JOB MARKET TURBULENCE AND ITS IMPACT ON STUDENT ENROLLMENT IN MANAGEMENT PROGRAMS

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Abstract: **Purpose:** This study seeks to explore the impact of various factors like market turbulence, quality of training provided, factors of cost, duration of studies, uncertain placements, etc on the number of students opting for management courses. This in turn is affected by the economy of a country.

Research Gap and Research Problem: The economic crisis had a cascading effect on the average placement salaries offered to business schools pass-outs as the job markets dried up. Also, there has been a significant decline in the number of students' opting for management programs. The research confirms the influence of external sources on student's decisions opting for management programs.

Objective: The main objective is to try to establish the impact of various variables thought to be important for the enrolment in management programs by students.

Design/Methodology/Approach: The study is a combination of exploratory and descriptive research. Empirical study was conducted with the help of a questionnaire which would comprise of questions related to various variables that are thought to be important for selecting MBA program with the help of a thorough Literature Review. It was circulated amongst the students in their final year of graduation in Delhi-NCR region.

Analysis of the data was done by clustering the important factors with the help of factor analysis technique and then establishing a relationship between the relevant factors and enrolment of students.
Practical implications: College and university authorities should strive to ensure that students are given a holistic education and training and not just a paper qualification. Also, the placements of the students should be ensured under any circumstances and better job opportunities should be provided to the students passing out even during the economic recession in a country as there are few sectors which remain unaffected even during market turbulence.

Keywords: management program choice, student's decision making, market turbulence, placements, training

1. INTRODUCTION

Between April and June 2012, the prospects of finding a job across a range of the most employment-intensive sectors-like information technology (IT), financial services, telecom and hospitality-in the economy fell dramatically compared with the first three months of 2012. The ASSOCHAM, in the 32 sectors it surveyed, found there was a 20 per cent drop in hiring between April and June when compared with January to March of 2012.

The fall in GDP growth to an average of just 5.4 per cent in the first six months of 2012 had cost jobs. There was a massive difference roughly of about three million, in the number of new jobs created at 5 per cent and 7 per cent, which was roughly the growth rate in 2011-12.

The job scenario in India saw a difficult slump in 2012 and it continued to be the almost the same with just a slight improvement in the hiring scenario in 2013. The employment trends had found that the professional job market in India as well as globally had improved by the end of 2013 to some extent.

Even after a slight improvement not all is good and there is still cause for caution. Job opportunities are still low because of the restrain shown by firms after the rate of attrition shot up in 2012. Moreover, the chances of retrenchment just lead to the fact that job seekers might have a hard time trying to find jobs. Multiple factors are contributing to the job freeze: an across-the board slowdown, the rupee going into an uncontrollable decline, a turbulent political scenario, policy uncertainty and a poor investment climate.

While no sector is immune to the economic slowdown, the worst-affected are automobiles, BFSI, manufacturing, telecom, infrastructure and information technology. The job market, already in a dark zone with a hiring freeze in many sectors, may be headed for tougher days ahead as pockets of replacement or need-based hiring peter out, according to a cross-section of recruitment and staffing firm executives.

On the other hand, the Government of India has been trying to transform India into a centre of excellence for education. Pursuant to this goal, certain policies with regards the educational systems were liberalized. These include the licensing of private institutions of higher learning to confer bachelor degrees and to conduct courses in collaboration with foreign universities. A direct repercussion of such liberalization has been the mushrooming of private higher educational establishments throughout the country. These corporations have jumped onto the education bandwagon as the educational services industry promises potentially profitable returns. They also have the necessary resources and funding to set up campuses and faculties across the country.

These two extremes that is increase in the number of institutions providing higher education including management courses and the decline in the number of jobs available because of the changing job scenario has led to a decrease in the number of students enrolling for management courses. The present financial crisis and economic downturn in India has increased the cost of studying overseas, hence preventing many students from going abroad. As such, it is a blessing in disguise for private colleges and universities. Initially many students opted for management courses but looking at the job prospects in the past few years the students have rationally taken the decision of exploring other opportunities which are expected not to be significantly get affected by the market turbulence.

