MBA and Employability – Revisiting Selection Criteria to the Management Program

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ABSTRACT: Students in India have a penchant for attaining a management degree and this is seen in the rising 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
The validated final questionnaire administered to the students was divided into 3 components: Employability Test, Locus of Control, and information on demographic characteristics of users. The sample frame consisted of MBA students who had just got admission to the program in South India. The study sample was selected using the random sampling technique. 240 questionnaires were given and only 209 were rendered useful. Thus, the sample size taken is 209.

4. Hypothesis Development

For developing the hypothesis, first we did a qualitative study to find out the current industry expectations in terms of employable graduates. Based on the findings of the study regarding the skills expectations from the industry and literature reviewed, the author zeroed in on two variables that predict the employability of individuals. Namely Locus of Control (non-cognitive) and MAT Score (cognitive)

The development of the hypothesis for the research is as follows:

Hypothesis 1: Relationship between MAT Score and Employability

According to literature review, Aptitude Test (MAT) score is taken as the primary indicator of a student's ability to be enrolled in the management courses and excel in the same [21]. However according to Dhar [10] in his study it was found that MBA students with a high CGPA were unable to pass the job interview. This raises doubt as to if the prospective individual is actually deserving of the obtained marks. But studies have shown that as GPA is easily available and highlights performance differences between individuals, it makes it a useful predictor variable. Contradictory to the above, as Chamorro-Premuzic and Furnham [8] state that often employers do not consider GPA while selecting candidates to a job, and sometimes even opt for candidates with a lower GPA. A noteworthy trend was that managers involved in the hiring process seemed to pay equal attention to both cognitive and non-cognitive aspects (personality characteristics) [11]. Rynes et.al [29] reviewed 785 articles from HR magazines found that managers may diminish the value of IQ as they found practically no mention of cognitive aspects. Research studies by Judge et.al [19] and Badcock et.al [2] indicated a modest relationship between academic achievement through GPA scores but no correlation with generic skills and as such were considered imperfect indicator of levels of generic skills attainment. Thus, to understand the extent to which MAT score is a predictor of employability, the hypothesis developed is as follows:

Hypothesis 2: Relationship between Locus of Control and Employability

A study titled ‘Early antecedents to students expected performance’ by Garger et.al [13] reported that individuals with internal LOC display continued goal-related behaviours which is vital for success. This is important as success in life is also subject to personality traits that are not well captured by measures of cognition [14]. For instance, the General Educational Development (GED) test fails to capture vital characteristics that impact success in life. High school dropouts write the GED to show that their skills are equivalent to those of high school graduates who do not attend college. But it is found that GED recipients perform much worse in the labour market as they lack important personality traits [15]. Thus, looking at non-cognitive aspects that impact success in life, researchers argue that an individual’s belief that his/her actions will lead to the desired outcome is essential to both [3] and self-control [28]. According to Martin et. al. [23], a positive relationship exists between LOC and goal alignment among university students. Individuals with internal LOC perceive challenges as opportunities and optimize the same for personal and professional
development [27]. Thus, to understand the extent to which LOC is a predictor of employability, the following hypothesis were developed as follows:

**H1: MAT Score significantly influences Employability Skills**

**H2: Locus of Control significantly influences Employability Skills**

5. Data Analysis

5.1 Descriptive statistics of the sample

It can be summarized that the sample consisted of 95 male and 114 female students. The educational qualification distribution was as follows: 33% of the students belonged to the B.Com (Bachelor of Commerce) stream; 21% were from the Bachelor of Science (B.Sc.) stream; 6% were from Bachelor of Computer Applications (BCA) stream; 8% from Bachelor of Arts (B.A.); 13% from the Bachelor of Business Administration (BBA) stream; 15% were Engineers and 4% belonged to the Others category. With regard to the MAT Score: 6% scored between 450-500 marks; 20% between 500-550 marks; 24% between 550-600 marks; 31% between 600-650 marks; 16% between 650-700 marks and 6% in the 700 and above category.

