

## RESEARCH ARTICLE

## Employability of MBA students with HR Specialization: The Case Study of Educational Institution in India

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### Abstract

The perceived value of MBA programs has gone down substantially in recent times due to low employability of students passing out of the colleges. Most of the student who specialize in Human Resource stream of MBA program of the self-financing colleges of Anna University, Chennai found it difficult to get worthy jobs. The cause for the situation may be many like, incompetence of the students themselves, demand for the entry level HR positions may be less than the supply in the market, inappropriate curriculum, ineffective implementation of curriculum etc. The authors surveyed the HR alumni and HR managers to determine the relevance of HR curriculum of MBA program in meeting the requirements of various industries and identified that there is a big gap between the requirements of industries and availability of suitable candidates.

**Keywords:** *Human Resources, MBA, Curriculum, Employability, College, Student.*

### Introduction

CURRICULUM is the heart of any educational programme. Curriculum evaluation is the collection and provision of evidence, on the basis of which decisions can be taken about the feasibility, efficiency, effectiveness and educational value of curricula. It facilitates bringing the curricular content abreast of modern advances [1].

In India the first management school, Indian Institute of Management (IIM), Kolkata, a centre of excellence was set up in the year 1961 with the collaboration of Massachusetts Institute of Management. Indian Institute of Management, Ahmadabad was started in the year 1964 with the collaboration of the world renowned Harvard Business School. Other IIMs were started in the year 1971 at Bangalore followed by IIM, Lucknow in the year 1974. These IIMs awarded two years Post Graduate Diploma in Management. These All India Institutes were set up as autonomous societies under the ministry of HRD with funding from central government. By the year 1990, about 120 universities in India had set up courses in management.

As the demand for management graduates increased, the government encouraged establishment of private funded Business Schools. All India Council for Technical Education (AICTE) was entrusted with the

responsibilities of maintaining and upgrading the standards of management education and regulating all business schools in the country. The AICTE granted permission liberally to establish new business schools. Thus the number of such institutions rose to around 850 by the year 2002. In the last decade since 1991, admission capacity of MBAs has registered 800% growth.

According to [2] the growth of management institutions in India in last 15 years has been rapid. Data on number of business schools established in India from 1995 suggest a mushrooming growth in terms of numbers and often at the cost of quality. India has 2,385 B-Schools, according to AICTE, awarding MBA degrees or an equivalent and often, more valuable postgraduate diplomas (like those given by IIMs) [3].

The purpose of any educational institution is to provide quality human resources acceptable to employers and society. But these institutions produce massive number of MBAs who have difficulty in getting employment. It reflects the low standard of management education lacks relevance to Industry and business.

Today business schools in India face the challenge of creating an indigenous model of

management curriculum. Unfortunately, Indian Business schools vary widely in terms of the caliber of the faculty, quality of curriculum, infrastructure, and placement record. Apart from the premier list of Business Schools in India, the academic standards of most of the B-Schools are not up to the mark. In fact at the low end of the spectrum we find institutes charge exorbitant fee from gullible students but provide negligible academic value addition.

### **Need for the Research**

Human Resource is the single most important resource that distinguishes a successful organization from others. Our assets walk out of the door each evening. We have to make sure that they come back the next morning Modwel and Jelassi [4].

The study by [5] reveals that only 21% of graduates qualified with Master of Business Administration (MBAs) were employable in the academic year 2011-12 while the total student intake rose from around 100,000 to 300,000 [3]. There exists a gap between the competencies required by organizations and competencies available with the aspirants seeking jobs in HR department. Hence it is necessary to evaluate the HRM curriculum of MBA programme.

### **Statement of the Problem**

The problem chosen for the research study consists of the relevance the MBA Human Resource (HR) curriculum in Indian Universities meeting the requirements of industries.

### **Objective of the Research**

The following are the objectives of the research:

- To determine the relevance of the curriculum of Human Resource courses of MBA programme in meeting the requirements of industries.
- To suggest changes to be made in the HR curriculum of MBA programme to make it more effective.

### **Study Context**

This study used 'Employability of MBAs with HR specialization in self financing colleges of Anna University, Chennai as a case study. Anna University, Chennai was established in the year 1978 by Tamil Nadu State Government as a unitary type of University.