2. LITERATURE REVIEW

College/university/course choice has been viewed as a three-stage decision process. During the first stage college aspiration formation - students develop the predisposition or intention to continue their education beyond secondary level. Sometime after college aspirations are formed, students enter the second stage - search and application. At this stage, students begin to acquire information regarding the college attributes that are particularly important to them in deciding which college/university/course to consider attending. This phase ends when students decided to apply to a particular set of institutions. After their application and the colleges' acceptance, students enter the third-stage - actual selection and attendance. During this phase, students compare and evaluate their preferred alternatives in terms of college attributes most important to them. This phase ends with the final attendance or enrolment decision (Hossler, D. R. & K. S. Gallagher. 1987.)

Student choice is a basic and integral part of higher education. Unlike elementary, primary and secondary schools (to a large extent), post-secondary students have the freedom to choose. They must decide whether to go to college, which college to enrol in, what to major in, which courses to take, and so on. (E. P. John. 1990)

In a study on service quality in higher education, showed that six factors that are important to students were:
1. Program issues

2. Academic reputation
3. Physical aspects
4. Career opportunities
5. Geographical location (of institution)
6. Time (i.e. duration of studies)

The ‘program issues’ category comprises the availability of specialist programmes, degree flexibility, availability of several course options, and flexible entry requirements. ‘Academic reputation’ refers to the prestige of the degree conferred, such as whether it is recognized nationality or internationally. ‘Physical aspects’ include the quality of facilities for academic, accommodation, sports, and recreation. (Joseph, M. B. & J. B. Ford. 1997)

In particular, the quality of teaching, institution's image, and campus surroundings must all be considered by college operators in attracting students. Preparing to give what students want is the first step in applying marketing concepts to higher education (Samsinar Md. Sidin, et al, 2003) The institutes should focus on value creation, quality initiative and defined end results. The concerned bodies have to ensure the demand and supply factors and thoroughly understand the visionary motive of the institute before allowing it to offer management programs. Also, the control system should ensure the quality up gradation a stipulated period of time and differentiate the institutes that have not upgraded their quality. Allowing all of them to offer management programs will have an adverse effect on the professional management education in the long run (Khurana Sunanya,2007)

Higher education in India suffers from several systemic deficiencies. As a result, it continues to provide graduates that are unemployable despite emerging shortages of skilled manpower in an increasing number of sectors. Some of the problems of the Indian higher education, such as – the unwieldy affiliating system, inflexible academic structure, uneven capacity across various subjects, eroding autonomy of academic institutions, and the low level of public funding are well known. Many other concerns relating to the dysfunctional regulatory environment, the accreditation system that has low coverage and no consequences, absence of incentives for performing well, and the unjust public funding policies are not well recognised. Driven by populism and in the absence of good data, there is little informed public debate on higher education in India. (Agarwal Pawan, 2006)

The uneven economic recovery and successive downward revisions in economic growth projections have had an impact on the global employment situation. Almost 202 million people were unemployed in 2013 around the world, an increase of almost 5 million compared with the year before. This reflects the fact that employment is not expanding sufficiently fast to keep up with the growing labour force. Young people continue to be particularly affected by the weak and uneven recovery. It is estimated that some 74.5 million young people – aged 15–24 – were unemployed in 2013; that is almost 1 million more than in the year before. The global youth unemployment rate has reached 13.1 per cent, which is almost three times as high as the adult unemployment rate. (ILO Publications, 2014)

Skills mismatch on youth labour markets has become a persistentand gro wing trend. Over education and over-skilling coexist with under education and underkilling, and increasingly with skills obsolescence bro ught about by long-term unemployment. Such a mismatch makes solution s to the youth employment crisis more difficult to find and more time consuming to implement.Moreover, to the extent that youn g people in employment are actually overqualified forthe job they are doi ng,society is losing their valuableskills and forfeiting stronger productivit y growth thatwould have been achieved had these young people been employed at their appropriate level of qualification(ILO Publications, 2013).

The most frequent reasons that people cite regarding their decision to seriously consider an MBA at a large southern university centers around four desires. These are, not surprisingly, the desire to earn more money, the desire to change careers, the desire to advance their careers by obtaining a required credential, and the desire for knowledge that can be obtained by earning the degree. Further, this research identified the single most important factor that prospects considered when determining which university to attend for the MBA degree: the university's ability to help make them more marketable or advance their career. Other answers included cost, university's reputation, convenience, program duration, the university's location, and the caliber of peers in the classroom. (Dailey L., et al)

In 2006, Dailey et al. gathered information on the reasons why students pursue an MBA, sorting them into broad categories such as “need for knowledge,” “general business knowledge,” “valuable business credential,” and so forth. Dailey et al. (2006) noted that while the degree was still a credible, valued credential often required for corporate advancement, its value had dropped over the last decade. Dailey's research identified 26 needs that an MBA fulfils.

