



A comprehensive analysis of the skill gap among management graduates across different states of India

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Abstract

Advancements in technology, economic crises, and ever-evolving business demands have forced professionals to constantly reassess their industries. In the Asia-Pacific region, employers are equipping the workforce with additional skills, a trend that is gaining global traction. Every employee must be aware of the long-term goals of the organization, and enhancing worker skills is essential to meet those objectives. Universities must train students to be employable to remain relevant in the workforce. Sometimes, the significance of emotional intelligence surpasses the technical skills and knowledge associated with a degree. Skills and capabilities are vital in everyone's life. This research aims to assess the extent of the employability skills gap with precision. The article delves into the reasons behind the employment gap due to skill development and offers strategies for addressing the employability gap. The study provides an overview of the employability skill gap among management students across India by reviewing published research papers, articles, and literature. The article highlights a significant disparity in soft skills, such as problem-solving, leadership, and decision-making, when compared to digital skills among senior-level professionals. It suggests that candidates must acquire soft skills before entering the workforce, and educational institutions should focus on enhancing their soft skills programs. The article evaluates factors contributing to the employability gap for business students and discusses strategies for addressing this gap. The study also proposes methods to tackle employability challenges.

Keywords: Skills gap, senior-level employees, employability skill gap, higher education, employers

Introduction

A skills gap analysis measures the current skills of workers or potential employees against the skills required by an organization. On an individual level, this analysis highlights both personal contributions and broader competencies, while at the organizational level, it focuses on specialized capabilities. Identifying skill gaps in the HR department can improve organizational performance by addressing critical gaps that could impact success. Recently, there has been growing recognition of the need to enhance students' work skills. Both students and employers rely on higher education institutions to meet their needs and demands. Improved graduate programs provide a platform for individuals to better understand their roles and become more productive workers. Many studies emphasize the importance of investing in human resource development, and these strategies are openly discussed. For example, the Master of Business Administration (MBA) program is designed for individuals wishing to expand their skills in areas such as marketing, business law, finance, and human resource management. This course helps individuals organize and enhance their abilities in these fields.

The 'skills gap' occurs when employers struggle to find candidates with the necessary skills for their organizations, while job seekers face difficulty finding stable employment. This gap is believed to result from inadequate language courses, outdated curricula, insufficient practical training, and a lack of career guidance. Worker competencies are often attributed to traits that help individuals succeed in their professional lives (Yorke et al., 2004). Corporate positions, including HR, finance, and other departments, are

often outsourced to third-party organizations, mainly to reduce costs, optimize employee use, and benefit from external expertise. This allows companies to focus their workforce on core activities, which, in turn, improves overall productivity.

Regions and entire countries face significant challenges when they fail to provide students with the right skills for specific jobs. It is predicted that by 2020, there will be a shortage of around 30 million skilled workers, along with a 15 million deficit of unskilled workers. Workers with minimal skills will make up less than 10% of the demand, creating a shortage of 90 to 95 million workers. This situation can be detrimental to organizations that struggle to find qualified individuals to fill key positions. Job openings are becoming harder to fill, with more companies reporting an inability to hire enough qualified employees. In 2018, nearly 45% of businesses reported difficulty finding talent, with the issue being more severe in larger organizations, where two-thirds of respondents identified skill deficiencies. Employers face challenges in finding workers with both technical expertise and interpersonal skills. To stay relevant in an ever-changing skills landscape, upskilling and workforce development must be faster and more efficient than ever. To address the skills shortage, it is essential to adopt new strategies beyond traditional solutions, such as talent acquisition, skill-building, and job rotation. One of the largest staffing firms globally, operating in 80 countries, helps businesses with recruitment, evaluation, development, and retention of highly skilled employees. This study integrates their research on the global workforce shortage and provides insights for companies to better assess their

workforce’s skills and find promising candidates for the digital future.

Objectives of the current study

- To evaluate the key factors contributing to the employability challenges faced by business students.
- To analyze and review the various critical factors associated with the business sector.

Literature review & conceptual framework

Previous research has significantly influenced the framework for this study. Global talent shortages have reached their highest levels in 12 years due to increased optimism among businesses, better hiring demand, and improvements in the global economy over the past decade. In an era of rapidly changing skill requirements and workforce shortages, 2018 was noted as one of the worst years for recruiters.