5.2 Hypothesis testing, analysis and findings

| Table No.1: Statistical Output |
|---|---|---|---|---|---|---|---|---|---|
| VII | (ES) | (BMS) | (TMS) | (AS) |
| R | $R^2$ | Std. Beta | Sig | R | $R^2$ | Std. Beta | Sig | R | $R^2$ | Std. Beta | Sig |
| MAT & LOC | 0.57 | 0.324 | -0.284 | 0 | 0.51 | 0.256 | -0.272 | 0 | 0.45 | 0.201 | -0.097 | 0.144 | 0.58 | 0.336 | -0.349 | 0 |
| | | | | | | | | | | | | | | | | | |
| MAT | 0.277 | 0.077 | -0.277 | 0 | 0.33 | 0.109 | -0.33 | 0 | 0.117 | 0.014 | -0.117 | 0.09 | 0.261 | 0.068 | -0.261 | 0 |
| LOC | 0.408 | 0.166 | 0.408 | 0 | 0.19 | 0.037 | 0.193 | 0.005 | 0.341 | 0.117 | 0.341 | 0 | 0.471 | 0.222 | 0.471 | 0 |

**DV - Dependant Variables; IV - Independent Variable (Predictors); MAT – Test Score; BMS – Basic Managerial Skills, TMS – Team Management Skills, AS – Attitudinal Skills; LOC – Locus of Control (Internal)**

**H1: MAT Score significantly influences Employability Skills**

The above hypothesis was tested through regression analysis between MAT Score and Employability Skills using SPSS and the values are given in Table No.1.

From Table 1 the following can be inferred:

a) Since the significance value is 0.000 ($p< 0.05$), we accept that there is a significant relation between MAT Score and Employability Skills. Since $R= 0.277$, this can be interpreted that there is a correlation between MAT Score and Employability Skills. $R^2 = 0.077$ can be interpreted as 7.7% of the variation in Employability Skills can be explained by the MAT Score. A negative beta score of $-0.277$ shows an inverse relationship between Employability Skills and the MAT Score.

Further analysis of the relationship between MAT Score and the components of Employability Skills of BMS, TMS and AS is given below:

b) **MAT Score and Basic Managerial Skills (BMS)**
Since the significance value is 0.000 (p< 0.05), we accept that there is a significant relation between MAT Score and Employability Skills.

Since R= 0.330, this can be interpreted that there is a correlation between MAT Score and BMS.

R² = 0.109 can be interpreted as 10.9% of the variation in BMS can be explained by the MAT Score.

A negative beta score of – 0.277 shows an inverse relationship between BMS and the MAT Score.

c) MAT Score and Team Management Skills (TMS)
   - Since the significance value is 0.09 (p> 0.05), we reject that there is a significant relation between MAT Score and TMS.

d) MAT Score and Attitudinal Skills (AS)
   - Since the significance value is 0.000 (p< 0.05), we accept that there is a significant relation between MAT Score and AS.

Since R= 0.261, this can be interpreted that there is a correlation between MAT Score and AS.

R² = 0.068 can be interpreted as 6.8% of the variation in AS can be explained by the MAT Score.

A negative beta score of – 0.261 shows an inverse relationship between AS and the MAT Score.

H2: Locus of Control significantly influences Employability Skills

The above hypothesis was tested through regression analysis between LOC (internal) and Employability Skills using SPSS and the values are given in Table 1.

From Table 1 the following can be inferred:

a) Since the significance value is 0.000 (p< 0.05), we accept that there is a significant relation between LOC (internal) and Employability Skills.

Since R= 0.408, this can be interpreted that there is a correlation between LOC (internal) and Employability Skills.

R² = 0.166 can be interpreted as 16.6% of the variation in Employability Skills can be explained by the LOC (internal).

Further analysis of the relationship between LOC (internal) and the components of Employability Skills of BMS, TMS and AS is given below:

b) LOC (internal) and Basic Managerial Skills (BMS)
   - Since the significance value is 0.000 (p< 0.05), we accept that there is a significant relation between LOC (internal) and BMS.

Since R= 0.193, this can be interpreted that there is a correlation between LOC (internal) and BMS.

R² = 0.037 can be interpreted as 3.7% of the variation in BMS can be explained by the LOC (internal).

c) LOC (internal) and Team Management Skills (TMS)
   - Since the significance value is 0.000 (p< 0.05), we accept that there is a significant relation between LOC (internal) and TMS.

Since R= 0.341, this can be interpreted that there is a correlation between LOC (internal) and TMS.

R² = 0.117 can be interpreted as 11.7% of the variation in TMS can be explained by the LOC (internal).

d) LOC (internal) and Attitudinal Skills (AS)
   - Since the significance value is 0.000 (p< 0.05), we accept that there is a significant relation between LOC (internal) and AS.
Since $R = 0.471$, this can be interpreted that there is a correlation between LOC (internal) and AS.