Heslop and Nadeau (2010) found that the primary decision factors included financial cost, investment of time, career uncertainty, future job opportunity, and an expressed interest in learning. Heslop and Nadeau (2010) then looked at the factors most often cited as critical for applicants in selecting a particular school in which to study. They found that reputation, quality (of both the faculty and the university as a whole), location convenience, personal fit of program style or goals, scheduling and programmatic flexibility (as well as ease of navigation), cost, and the ability to gain entry into the program were most important.

Powell (2010) surveyed 1,100 prospective MBA students who were identified by four public and four private universities. Powell (2010) determined that job security outweighed advancement as a motive for seeking graduate business degrees. Pointing out that a decade ago students earned an MBA to broaden skills and take on additional responsibilities on the job, Powell called the changing goals of MBA seekers a "generational shift, and suggested, that "business schools may need to carefully rethink many aspects of how they reach and teach this group of students.

3. OBJECTIVES

Objective of the study are

- To explore the factors that influences the decision making of students to opt for management courses.
- To find out the role of job market turbulence on the number of students opting for MBA.

4. RESEARCH METHODOLOGY

This study is largely based on secondary data as well as analysis of primary data. It includes primary data collection and usage of quantitative research tools. Factor analysis is applied to examine the various factors affecting students' decision to opt for management courses.

4.1 Population Definition

The scope of Research is mainly focused to the universe of Delhi and NCR Region in India. The study is restricted to student pursuing graduation in the final year of all the streams of B.Tech, B.Com, BBA and BA.

4.2 Sample Size

A total of 78 final year students pursuing their graduation were chosen randomly for the purpose of this study.

4.3 Design and Construction of Questionnaires

4.3.1 Objective

The questionnaire was designed with an objective of collecting relevant information about the factors affecting the choice of students to opt for management courses and the role of market turbulence.

4.3.2 Designing of the questionnaires- The process

After designing the questionnaire, the draft questionnaire was discussed with experts in the field of Human Resources from Industry and Academia. On the basis of their comments, necessary modifications were made which helped in further bringing clarity to the questions.

4.3.3 Details of the Questionnaire

The questionnaire consisted of different variables which were thought to have an impact choice of students to opt for management courses after a thorough literature review. The questionnaire was constructed after taking into account variables like Competition, Employment Opportunities, Political Factors, Recession, Course Fee, Residential Campus, Gender, Private Sector Opportunities, Technology, Labs, Teaching Material, Summer and Winter Internship, Placement, Student Exchange, Faculty, Library, Syllabus and the like.

4.4 Data analysis

For analyzing the questionnaire, Factor analysis was performed to identify seven factors contributing to the choice of students to opt for Management Education by using SPSS, version 16.

5. ANALYSIS AND INTERPRETATION OF RESULTS

5.1 Reliability Statistics

Reliability implies the consistency of a set of measurements or measuring instruments that are often used to describe a test. Cronbach's α (alpha) is a statistic. It is commonly used as a measure of the internal consistency reliability of a psychometric instrument.

Table I- Reliability Statistics

Cronbach's Alpha	N of Items
.878	20

In this case where the respondents has to mark their responses on the factors influencing their decision to opt for Management course, the Cronbach's Alpha is .878, indicating a reasonable high degree of reliability.

5.2 KMO and Bartlett's Test

Tables II reveal the Kaiser–Meyer–Olkin measure of sampling adequacy and Bartlett's test of sphericity. The KMO statistics vary between 0 and 1. A value of zero indicates that factor analysis would be inappropriate. The value of one indicates that patterns of correlation are relatively compact and factor analysis should, therefore, yield distinct and reliable factors.

Table II - KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.733
Bartlett's Test of Sphericity	Approx. Chi-Square	755.759
	df	190
	Sig.	.000

In this case, the statistics range between .7 and .8, indicating that the values obtained are good and factor analysis would yield reliable factors.

