

## **MBA and Employability – Revisiting Selection Criteria to the Management Program**

Author<sup>1</sup>: Dr. Shruthi J. Mayur<sup>\*1</sup>  
T A Pai Management Institute  
Manipal, India.  
Email: shruthi.mayur@tapmi.edu.in

**ABSTRACT:** *Students in India have a penchant for attaining a management degree and this is seen in the rising of number of institutes offering a degree in management. One reason that stands out for this trend is that the degree is seen as a path to getting into a lucrative job. While this may be so, the challenge faced by the industry is about getting employable graduates with the right skill set to take on managerial roles at entry and middle level. The reason for this gap in industry required skills could be for three reasons: 1. There is ambiguity in defining the skills required in the industry. 2. Not selecting a candidate with the required aptitude for the program or 3. The program may lack design to impart employable skills. The purpose of this paper is to explore the first 2 reasons and attempt to understand how the gap between the industry requirement and current employability status can be reduced. For the study a sample of 209 MBA students from South India was selected. Industry requirements in terms of employability skills was defined. To explore whether the selection criteria to the management program needs to be revisited, the impact of both Locus of control(non-cognitive) and MAT score (cognitive) on the employable skills was captured. Results indicate that MAT Score and LOC are predictors of Employability skills of an MBA students. The results also indicate that LOC (Internal) is a good predictor of Employability Skills especially the Attitudinal Skills and Team Management Skills components. This study recommends that as LOC may be used as a component of the selection criteria in deciding the admission of an individual into a business program as it is a good predictor of Employability skills. Originality/value – This is the first study that examines the study of LOC as a predictor of employability skills of an aspiring management graduates in South India*

**Keywords - Locus of Control, Employability Skills and MAT Score**

## 1. Introduction

Management education in India has witnessed a phenomenal growth, from just 200 MBA colleges in the early nineties to around 5500 MBA colleges in 2018. This migration towards management education, led to the mushrooming of management schools churning MBAs out for managerial positions (ASSOCHAM 2016). As a result of increased business activity and a shortage of well-trained managers, a post graduate degree in management came to be a solution for those aspiring to make their foray into the business world. But the intended purpose to fill the shortage of well-trained managers did not materialise as planned. In 2016-17, over 50% of the business graduates were found to be unemployable (All India Council for Technical Education (AICTE) 2017). An 'Employability Test' conducted on 32,000 MBA graduates from 220 business schools across India by Aspiring Minds (2012) found that only 10% of those tested had skills that recruiters typically look for while hiring management graduates. As reported by a study conducted by MBA Universe and MeriTrac in 2012, the employability study showed that of the 2264 B-schools studied across 29 cities in India, only 21% of the students graduating were found to be employable. It is alarming to note that while the human capital is available for organizations to employ, they are ill- equipped without the required competencies (Murti and Bino, 2014).

The reason for this gap in industry required skills could be for three reasons: 1.The students undergoing the management program do not have an aptitude for the skills required 2.There is ambiguity in defining the skills required in the industry. Or 3. The program may lack design to impart employable skills.

Conventionally, while admitting prospective students to the management course, B-schools measured cognitive skills through Aptitude Test scores and Grade Point Average (GPA) [22]. Other selection criteria included scores obtained in Group Discussions (GDs) and Personal Interviews (PIs). Research in the area of transferable skills required by the industry have highlighted the fact that industry today is on the lookout for those individuals who possess these skills before making their entry into the working arena [1] [6] [7] [12] [16] [17]. Kang and Sharma [20] in their research found that ineffective admission criterion was found to be the second most significant factor that influencing the quality of management education. They suggested that students who opt for an MBA course just for its cosmetic value lack managerial aptitude and this affects their seriousness about learning. They stated there is a need to enhance the employability of the students and hence admission criteria should permit only those students who are suitable for the managerial profession. Hence using only MAT score (Cognitive aspect) as a judge of the quality of the input may not suffice and this will have a bearing on the quality of the output (unemployability of the MBA graduate) as there is substantial evidence that while they may be are predictors of academic performance, there is a huge difference between faring well in the business program and being business manager [22]. This raises the issue as to what other non-cognitive aspects may be complemented with the MAT Score while assessing the quality of the input to ensure the employability of the output. Baruch [4], Coetzee[9] and Sinclair [31] have in their research shown the importance of personality as competency that greatly influences an individual's employability. The employability attributes framework [5] have shown that non-cognitive attributes are important for increasing the likelihood of securing and sustaining employment opportunities. As per Mehra [24] and MBAUniverse.Com (2012) this mismatch between the employability competencies requirement and availability, brings forward the need for

scientific evaluation metrics to assess the prospective students to the required employability requirements.

Traditionally a students' Grade point average (GPA) which is seen as an indicator of student performance may not reflect aptly the learning that has taken place [30] or be an indicator of the generic skills as required in the job market [32]. A research by Norafifah [3] while trying to understand the relationship between academic performance and generic skills among 2nd and 3rd year undergraduate students of university in Kuala Lumpur, found there exists no correlation between the two. Steinfeld, Exe.Dir. of the Wasserman Center for Career Development at New York University, said, "G.P.A.'s can tell you who's a better student, that's true. They assume a high G.P.A. will make someone successful. But being a successful employee requires social and communication skills. Nobody even cares about G.P.A. after a few years".