The MBA programme of Anna University consists of core courses, elective courses and project work. There are eight courses including

Seminar I in the first semester. Second semester consists of nine subjects including Seminar II. The common core courses for the two semesters are from the disciplines of Quantitative analysis, Total Quality Management, Managerial Economics, Human Resource, Marketing, Accounting & Finance, and Management Information Systems, Business Research, Business Software application and Communication skills. This provides a basis on fundamentals of man- agreement to all students undergoing MBA programme. Students do a summer project in some organization for six weeks after completion of the first year of MBA. Third semester consists of ten courses including Seminar III. Two courses namely International Business Management and Strategic Management are compulsory for all students

## **Literature Review**

### **Employability of MBAs**

Jigalur [6] has stated that a PAN India study by MeritTrac an independent assessment company reveals that out of 1,400 MBA colleges producing 100,000 MBA graduates annually, only 23 percent of the MBA graduates are employable. On the other hand, India's annual requirement is 128,000.

Bhanugopan and Fish [7], have observed that as a new century unfolds; many "business" programmes find that the extent of graduate "employability", is an important marketing tool [8, 9]. Nevertheless, whether a fresh-faced graduate is "job-ready" [10] and in this sense perceived as "employable", will be contingent on two critical concerns. First, is the extent to which graduates have been exposed to and developed in the appropriate "business" and "technical" skills, and possess the necessary "personal attributes" to be of immediate value to prospective employers. The second concern is the extent to which employers have established appropriate "work environments", including a supportive "organizational culture" that sustains an effective "employment system" viz., the psychological contract when graduates join a business organization.

In coming to terms with conflicting demands; Junghagen [11] suggests that; "institutions benefit from working directly with employers to adjust their curricula and qualifications frameworks to ensure student success in labor markets". Whilst Yorke and Harvey [12] argue that, "alignment of higher education with workforce needs should be based on careful

action by institutions to embed skills and attributes within instructional programs".

Nevertheless there is increasing evidence that both the academic community; and industry, are aware of each other's perspectives regarding more specific "business" and "technical" skills and the "personal attributes" increasingly demanded by organizations [11,12]. However, Rynes et al. [13] note that such consultation does not always address important behavioral

attributes required for effective performance in the early stages of a graduate's business life.

## Methodology

Survey design (Descriptive Research Methodology) was adopted for the conduct of this study [14]. Keeping in view the two objectives, we have adopted the following list outlines the research steps as shown in table: 1:

Table 1: Research Eleven Steps

Step 1	Determining and stating the purpose and scope of the planned evaluation.
Step 2	Choosing an appropriate evaluation method.
Step 3	Identification of sources of data.
Step 4	Development of questionnaires. Two structured Questionnaires were designed to collect data from below listed sources.  1. Alumni of MBA programme employed in Human Resource function of various industries 2. Human Resource Managers of various industries
Step 5	Strategy for collection of data. Survey method (Kerlinger, 1973) was chosen.
Step 6	Conduct Pilot study to validate the draft questionnaires.
Step 7	Determine Validity and Reliability of the questionnaires.
Step 8	Select the sample for the main study.
Step 9	Conduct of the main study.
Step 10	Analysis with reference to the objectives of the study.
Step 11	Suggestion and recommendations.

## Data Collection

Data for the evaluation study was collected from the following from February 2012 to August 2012.

### Alumni

Alumni of MBA programme employed in Human Resource function of various industries: The Questionnaire for Alumni consisted of 13 items regarding source of their first job, courses studied, problems of MBA departments, aspects of curriculum, quality of MBA programme, effectiveness of internal assessment and implementation of HR curriculum, infrastructure, competencies required and the problems faced by them in their first job, besides personal information regarding their experience of working in industry and basic graduation.

### HR Managers

Human Resource Managers of various industries: The Questionnaire for HR Managers of various industries consisted of nine items regarding sources of recruitment, functional areas of employment, competencies required, problems faced by MBAs in their first job, problems of MBA departments and the importance of various criteria used for selection of MBAs, besides personal information regarding their experience of working in industry.

### Pilot Study

Pilot study was conducted to test the draft

questionnaires for clarity and validate the draft questionnaires. The draft questionnaires were administered on selected target audience for validation.

The respondents were asked to review and fill the questionnaires and provide feedback based on their feedback. Further the questionnaires were revised and improved.

## Reliability and Validity of Instruments

The two most important and fundamental characteristic of any measurement procedure is reliability and validity.

### Reliability

When the items on an instrument are not scored right versus wrong, Cronbach's alpha coefficient is often used to measure the internal consistency. Cronbach's Alpha Coefficient was computed for measuring internal consistency of the four instruments. The values are presented in the table 2.

