates in business and management education all over the world has shown signs of renewed growth. Interestingly, the recent recession has boosted investment in management education because there is a wide spread thinking that economic slowdown is the right time to go to a B school and acquire some special skills. As per Graduate Management Admission Council's 2013 Application

Trends Survey, there was 52% increase in the number of applications seeking admission in B schools offering full time MBA programs (Times of India, 2014). This increase occurred within one year (over 2012). It was clearly a break since 2009. India was the driving force in the increase of number of applications to 24% of the 683 management programs across 42 countries. There is a greater demand that business schools today offer specialized and flexible programs to meet the corporate needs across the world. It is not for nothing that A Balasubramanian observes that the demand for more and more managerial resources will keep on increasing for at least next two to three decades.

Another silver lining is in the possibility of India emerging as a hub of manufacturing sectors. The UPA Government had recognized in principle the tremendous significance of manufacturing in expediting growth process. In his hour-long interim budget speech on Feb 17, 2014, the erstwhile Finance Minister P. Chidambaram mentioned manufacturing 15 times. On one occasion, while talking about the state of the economy, he summed up the scenario aptly: "Manufacturing is the Achilles heel of the Indian economy ". However, he then admitted that deceleration in investment was particularly worrying. Therefore there was no uptick yet in manufacturing.

By July 2014, the manufacturing sector as a whole could turn its corner as China began to lose its competitive advantage. In the wake of wages and other costs of production rising in China as many as 16 companies were on their legs to shift part of their production to India to take advantage of lower labor costs here. Adi Godrej Chairman of the Godrej Group saw bright prospects of growth in India. In fact he went to the extent of saying that "Chinese costs are going up. This is a great time to move production from China to India" (Goutam Das, 2014). He thought that this trend would continue for another 20 years. Many American, European and Japanese companies now tracking towards India, thanks to the concerted efforts put in by the present Prime Minister Narendra Modi.

The policy of the present Central Government of encouraging production and employment generation in India with the programme 'Make in India' is an advantage for the MBA graduates. Launched in

September 2014, Narendra Modi's Make in India program has the potential to transform the country as it has the full involvement of the industry. In fact industrialists are optimistic of a transformational change coming through as a result of the new policy initiatives. Mukesh Ambani in his communiqué to the shareholders says that renewed optimism in the domestic economy augurs well for business and consumer confidence, particular against the backdrop of continuing concerns on global economic growth. Adi Godrej expresses robust optimism when he says that the growth rate will pick up remarkably in FY16, reaching the figure of 7 percent (Business India, 2014). The rephrasing of FDI as First Develop India has a lot of relevance in the present context of creating employment avenues for MBA graduates. It is necessary for the country to enlarge its manufacturing sector because the growth of the services sector would depend on the former (Krishnaswamy, 2012). Modi has exhibited his vision for future by telling investors to "Sell anywhere but manufacture here" It is now recognized that there are 25 industries in which India can be a world leader. For the "Make in India" Program to take off, the central government has taken measures for changes in laws, rules and regulations on a wide scale. The "Make in India" program has taken the form of a campaign with sectors such as food processing, tourism, FMCG sectors, heavy industry etc (Kanungo, 2014). No doubt these are the sectors the development of which would ensure gainful employment opportunities for young job aspirants possessing MBA degrees. The obvious task of management institutes is to evolve suitable academic programs to turn out MBA graduates deserving new employment opportunities with competitive strength.

Led by the consumer goods segment, India's factory output registered its fastest growth and a 21 month high in November 2014. The HSBC survey reported that manufacturing activity accelerated further in November led by higher output and new orders. Now serious efforts are needed to contain inflationary pressures to reduce input prices for consumer goods industries with good potential for employment generation even for the MBA graduates. One of the recent issues of Business India has reported that in the areas of banking and financial services Indian companies can do well if the government encourages

through policies which can make them global. Indian companies have to learn from the success stories of the American, European, Japanese, Korean, and Chinese companies which grew as these companies prospered and became rich. The companies in those countries, before going global, used their resources to grow domestically. Bringing out the vast potential for the growth of the Indian business companies which can contribute immensely, the editor of Business India has given an account of the future role of these companies. To quote him, "Poverty can be abolished and a determined government, along with a committed private sector, can ensure that we become a middle income country in the next decade. It is only then that we will see several of our companies emerge as global players, establishing global brands". We can reasonably hope that a rapid and sustained economic transition fuelled by programs of business companies and policies of government can open up gates of employment opportunities for MBA degree holders. The management institutes must rise to the occasion by formulating academic programs to ensure employability in the very near future so that they can capture opportunities of employment with the growth rate of the Indian economy picking up.

The aviation industry is emerging as another sector where managers will be required on a fairly large scale. Six new airlines, three national and three regional, are set to join the market. The losses of the aviation industry in the past were partly due to the faulty policies of the government. Even after the beginning of the economic reforms, the airlines in India during 1990s suffered from license permit raj, unfair competition with Air India, growth restrictions and unprofitable routes but now there is a change in the policy environment. The government is mooting reforms to boost connectivity through development of low cost airports, tourist circuits and more (Mukherjee, 2014). The policies of the Modi Government have become relatively transparent and more business friendly these days. The MBA graduates with good engineering background have the prospects of getting lucrative employment opportunities when the policies and promises of the government are turned into employment oriented actions. Worthwhile here it is to mention that IIM, Bangalore has started MBA program in aerospace management.