5.3 Total Variance Explained

Table III lists the eigenvalues associated with each linear component (factor) before extraction and after rotation. The table indicates that for seven factors, the eigenvalues is greater than one.

Table III- Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %

1	6.498	32.490	32.490	6.498	32.490	32.490	5.005	25.027	25.027
2	2.166	10.832	43.323	2.166	10.832	43.323	2.140	10.702	35.729
3	1.564	7.821	51.144	1.564	7.821	51.144	1.748	8.739	44.468
4	1.422	7.111	58.256	1.422	7.111	58.256	1.705	8.525	52.993
5	1.101	5.504	63.759	1.101	5.504	63.759	1.622	8.109	61.103
6	1.076	5.382	69.141	1.076	5.382	69.141	1.336	6.679	67.782
7	1.007	5.034	74.175	1.007	5.034	74.175	1.279	6.393	74.175
8	.845	4.226	78.401						
9	.726	3.632	82.034						
10	.657	3.287	85.321						
11	.527	2.636	87.957						
12	.482	2.410	90.367						
13	.418	2.089	92.456						
14	.347	1.737	94.193						
15	.308	1.539	95.732						
16	.268	1.340	97.072						
17	.204	1.022	98.095						
18	.167	.834	98.929						
19	.159	.796	99.725						

20	.055	.275	100.000						

Extraction Method: Principal Component Analysis.

A total of twenty factors (components) were extracted, equivalent to the number of variables factored. The cumulative percentage of variance explained by the first seven factors is 74.175 per cent. In other words, 74.175 per cent of the common variance shared by the twenty variables can be accounted for by the seven factors.

5.4 Component Matrix

Table III reveals that seven factors or components influence a student's choice of MBA Program. The sub- factors can be found from Table IV. The seven factors identified are delineated below.

1. Market Dynamics- It is imperative to consider the role of macro environment in influencing student's decision. With the mushrooming of B Schools in India, the competition among them has increased tremendously. This in turn is influencing the employment opportunities too as with each passing year the market is loaded with the MBA graduates. Major recession in Europe, Americas, with consequent impact on Asia, slowing down of once star economy of Japan, South East Asia and political upheavals in Libya, Egypt, Iraq are some indicators of the turbulence. The collapse of Lehman Brothers, subprime crisis, negative impact of tapering, slow down of Sony, GM, Toyota, Apple etc are triggers for major changes in the pecking order. All these factors also influence the quality and quantity of Industrial visits organised by any B-School and the Summer and Winter Internship generated in collaboration with the corporate houses. Hence, this variable has been called Market Dynamics, and it covers the Competition, Employment Opportunities, Political Factors, Recession, Industrial Visits, Summer and Winter Internship.

2. Technology enabled Teaching- Technology-enabled teaching strategies bring students and content together in new and powerful ways. Technology and design lessons allow students to be creative while also developing new skills and grasping an understanding of how things work. Technology education can provide students with a wealth of information and knowledge, which they can then use in the future to purse a related career or simply as a subject of interest and intrigue.

Hence this variable has been called Technology enabled Teaching covering High Tech Labs, Teaching Material and Teaching Aid.

3. Economic Factors- Since studying MBA does require a heavy investment, the course fee charged by a B School is one of the prime criteria in choosing a particular B School. Besides course fee, Students more often opt for colleges with residential campus as it minimizes the transportation cost. The student exchange programs become another criteria in choosing a B School. Therefore, this variable has been named as Economic Factors as it covers Course Fee, Residential Campus and Student Exchange Program.

4. Industry Oriented Syllabus- Industry-oriented syllabi can provide one of the best ways forward for a struggling management education system. What colleges need is an industry-related curriculum, mandated by the university that gives the students a gist of processes most integral to the Management industry. This would not only help them bridge the college-company transit, but also preserve the academic autonomy of educational institutions and help in increase the placement rate of students. Hence this variable named Industry Oriented Syllabus covers Placement and the Syllabus covered by B Schools.

5. Faculty Qualification and Psychological Factors- Learning key managerial concepts from learned faculty are one of the most important criteria when choosing a school. The quality of education solely depends on the calibre of the faculty members, so the profile of Faculty assumes a greater significance while choosing a B-School. The same has been reflected in this study too. Also there has been a shift in the psyche of the students who value learning more than the loyalty and where there is a great dependence on technology. They prefer to work for the private sector companies even if the job security is not ensured. Also Internet enabled institutes help them in carrying out the projects in a more effective manner. Hence this factor named as Faculty Qualification and Psychological Factors covers less Doctorate Faculty, Job Security and Internet Enabled Institutes.

