Article No.16

SKILLS, COMPETENCIES AND EMPLOYABILITY THROUGH BUSINESS EDUCATION

Dr. Shweta Tiwari (Mishra)
Assistant Professor, Institute for International Management and Technology, Haryana,

Abstract: Purpose – The purpose of the present paper is to examine the link between industry competency requirement and the current provisions for Business education in India. This paper aims to understand the significance of skills and competencies with employment.

Design/methodology/approach – Personal interviews were conducted with educationists and industrialists to identify the key issues.

Findings – Shows that a gap exists in terms of ensuring that the needs of industry are met by the ongoing skills development of the workforce. The study revealed a clear understanding of the factors in business education that govern the relationship between the Skills, Competencies and Employability.

Research Limitations / Implications – Result of the research will create awareness amongst the HR professionals. Also it can be applied by the business educators to commit themselves towards skills initiatives and should work towards developing competencies and employability.

Target Audience – This paper is targeted to Researchers, HR Professionals and Academicians involved in the field of Business Education.

Key Words – Business education, Competencies, Employability, Sustainability.

Introduction:

Emerging globalization, rapid increase in convergence of digital technologies, new economic challenges, and the requirement of multi-lingual proficiencies are the few defining characteristics of our world at the turn of the 21st Century. Broadly defined, globalization may be the concept, and the key idea by which we understand the transition of human society into the third millennium (Waters, 2001). Globalization represents the strategic effort to treat the world, or a significant part of it, as a single market in which to do business (Tallman and Fladmoe - Lindquist, 2002). As boundaries blurred due to the swiftness of information transfer, knowledge became power. These rapid changes mean that greater responsibility has been placed on education institutions to meet the challenges brought about by this new landscape. The wealth of a nation depends more on its people, management and government, than on its natural resources. Education helps to enhance the knowledge base of a nation and therefore it has a vital role to play in shaping the future of a nation. (Gill and Lashine, 2003)
It is frequently stressed that education and training systems are at the heart of the coming changes. Therefore, they too must adapt in order to accompany a successful transition to a knowledge-based economy and society (Nijhof, 2005; Keeling, 2006). As education and training system is identified as the key points to cope up with these changes. The question is: Is business education preparing inspiring managers capable enough to cope with these challenges?

It is generally believed that management creates the vital link between organizational effectiveness, economic progress, and people’s performance at organizational level. In this respect managers have to play a considerably more significant role in the overall success of their organizations and development of their nations. (Analoui and Hosseini, 2001)

Business education is about facilitating learning of job-related behaviors in order to improve individual and corporate performance (Krishnan, 2008). This scope of this paper is to focus on some of the skill sets required under a global market environment, and to provide a generalized view of the focus, strategies and procedures that are essential for reforming business education.

The link between competency mapping and business education system is relatively unexplored. The relationship between competency mapping and workforce attributes needs to be explored. There is also a very strong need to relate skills and competencies with critical factors of success for the industry. The emphasis on skills required by employers differs depending on the nature of job role to be carried out within an organization. These skills refer to certain personal traits of an individual, which can be fit from one job role to another.

According to the , Indian Current Affairs, December 10, 2010 the objective behind allowing FDI is to complement and supplement domestic investment, for achieving a higher level of economic development and providing opportunities for technological upgradation, as well as access to global managerial skills and practices. In an Indian perspective, issues which need to be addressed are declining profitability, lack of sufficient expertise in new product development, growing foreign direct investment, lack of strategic perspective and necessity of creating global brands on account of increased opportunity globally.

The critical success factors which contribute to the employability skills are as follows:
- Communication and Interpersonal Skills
- Information, and Technology Skill
- Ability to work as a team
- Leadership Skills
- Problem Solving Skills
- clearly identified professional accreditations;
- an emphasis on work experience;
- clearly identified industry links;
- Adaptability Skills
• Creativity Skills

In order to achieve the above, some of the following interventions are desirable:

• Employer involvement and engagement in higher education through particular programmes.
• Employability skills embedded into the mainstream curriculum.
• Assessment practices should link to employability skills.
• Include Personal Development and Planning modules.