Laszlo Bock, Sr.V.P. of people operations @ Google, in a NYT interview about Google's engagement practices and experiences, said: *"One of the things we've seen from all our data crunching is that GPA's [grade point averages] are worthless as a criteria for hiring, and test scores are worthless.... Google famously used to ask everyone for a transcript and GPA's and test scores, but we don't anymore, unless you're just a few years out of school. We found that they don't predict anything."* Bock also went on to explain, *"I think academic environments are artificial environments. People who succeed there are sort of finely trained, they're conditioned to succeed in that environment. One of my own frustrations when I was in college and grad school is that you knew the professor was looking for a specific answer. You could figure that out, but it's much more interesting to solve problems where there isn't an obvious answer. You want people who like figuring out stuff where there is no obvious answer."*

To understand the above concerns, the author in this paper starts with looking at the MBA program as a production cycle that harvests employable candidates. This scenario can be better understood as follows: It is well established that in a production cycle, different grades of the input greatly impact the quality of the output. Thus, the input needs to be sorted based on some pre-determined criteria before being fed into the process, as a lower grade of input will result in sub-standard output. In the context of this research the input refers to the potential MBA graduate, the process is the MBA Program, the output is an employable MBA and the criteria refers to the selection criteria. Thus, taking the above statement as a base, the author suggests that while cognitive aspects (MAT Score) are considered as part of the selection criteria, would including non-cognitive aspects in the selection criteria lead to choosing better candidates to the program? Keeping this in mind, the objectives of this paper are: 1. Define employable skills as required by the industry 2. Understand the impact of Locus of Control as a predictor of employability 3. Explore whether we need to revisit the selection criteria.

## 2. Significance of the study

Based on the literature reviewed, not many studies, in the Indian context, have investigated the MBA admission procedures/criteria and the effectiveness of the parameters used to admit students in view of predicting employability skills. Considering that MAT scores are only testing the IQ of the students and that GDs and Interviews are mostly unstandardized (potential biases), it is not surprising that there is large scale of students are in first place not suitable for an MBA program or unemployable. Hence, we argue that the MBA schools need to use standardized measures in addition to existing MAT scores & GDs and Interviews, to test the non-technical (non-IQ) skill sets of the students that can be honed during the MBA program. While studies by Rynes et.al, [29] indicate that for entry-level jobs, the GPA is often used, little is known on the actual

benefits or outcomes of this practice. Whereas other predictors of job performance have been studied by many researchers [30], grades have only recently attracted comprehensive empirical study in human resource management.

### 3. Research Methodology

#### 3.1 Operating definitions of variables

- a. **Locus of Control:** Locus of control is defined as person's perception of control or responsibility for his own life and actions. Locus of control (LOC) refers to an individual's generalized expectations concerning where control over subsequent events resides. In other words, who or what is responsible for what happens. According to Rotter, LOC is categorized as two parts: Internal and External. As per its meaning, individuals with internal LOC have confidence in the fact that they are responsible for their intentions. While individuals with an external LOC believe that their destiny is dependent on chance, luck or fate.
- b. **MAT Score:** Management Aptitude Test (MAT) is a standardised test being administered by AIMA (All India Management Association) across B-Schools to enable the selection process for admission into the MBA program.
- c. **Employability Skills:** This is defined as a combination of Basic Managerial Skills, Team Management Skills and Attitudinal Skills
  - Basic Managerial Skills (BMS) is defined as the capability to communicate, manage information, use numbers and solve problems.
  - Team Management Skills (TMS) is defined as the ability to harmoniously work with others.
  - Attitudinal Skills (AS) is defined as the ability to demonstrate positive attitude and behaviours, adapt to the environment, skill to continuously learn and work safely.

**3.2 Measuring instruments:** To collect data pertaining to the variables under study, the following questionnaires have been used. Namely:

- a) Employability Test – Developed by the researcher
- b) Locus of Control: Developed by Trice (1985)

**a) Employability test** (Developed by the Researcher): The Employability Test was developed by the researcher based on in-depth interviews and literature reviewed. The data was collected, and factor analysed. Three groups emerged and were grouped as Basic Managerial Skills, Team Working Skills and Attitudinal Skills.

*Instrument test for Reliability and Validity:*

The instrument has Cronbach's alpha value of .824 and can be considered consistent.

The instrument was tested for Content validity, construct validity and face validity. The results are as follows:

Validity Results:

- Recommended value for Tucker-Lewis Index (TLI), Normal fit Index (NFI) and Adjusted goodness –of –fit index (AGFI) is = or > 0.09.
- The value closer to 1.0 indicates perfect fit for TLI, NFI and AGFI.
- The values obtained for the instrument are: TLI=0.966; NFI = 0.938 and AGFI = 0.946.

The above values are considered a good fit. Hence having satisfied the test for reliability and validity, the instrument was adopted for the research.

#### 3.3 Data collection













successful at the workplace. Determinants of student's performance have been the subject of ongoing debate among academics and Organizations. The industry today feels graduates are lacking in generic skills. The role of management education is not to 'teach employability, but to make management graduates employable. From the employers' perspective, 'employability' seems to refer to 'work readiness', that is, possession of skills, knowledge, attitudes and commercial understanding that will enable new graduates to make productive contributions to organizational objectives soon after commencing employment. The main function of a B-school in this context is to raise awareness of soft skills, to improve self-confidence and to introduce strategies to cope with problems as well as to deliver vocational skills.

The crucial aspects that need further research are the evaluation of Locus of Control and Skill Set at the pre and post levels of admission in management course and how to blend in these aspects (training/education) with the academic curriculum, to ensure fitment between academia and industry. Other aspects such as personality, demographic details such as ethnic origin, income, education background and the like, can be researched into to see if they have any bearing on the performance of an individual.

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