$R^2 = 0.222$ can be interpreted as 22.2% of the variation in AS can be explained by the LOC (internal).

From Table 1 the following can also be interpreted:

When running a multiple regression where MAT Score and LOC are taken as independent variables and Employability and its components are the dependant variables, it was found that:

- 32% of the variation in the Employability skills as a whole can be explained by MAT and LOC taken together. It can also be noted that a negative beta score shows an inverse relationship between MAT and Employability Skills, while a positive beta score shows direct relationship between LOC and Employability Skills.
- 25.6% of the variation in the Basic Managerial Skills can be explained by MAT and LOC taken together; It can also be noted that a negative beta score shows an inverse relationship between MAT and Basic Managerial Skills, while a positive beta score shows direct relationship between LOC and Basic Managerial Skills.
- 20.1% of the variation in the Team Management Skills can be explained by MAT and LOC taken together; It can also be noted that a negative beta score shows an inverse relationship between MAT and Team Management Skills, while a positive beta score shows direct relationship between LOC and Team Management Skills.
- 33.6% of the variation in the Attitudinal Skills can be explained by MAT and LOC taken together; It can also be noted that a negative beta score shows an inverse relationship between MAT and Attitudinal Skills, while a positive beta score shows direct relationship between LOC and Attitudinal Skills.

6. Conclusion and Recommendation

The management education sector is characterized by diversity about student profiles. The challenge is in developing these students with distinct attributes to ensure that the outcomes of the management program are achieved, and they become employable. Hence it becomes necessary to sort them based on some criteria to ensure that the intended quality of the output (employable graduate) is achieved. 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.

The current study examines the relationship between predictive variables namely MAT Score and LOC (Internal) and (dependant variable) Employability Skills. It also studies the relationship of the predictive variables with the elements that constitute Employability Skills namely Basic Managerial Skills (BMS), Team Management Skill (TMS) and Attitudinal Skills (AS).

The results (Table 1) substantiate the literature that students who have a high Internal LOC score are better equipped with Employability Skills.

Table 2: Summary of the variations explained by the independent variables

<table>
<thead>
<tr>
<th>MAT Score, LOC and EI</th>
<th>MAT</th>
<th>LOC</th>
</tr>
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</table>

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As seen in Table 2, it can be inferred that Internal Locus of Control explains 16.6% variation in Employability Skills, 11.7% variation in Team management Skills and 22.2% variation in Attitudinal Skills. The results of this research evidence that LOC (Internal) is a good predictor of Employability Skills especially the Attitudinal Skills and Team Management Skills component of the prospective MBA graduate. MAT has a negative relationship with workplace skills. This could be because the knowledge tested here is based on the learning in terms of the subject only that is MAT tests the technical knowledge only and not the generic skills.

From the above it can be seen that to enhance the quality of intake of individuals into the business program which could aid in the honing of employable graduates for the industry, along with the traditional election criteria, assessing of LOC with help. This will bring a two-pronged benefit to the involved parties, i.e. Academia & Industry:

- **Academia** – The basic aim of a reputed institute is to ensure good quality of pedagogy students and placements as this goes a long way in building the legacy of the school. To capture the probable employability of the individual, introduction of Locus of Control and Skill Set as criteria for selection to the management course will give the institution a better chance at churning out a graduate who will meet the managerial expectations of the industry. This will act in favor of all stakeholders involved.

- **Industry** – The Indian job market has corporate have been facing lack of managerial skills generated problems for a long time now. Lack of ability to manage self and teams, led to problems like – unionization/politics/attrition (more recent)/burnout that have resulted in higher costs for the firm. If a recruiter is presented a candidate who has Internal Locus of Control and better Skills Set it will enable corporate to recruit ‘Ready to Employ’ rather than ‘Ready to Train’ human capital. candidates which in turn will contribute to the profitability of the firm.

Thus it is recommended that since Locus of Control has an influence on those skills that are required by the industry, considering it as a criteria while taking a student into the management program will enhance the quality of the input and this will have a bearing on the quality of the output.

### 7. Limitations

The study is restricted to M.B.A. students studying in the South India. As the institutions agreed to the research only when they were assured that the efficacy of their training would not be measured or reported whether with anonymity or otherwise, the efficacy of the program or its impact on employability has not been studied. The students selected for the research were in their first semester of the MBA Program. As such MAT score was taken as the indicator of academic score.

### 8. Future Research

Defining student performance in the 21st Century, includes not only academic achievements, but also brings under its umbrella a wide array of skills required to be
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.

References