### Validity

Content validity of the three instruments were determined by Jury opinion method. Jury consisted of 6 experts - two HR Managers, two HR Faculty and two Alumni.

Table 2: Reliability coefficient of the instruments used for data collection

S.No	Instrument	Reliability coefficient
1	Questionnaire for Alumni employed in HR function	0.88
2	Questionnaire for HR managers from various industries	0.94

The intrinsic validity of each instrument was also determined by calculating the square root of the reliability coefficient [15] (see table: 3).

Table 3: Intrinsic Validity of the instruments used for data collection

S.No	Instrument	Validity coefficient
1	Questionnaire for Alumni employed in HR function	0.94
2	Questionnaire for HR managers from various industries	0.97

Intrinsic validity provides objective and quantitative evidence that the test measuring what it ought to measure. Guilford (1954) defined it as the "degree to which a test measures what it ought to measure".

### **Sample for the Main Study**

The sample for the research study was selected using purposive sampling technique [16]. The main goal of purposive sampling was to focus on particular characteristics of a population that are of interest, which would best enable the researcher to focus on the research objectives [17].

All the Engineering colleges offering MBA programme under Anna University, Chennai during the academic year 2011-12 constitute the population (N = 70) of the study. Out of those colleges, 22 colleges have been chosen by using purposive sampling technique. It constitutes 31.4% of the colleges in the population.

Sample for the main study consisted of all the second year MBA alumni of MBA who passed out from self financing colleges of Anna University from the year 2011 and the year 2012 with HR specialization and HR managers working in various industries.

### **Procedure Used for Data Collection**

Survey method was used for data collection. Soft copy of the Questionnaire for alumni of MBA who passed out from self financing colleges of Anna University, Chennai from the year 2011 and year 2012 with HR specialization were sent to all the alumni of the 22 colleges by email.

As shown in above (table: 4); 160 alumni (26%) returned the questionnaire after filling it completely in all respects.

Table 4: Sample size for the main study

S.No	Respondents	Sample for the main study
1	Alumni employed in HR function	160
2	HR managers from various industries	110

HR managers working in various industries such as Manufacturing, Software, Insurance, Banking, Telecommunication, HR Consultancy etc. were contacted. Soft copies of the questionnaires were sent by email. 110 HR Managers (22%) returned the questionnaire after filling it completely in all respects.

## **Major Finding**

### **Findings from HR Alumni Responses**

Analysis of the data collected from 160 HR alumni who took human resource specialization for their MBA degree lead to the following major findings:

- Most of the respondents had graduated from Science discipline (43.8%) followed by Engineering (31.3%) and Arts/Commerce (25%)
- Most of the alumni (47.5%) got their first job through personal effort followed by Campus interview (18.8%), Walk in interviews (15.6%), Friends & relatives (10.6%) and rest (3.8%) each through HR consultants and Advertisement.
- The Alumni ranked Lack of Industry - Institution interaction as the most important problem followed by outdated curriculum, Lack of competent faculty and Lack of infrastructure (classroom/ library). The least important problem is improper selection of students.
- Majority of the alumni (71.9%) agreed that the distribution of courses in the various semesters were balanced.
- Majority of the alumni did not want any of the courses to be deleted.
- Majority of the alumni (76.2%) want addition of courses in HR curriculum. The additional courses mentioned by them are:
  - Training and Human Performance Enhancement
  - Human Resource Information Systems (HRIS),
  - Database Management system \
  - System Analysis and Program Development for HRM



- Majority of the alumni (51.8%) want two courses to be added, while 23.8% do not want any additional courses, 10.6% want three courses and 3.8% want four courses to be added to the HR Curriculum.
- Majority of the alumni (76.2%) do not want addition of courses in fourth semester and 18.1% want two additional courses to be added. 3.8% want three courses and 1.9% wants one course to be added to the fourth semester.
- According to the alumni the match between the HR curriculum and the industrial requirement is poor.
- Alumni rated Projects as the highly effective internal assessment method followed by class room participation, attendance and assignments. They rated Unit tests as the least effective method of internal assessment.
- Alumni were highly satisfied with the project work. They are satisfied with all other aspects such as Students Interaction with faculty, Relevance of summer project, Faculty quality, Curriculum contents, Number of Electives, Guest Lectures and Teaching methods regarding implementation of HR curriculum.
- Alumni were satisfied with Library facilities, Class room facility and Management's commitments for providing infrastructure. They were dissatisfied with computer facility, Internet facility, Extra-curricular activities, Industry-institute interaction, Placement assistance and industry visits.
- Lack of awareness of current trends is considered to be the most important problem faced by the alumni in their first job. Other problems faced by the Alumni are lack of clarity about roles and goals, lack of multidisciplinary skills, low ability to cope with pressures, Poor communication skills and lack of interpersonal skills. Lack of positive attitude is considered to be the least important problem by alumni.
- All the Alumni (100%) mentioned the following competencies are required in the company but not developed in the MBA programme:
  - Hiring of employees
  - Conflict resolution