McLaughlin (1995) revealed that as the nature and look of jobs changed, the level of education and skills required also changed. Many educators faced the challenge of preparing young people to participate in the increasingly complex and changing world of work by calling on employers to articulate and communicate their needs better. Job competencies are those activities and skills judged essential to perform the duties of a specific position (Long, 1977). The link between competencies and employee performance is very strong. The fundamental propositions that can be made are as follows:

• Competency-based applied learning will contribute to the academic knowledge, problem-solving skills, work attitudes and general employability skills of an individual.
• Provide individuals with coherent and rigorous content aligned with challenging standard relevant technical knowledge and skills needed to prepare for emerging professions.
• Skills and Competence would lead to a higher degree of employability.

Tas (1988) defines competence as performance of duties based on one’s ability to accomplish specific job related tasks and assume the role connected to the position. Chung-Herrera et al. (2003) postulates that a competency model is a descriptive tool that identifies knowledge skills, abilities and behaviour needed to perform effectively in an organization. It is designed to help an organization meet its strategic objective through building human resources capability, competency modeling focus on behaviour rather than personality traits. Employability Skills are not job specific, but are skills which cut horizontally across all industries and vertically across all jobs from entry level to chief executive officer. Sherer and Eadie 1987.

Athey and Orth (1999) a job-related competency is a set of observable performance dimensions, including individual knowledge, skills, attitudes, and behaviors, as well as collective team, process, and organizational capabilities that are linked to high performance, and that provide the organization with sustainable competitive advantage.

Employers find far too many entry-level job applicants deficient in employability skills, and want the business schools to place more emphasis on developing these skills. (Baxter and Young 1982).
Charner (1988) identified and catalogued the reasons given by employers for not hiring young people for entry-level jobs, including:

- Low grades and low levels of academic accomplishments
- Poor attitudes, lack of self-confidence
- Lack of goals, poorly motivated
- Lack of enthusiasm, lack of drive, little evidence of leadership potential
- Lack of preparation for the interview
- Excessive interest in security and benefits, unrealistic salary demands and expectations
- Inadequate preparation for type of work, inappropriate background
- Lack of extracurricular activities
- Inadequate basic skills (reading, writing, math).

In a recent survey, conducted by Harvard Business Review on whether business schools are to blame for the current global crisis, 67 percent of the respondents felt that business schools were at least partly responsible for the ethical and strategic lapses of their graduates who spawned the economic crisis (Podolny, 2009).

Despite the fact that the traditional business education model has incorporated all the major changes regarding structure and curriculum that were considered necessary during the 1980s and 1990s (Paucar-Caceres, 2008), a significant number of researchers and renowned management gurus point out the need for restructuring and improving business education (AACSB, 2002; Donaldson, 2002; Etzioni, 2002; Mintzberg et al., 2002; Pfeffer and Fong, 2002; Ghoshal, 2003, 2005; Emiliani, 2006; Bennis and O’Toole, 2005; Holstein, 2005; Tsurumi, 2005).

Some management gurus have raised the question of business education effectiveness and they have suggested that business education in its present form does not make great contribution to excellence in management practice (Ghoshal, 2005). Hambrick (2007) reports that during the 1950s, business schools were accused of not being as academic as they should be (Porter and McKibbin, 1988).

**Objective**

The objective of this study is to assess the level of skills and competencies and to suggest desired level which needs to be imbibed in professionals graduating out of educational institutions so as to present excellence as a primary element for future business education in an era of new challenges for employability. The study is significant as there is a need to look at the employability skills development efforts and recommend ways to help them create the employable graduates.