6. Demographic Factor- Though there has been an increase in the number of females opting for B School studies, the study showed that the number of boys opting for MBA is more than girls. Hence the gender preference variable has been named as Demographic Factor.

7. Library Resources- A well stocked library comprising of Books, Journals, Periodicals and other Magazines also reflect the quality of education the Institute is providing. Hence this variable has been named as Library Resources.

Table IV- Rotated Component Matrix

	Component						
	1	2	3	4	5	6	7
Competition	.878	.090	.125	-.083	.144	-.023	-.073
Employment Opportunities	.879	.125	.162	.086	.127	.029	-.072
Political factors	.777	.312	.290	.019	-.007	-.044	.144
Recession	.805	.158	.085	-.194	.115	.031	.016
Course fee	.292	.156	.643	.095	.153	.163	-.072
Residential	.013	-.431	.470	.132	.266	.355	.318
Gender preference	.233	.265	.170	.012	-.047	.778	-.052
Job Security	.307	.033	-.185	.150	.671	.206	-.100
Internet enabled	-.004	.357	.283	.285	.608	-.174	-.065
High tech labs	.179	.698	-.017	.057	.257	.326	.053
Teaching material	.382	.626	-.030	.352	-.041	-.042	.227
Teaching aid	.074	.767	.215	.051	.166	.111	-.024
Industrial visit	.661	.043	-.114	.176	.015	.428	.089
Summer internship	.784	-.034	.128	.308	.064	.141	.181
Winter placement	.694	.007	.204	.077	.148	.279	.067
Placement	-.204	.276	.317	.663	.028	.296	-.004
Student exchange	.390	.083	.772	.113	-.108	-.015	.137
Doctorate faculty	.158	.157	.135	-.217	.717	-.091	.319
Syllabus	.181	.049	.042	.872	.062	-.056	.016
Llibrary	.074	.063	.050	.022	.057	-.013	.950

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

6. CONCLUSION

One of the objectives of the study was to explore the factors that influence the decision making of students to opt for management courses. While conducting the research, it was found out that the seven most important factors influencing the choice of students are:

- Market Dynamics
- Technology enabled Teaching

- Economic Factors
- Industry Oriented Syllabus
- Faculty Qualification and Psychological Factors
- Demographic Factor
- Library Resources

As stated by Nwachukwu Prince Ololube teachers need not be geniuses, but they need plenty of practical judgment and common sense. Learners do not expect their teachers to have an extraordinary memory, but they do expect them to be able to think in the right direction. Extreme competencies such as methodological, motivational, material utilisation, instructional, teaching evaluation and interaction process are prerequisites for excellent job performance. These skills can apparently be learned with due course of time. Our factors technology enabled teaching and faculty qualification and psychological factors are further justification of his statement. In another research by Samsinar Md. Sidin, et al they emphasised on the fact that library resources do play an important role in student's perception of various college and academic characteristics that influence his/her college choice decision.

The second objective of the research study was focused to find out the role of job market turbulence on the number of students opting for MBA. In this study the most important factor influencing the choice of students to opt for B Schools was Market Dynamics covering 32.490 of the total variance explained by the questionnaire, the total being 74.175 (refer Table III). Hence Market Dynamics covering Competition amongst B Schools, Employment Opportunities being generated by the economy, Political Factors, Recessionary trends witnessed by the economy, Industrial Visits, Summer and Winter Internships being organized by the Institute is one of the most important factor influencing the students choice.

7. SCOPE OF FURTHER RESEARCH

Our study was confined to the student's pursuing graduation in final year in Delhi- NCR region. Therefore we can extend our study by increasing the population to North and Central India. This would also increase our sample size hence giving a clearer picture about the responses of the students and variations from the current results can be noted.

In another study we could consider taking the responses of students who have joined MBA Program recently. This would enable us in understanding what changes in the preference of students are brought after they have already joined the college. Also, the responses of such student's would be more precise as they more serious about their expectations from the college with respect to the students who are still planning to take up the course.

Therefore, we intend to carry out the further research on the same topic to analyse all the aspects of the student's criteria for enrolment in the management program.

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