- Ability to cope with pressure
- Communication
- Majority of the Alumni mentioned the following competencies are required in the company but not developed in the MBA programme
  - Work knowledge on Pay roll & HR Conflict resolution
  - Adapting to different culture
  - Decision making
  - ERP usage
  - Statutory aspects related to income tax and compensation.

### **Findings from HR Manager Responses**

Analysis of the data collected from 110 HR Managers lead to the following major findings.

- Most of the organizations (46.4%) employ less than 10 MBAs from Anna University's affiliated Engineering colleges in Chennai.
- Majority of the companies (80%) employ MBAs in HR function followed by Marketing (51.82%), Finance (25.45%), Operations (22.73%) and Systems (10.9%)
- HR managers mentioned that Communication skill is the most important of all followed by Leadership skills, Decision making skills, Team building skills, Ability to analyze qualitatively, Problem solving skills and Ability to analyze quantitatively. Computing skill is required to a lesser extent.
- All the six competencies in knowledge of HR process such as selection & placement, planning for HR requirement, designing compensation & benefit system, performing training need analysis, promoting employee & labor relations and organizing training and development are required to a great extent.
- All the six competencies in inter personal management such as interpersonal skills, working in team, Ability to cope with changes, Networking with professionals, Negotiation skills and Resolving conflicts in interpersonal management are required to a great extent.
- The HR managers have ranked lack of interpersonal skills as the most important problem faced by MBAs in their first job. Other problems were Poor communication skills, lack of awareness of current trends,

lack of clarity about roles and goals, lack of positive attitude and low ability to cope with pressures. lack of multidisciplinary skills was considered to be the least important problem.

- The HR managers have ranked that lack of competent faculty as the most important problem of MBA departments. The other problems were Out dated curriculum, lack of industry institute interaction and improper selection of students. Lack of infrastructure was considered to be the least important problem of MBA departments.

## Discussion

Summary drawn by triangulating the findings from the analysis of data collected from HR Alumni and HR Managers.

- The most important problems of MBA departments are "Lack of Industry Institute Interaction", "Improper selection of students" and "Lack of competent faculty" and "Outdated curriculum".
- "Lack of interpersonal skills", "Lack of awareness of current trends", "Poor communication skills" and "Lack of clarity about roles and goals" are the most important problems faced by MBAs in their first job.
- Majority of alumni (71.9%) agreed that the distribution of courses in various semesters were balanced.
- Alumni (76.2%) suggested additional courses on "Human Resource Information Systems" (HRIS), and "Training & Human Performance Enhancement".
- Majority of alumni did not want any HR courses in the curriculum to be deleted.
- Alumni opined that HR curriculum is too theoretical.
- Alumni indicated that project work done by them was the most effective method of internal evaluation. They consider unit tests and assignments as least effective.

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- The quality rating of MBA programme by alumni fell between poor and very poor in 'Meeting the requirements of the industries'.
- Alumni were highly satisfied with the project work. They are satisfied with all other aspects such as students interaction with faculty, relevance of summer project, faculty quality, curriculum contents, number of electives, guest lectures and teaching methods regarding implementation of HR curriculum. They were dissatisfied with computer facility, Internet facility, Extra-curricular activities, industry-institute interaction, placement assistance and industry visits.
- Majority of HR managers (56.4%) recruited fresh MBAs through campus interviews followed through HR consultants and referral through their employees [18-20].

## Conclusion, Limitation & Further Research

The research study revealed substantial gap between the competencies available with entry level HR aspirants and the expectations of the industries. The authors identified lack of communication skills, lack of industry institute interaction, improper selection of students, lack of competent faculty and outdated curriculum as the most important problems for low employability among students aspiring to take up career in Human Resources Management.

This study is restricted to only HR students of self-financing colleges under Anna University, India. This college conduct MBA programme and the evaluation of curriculum is restricted to only to Human Resource related courses and not to other streams or specializations. Therefore, similar studies can be carried out in other Universities as well to check the validity.

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