**Methodology**

This study was carried out through structured discussions with 10 industry professionals who have been working in the industry for over ten years and are holding top and senior
management positions such as practicing managers or academicians. The parameters of assessment include discussion on the following aspects:

1. Nature and content of business education:
   - quality of Business education curriculum, pedagogy.
   - research orientation

2. Skills and traits that employers value most in prospective entry-level employees.

3. Innovative educational practices toward key skills and competency development.

Findings
The quality of manpower available in the market depends on the nature of labor markets. Universities are, and have been, significant drivers of regional economic development (Presmus et al., 2003; Woollard et al., 2007; Drucker and Goldstein, 2007) although some academic staff within the new corporate or entrepreneurial university are finding it difficult to adjust.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Type of Institution</th>
<th>Number</th>
<th>Existing at the end of X Plan (31.03.2007)</th>
<th>Total during XI Plan (2007-2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central universities</td>
<td>19</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>IITs</td>
<td>7</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>NITs</td>
<td>20</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>IIITs</td>
<td>4</td>
<td>*20</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>IISERs</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>IIMs</td>
<td>6</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>SPAs</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

*Proposed; Source: Annual Report, MHRD, 2010-11.

There are nearly 1,800 business schools in the country producing 1 lakh management professional annually compared with strong labour markets internationally. Urgent questions remain to be addressed in relation to the general priorities and practices of those academic institutions that provide the qualifications and learning experiences of our inspiring managers and entrepreneurs. Whilst there are examples of innovative practice, including some fairly high-profile offerings, more thorough going reorientation of the business curriculum in higher education is still the unexplored frontier. There is also an issue of mismatch of supply and demand of certain skills in the industry in India. As the supply of business graduates is larger than the demand for management positions therefore these results in mismatch of career aspirations. So there are a number of
Business graduates available at any given point of time, who are willing to work for low wages.

Scanning through the headlines of the Financial Times, The Economist and The Wall Street Journal suggests that our chances of surviving and thriving as a global community are dependent upon the growth of gross domestic product (GDP), improved business efficiencies and investment in new technologies. The focus in the majority of business and management education is on reproducing and improving current practice, rather than questioning it, seeking alternatives or transforming business activity so that it takes a more responsible approach that aligns with sustainability.

**Quality of Business education curriculum and pedagogy**

Industry training helps to build up on the job competencies. Training/Internship in the industry can be used as an important tool in shaping competencies of the managers. Pfeffer and Fong (2002) and Mintzberg and Gosling (2002) argue that business education is too abstract, technicality oriented and centered on the functions of management at the expense of the practice of managing and its associated leadership, interpersonal and communication skills. In India, there is a lack of quality industrial training. The students are treated as inexpensive labour. Very few organizations provide structured training. The study clearly revealed a *curriculum gap*. The most important differences between the concerns of educators and practitioners fell into two areas: integration and implementation. The study identified few skills emphasized in business schools are less valued by the industry practitioners. From the industry perspective the most pronounced mismatch in priorities relates to interaction with customers. Maintaining a healthy relationship with the customer is viewed as the most important skill by practitioners. But it is true that this set of skill apparently receives little attention in the curriculum. The root cause, instead, seems to lie with the slow process of curriculum change and implementation.

In India, the content of the business education is not benchmarked internationally and the content is often outdated. The use of diverse text is limited and is often inward looking. The methodologies are also often outdated and even the quality of faculty leaves a lot to be desired. This results in a lack of think tank and a systemization and advancement of knowledge. Trained faculty plays a vital role in shaping and nurturing talent. An exposure to management content is desirable. An intervention is desirable at a national level to bring about a change. The need is therefore to develop new capabilities in schools and companies to deal with these global responsibilities. Business schools should therefore involve both the creation of new knowledge and the capability to transfer it effectively through global management process.