Major Constraints

Anyone interested in assessing the role of B schools in enhancing the employability of MBA graduates cannot afford to ignore the debates on what these schools can do or can't do. Given the policy parameters no definite answer is available to the question as to whether inclusion is antithetical to excellence in management education (Natarajan, 2014). The B schools in almost all states of the Indian Union are subject to social pressures to ensure quality management education to all deprived classes of the society. At the same time they have to mobilize resources for running quality management courses which should have employability of MBA graduates as a chief component. The challenging task for several private management institutes is to strike a balance between or among various alternative decisions and actions while social and political environments could easily disturb this balance.

During the last 30 years management education in India has witnessed many significant changes some of which may be considered here (Chaudhuri, 2014). In the first place, the executives working in professionally managed companies thought of getting MBA degree or diploma from good institutions. This led to the beginning of executive MBA programs slightly different from the normal business administration courses. Some of these courses are customized short duration executive education programs without the rigor of usual MBA programs. Secondly there is regional imbalance in the spread of management education. A large part of the growth in the number of management schools initially occurred in the states of Maharashtra, Tamilnadu, Andra Pradesh, Karnataka and Delhi. Only recently Gujarat, Haryana, West Bengal, Odisha, and Jarkhand experienced increase in the number of B schools. Thirdly, the diversification in management education is visible as today there are institutions that offer 2 year programs on Retail Management, Hospitality Management, Agri Business Management, Sports Management, Real Estate Management Etc. There are also institutes providing programs with focus on the management of agriculture or rural economy. Fourthly, the mode of delivery of education has changed with the increased use of modern technologies including satellite

communication technology. Fifthly, mention needs to be made of a radical change in the role of faculty in B schools. Instead of concentrating on traditional method of teaching, the faculty members are now required to adopt a student centric learning process with emphasis on case study methods of teaching. It is difficult to say whether all the important changes in the field of management education are really catering to the requirements of the changing society. Research studies to evaluate the impact of all these changes on the employability of MBA graduates are now necessary.

The management institutes can play their role effectively only if they enjoy autonomy. Experience in Europe and in the third world countries suggests that autonomous management institutes may enjoy a significant organizational advantage over B-schools that are a part of the university systems in their ability to innovate and in their capacity to raise the employability of MBA graduates. Coming to the Karnataka scene, the earlier Karnataka Knowledge Commission went into all the questions and issues of the higher education in the State. In the report on Higher Education Vision for 2020 released in January 2013, the Commission suggested that as a point of departure, the higher education institutions in the State including, of course, management institutes should design courses in accordance with employment opportunities both at the national and global levels (Karnataka Knowledge Commission, 2013). Students need flexibility in choosing courses to prepare themselves for their careers and aspirations. In the drive for healthy competition the management institutes should also continuously innovate for enabling students to enter the world of work with courage and confidence.

Some observations on IIMs would be in order, since these are public sector institutions under the control of the Government of India's Ministry of HRD. The capacity of IIMs which remained static for many years was expanded to accommodate both the students belonging to OBCs and those belonging to general category. This expansion was the result of the Supreme Court ruling on the reservations for OBCs. Besides six new IIMs were set up during the UPA II regime (Sriram, 2014). These new IIMs enjoyed adequate autonomy for offering educational and

training programs with new systems. Some IIMs have opened their centers in other states and in other countries. For example, IIM Lucknow has a center in Noida. Just when new IIMs are making their presence felt, The Government of India has decided to open 5 more IIMs. In his maiden budget speech the Union Minister for Finance Arun Jetly declared that the country needs a large number of centers of higher learning which are world class. The additional 5 IIMs would be set up in Himachal Pradesh, Punjab, Bihar, Odisha, and Maharashtra. In the light of what Arun Jetly has said, it would be appropriate to see what special programs the new IIMs would run to increase the employability of MBA graduates. We may note in passing that while the state owned IIMs enjoy a high degree of autonomy, the privately owned management institutes are deprived of the same. This is indeed paradoxical.

It is heartening to note that the IIMs have been focusing their attention on research. This has necessitated increase in the availability of fund for research, inducement for faculty members to undertake research and promotion process with more focus on research performance. The management institutes in the private sector should take the research programs of IIMs as models. The private sector industries should promote the research activities of management institutes by funding. Such collaboration between industries and B schools would go a long way in linking the management education to business practices. If management institutes produce MBA degree holders with excellent research capabilities, they can improve their employability. A study by Vivek Sane in Pune with 100- plus B schools, popularly known as 'Oxford of the East,' brought to light a very useful fact from the point of view of employability that effectiveness of management education can be improved by shifting the focus of programs from conceptual learning to skill development and by establishing greater collaboration between the management institutions and the industry (Sane, 2014).

There are some sectors (agriculture, textiles, logistics, and travel and transport) identified as the growth drivers. The current mis-match between the need for qualified work force and a large number of MBA graduates without the qualification of

employability would be one of the hindrances in the way of India's growth story in the immediate future. It is high time to match the requirements of growth drivers with the management education. The wisdom is to increase the involvement of key stake holders to help B schools for formulating academic programs to bring in the emerging tomorrow into the teaching and training processes of today. Out-of-the box thinking, live pain-point driven projects, research and assignments should be appropriately embedded into the formulation and delivery of management education. These should not be interpreted as a plan to bury functional specialization. This should mean that the functional expertise should be integrated with the new challenges and needs of the growth drivers. Briefly put, B schools need to prepare students with employability to deserve new opportunities in various sectors (Salunke and Pankajakshan, 2014).

Thus the issues of employment and employability of MBA graduates need to be examined in relation to several factors linked to the needs of a growing economy, the changing conditions of various sectors and sub-sectors and the current state of administration and policy announcements which the Government and the University systems are pursuing. The present clamor of unemployment of MBA graduates has a history of its own which should be considered afresh for restoring the glamour of management education at the level of getting jobs also which is very much necessary for young minds to become more productive.

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