The business community should have a representation in the curriculum design committees and course delivery in order to enhance the client-focus of business education. The curriculum should include courses in negotiation skills, conflict management and crisis resolution (Mohamed, 2009).
Sustainability in business education

The study was designed to determine the integration of sustainability issues in business education, and to identify the problems and difficulties coupled with its implementation. The study revealed that most of the business schools taught one of the two subjects either sustainability in business or corporate governance as a core course at postgraduate level. The study shows that while most academicians wished to see sustainability as a core course in their institutions, this was not happening in most cases due to the following reasons:

• Lack of faculty knowledge level.
• Syllabus revision is not a pleasant task.
• Uncertainty about the popularity of programs in the market.

The International Association of Universities (IAU, 2006) acknowledges that universities have not been producing graduates with the skills, motivation and knowledge necessary to promote sustainability. This is partly due to a lack of knowledge and to some extent a suspicion that sustainability and sustainable development are inexact, unscientific and too controversial to be operationalized effectively.

Longenecker and Ariss (2002) suggest that business education adds value to people and to organizations as it helps them achieve competitive advantage through exposing managers to new ideas, training and development opportunities, practices that may be applied in the corporate context.

Business education in India has been seen more as a trade rather than as a business organization. While there is no empirical evidence to support the view that business schools should undertake fully responsibility for the current crisis (Neubaum et al., 2009). As education is not the only enabler of human behavior so business schools must see this crisis as an opportunity to provide their students with an alternative perspective on management (Anninos and Chytiris, 2011).

To ensure the validity of management education, a large practical component should be included in the course, thereby providing an opportunity for both experiential and action learning (Bosch and Louw, 1998). They suggest that business schools could expand the scope of their curriculum to include both the components of experimental and action learning.

Lack of quality parameters and informal approach in granting accreditation brings in lot of confusion in the market. In India, these standards need to be upgraded and stress on quality of manpower hired in educational institutions, infrastructure, training methodology needs to be looked at again.

Desired Competencies
Boyatzis (1982) suggested that a job competency is an underlying characteristic of an employee (i.e. motive, trait, skill, aspects of one’s self-image, social role, or a body of knowledge), which results in effective and/or superior performance in a job.

Further, according to Athey and Orth (1999) a job-related competency is a set of observable performance dimensions, including individual knowledge, skills, attitudes, and behaviours, as well as collective team, process, and organizational capabilities that are linked to high performance, and that provide the organization with sustainable competitive advantage.

Albrecht and Sack (2000) find that as a result of these business environment changes, a number of business developments have occurred, such as the following:
- increased pace of change in the business world;
- requirement for better, quicker, and more decisive actions by management;
- emergence of new professional services;
- increased uncertainty and the explicit recognition of risk;
- increased complex business transactions;
- increased regulatory activity; and increased focus on customer satisfaction.

The study revealed top 10 ranked competencies are:
1. Grasp of global systems, global issues, and Interrelation dynamics.
2. Analytical, interpersonal and Intellectual skills.
3. Multi-disciplinary and inter-disciplinary skills
5. Technical skills
6. Critical Thinking
7. Appreciation of cost management.
8. Ability and willingness to learn; energy and passion; teamwork and cooperation;
10. Motivation and Initiative.

Global exposure: In a world, where borders are being opened up for cross border investments, cross cultural exposure skills and talents can bolster an individual resume can make the country more secure and economically competitive shapes up understanding of emerging markets and consumers. A global-ready graduate [is] a person with a grasp of global systems, global issues, the dynamics of how things are interrelated and interconnected in the world, and how society can best address global issues.” As consumers experiment with new demands, an awareness of the same is a prerequisite for molding organization’s product offering.

Analytical and intellectual skills: Analytical ability is a basic skill that a business graduate should possess. This skill includes the ability of a person to collect accurate and complete information, the ability to identify the importance of information, and the ability to apply logic and reasoning to clarify the relationships between different objects before making any decision.
**Intellectual skills:** Intellectual skills include identifying and anticipating problems, finding acceptable solutions, developing inductive thought processes, and assigning priorities (Simons and Higgins, 1993). With the recent increase in publicized corporate failures, business education must pay greater attention to problem-solving skills, analytic reasoning, and forensic accounting procedures.

**Multi-disciplinary and inter-disciplinary skills:** In addition to the in-depth knowledge in a specialized area, global market trends also require business graduates to have a wider spectrum of knowledge in multidisciplinary areas. Graduates in business should have knowledge in all diverse fields to solve diverse and unstructured problems in unfamiliar settings; they must have an understanding of the economical, social, cultural, and psychological forces that affect organizations.

**Communication skills:** Communication skills include listening effectively, presenting, and defending views orally and in writing, and locating and organizing information from both human and electronic sources (Simons and Higgins, 1993). These communication skills enable business graduates to understand the psychology of people of different ages, culture and learning stages and then furnish graduates with the skill to listen and motivate others.

**Technical skills:** Development in technology has made familiarity with technology not only beneficial, but also fundamental to the survival in the new business environment. Employers expect a new employee entering the work force to possess basic technology skills that are required in the work place. Competence in such technology enables employees to be creative in the workplace and also helps them more swiftly adapt to their new work environment.

**Critical thinking:** Reinstein and Bayou (1997) state that critical thinking includes formulating and identifying deductively- and inductively-warranted conclusions from available evidence, recognizing the structure of arguments and assessing the consistency. For an effective discharge of these skills, one must uses one’s critical thinking skills, which include the ability to observe, evaluate complex systems and information, detect, predict, advise, and recommend appropriate action.

**Appreciation of cost management:** Understanding on profitability and return on investment holistic approach such as Balanced Scorecard Approach (Kaplan and Norton, 1992) or Corporate Entrepreneurship approach (Verma, 1997) is essential for long-term existence of an organization. A disjointed approach towards profitability does not work in the long run. There is a need for an understanding of fundamental financial principles.

**Recommendations**

To manage a firm successfully the managers must have an orientation in different aspects of managing the businesses. This cannot be left to “on the job experience”. Inputs need to
be given in formal structured manner. In conclusion it seems that the general consensus from business education institutions is that the current and future employment market requires graduates to be ready with a range of skill set and competencies. Applicants need to be able to demonstrate their core transferable skills in addition to their academic success. To cope up with the new challenges posed by the external environment, it is very important to look at the business education from a market oriented perspective and take a strategic view to better align business education with the global market requirement. It has been argued that business schools must provide its graduates with the skills to be able to operate professionally. In this context the study looked at the employability skill development and recommended ways to help them create the employable product. However, there is also a responsibility for employers who are demanding the skills. In a market economy, employers are often hesitant to invest in employee development due to perceived uncertainty about the return on this investment of time and money.

To have a match between Skills, Competencies and Employability, the following recommendations are suggested:

1. There is a need to revise the management curriculum at both graduate and post graduate level. Experimental and Action learning both needs to be addressed in the curriculum, without this most of the jobs would happen on the job or through trial and error.
2. The curriculum could be also transformed into a skills-based curriculum. For this Conducting orientation programmes to understand the changing expectations of the industry for the purpose of evolving course contents and preparing students for same.
3. There is a need for intervention by Ministries of Education. It is suggested that regulatory bodies should actively promote the integration of sustainability in curricula and academic activities; and should monitor progress, and follow up on developments.
4. Training opportunities should be provided to faculty members in order to enhance their understanding of Sustainable Development, allowing them to apply knowledge about sustainability issues in action.
5. Business graduates are poor in the area of organizational maturity. This is just an issue of graduates learning how things should get done. Prior work experience would help. Internships, as part of the curriculum would be of benefit.
6. Augmented interaction between academic institutions and the local industries and their associates to explore the possibility of using student’s expertise in the industry.
7. To engage University Departments of Studies in research projects and organizing workshops, conference and programmes that are industry specific.

Additionally academicians and professionals both needs to commit themselves toward skill initiatives and should work toward developing skills that would equip students with marketable competencies.
References