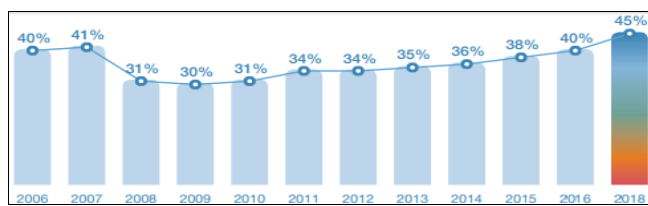


Fig 1: Employment trend

In 2018, only three countries—Ireland, China, and the UK—faced difficulties in filling job vacancies, but the severity of these challenges varied significantly across the countries. A common trend among Japanese companies has been to keep operations on-shore to maintain strict quality control. However, due to an aging population and stricter immigration policies, many firms are now shifting production to nearby countries (near-shoring) and abroad (off-shoring). As a result, employers are left with vacant positions, which negatively impacts operational efficiency and growth. According to Manpower Group's 2018 findings, employers attribute their inability to fill these vacancies to a shortage of qualified candidates, as reported to The Times of London.

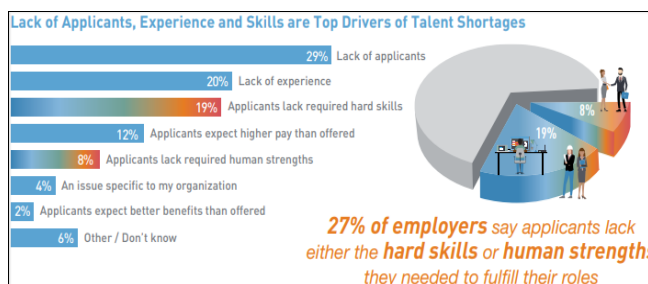


Fig 2: Skill Vs. Aspirants

In today’s job market, 20% of employers are willing to accept candidates with essential skills, yet the need for individuals with a mix of specialized technical expertise and interpersonal skills has become more important than ever. While companies are increasingly digitalizing, automating, and re-evaluating their operations, 27% of recruiters report that job seekers are lacking either technical expertise or relationship-building skills. Among employers, effective communication—both verbal and written—is considered the most valuable quality. Across nearly all industries, customer

satisfaction and company performance depend on finding the right balance of talent. To effectively use advanced inventory and analysis tools, salespeople need strong product knowledge, influencing skills, and relationship management abilities. Similarly, IT departments require not only technical skills but also strong leadership and communication capabilities.

In South Asia, a significant number of young people are entering the workforce each year, but many lack the necessary skills to perform effectively in their roles. Henrietta Fore, UNICEF’s Executive Director, highlighted the region’s challenges in an interview with DW, pointing out that nearly half of South Asia’s population (approximately 1.8 billion people) is under the age of 24, creating a large labor force. However, many of these young individuals lack the essential training and knowledge needed to secure better-paying jobs. UNICEF estimates that 54% of students in the region lack the skills necessary to be productive members of society, a situation that could have serious long-term economic consequences for the region. Fore warned that this could adversely affect South Asia’s economic growth, with a decrease in GDP and fewer people able to participate in the economy. UNICEF is working with governments and private sectors to improve education and training for the youth.

For companies, especially in the rapidly changing business environment, it is crucial to foster employable skills that focus on interpersonal and soft skills. Myers emphasized that skills such as project planning, problem-solving, time management, and communication are key to professional success. To excel in the job market, candidates must be effective communicators, with excellent face-to-face interaction and vocabulary. Employers view these skills as essential to thrive in today’s economy.

Research by Aaron W. Calhoun et al. (2009) [3] underscores the importance of relational skills for professional development. A multi-layered approach to gap analysis helps recognize both strengths and weaknesses in employees’ skills and can guide targeted improvement through feedback and training.

The gap between academic training and industry needs is also a significant issue. According to Vikhe Gautam and Preeti Agrawal (2014) [15], management schools need to equip students with practical, marketable skills to meet the demands of the business world. There is often a mismatch between what employers seek and what graduates possess, especially in terms of soft skills. A study by Mary Metilda and Neena P.C. (2016) explored how MBA graduates are frequently underprepared for the workplace, particularly when it comes to the skills required by businesses. This gap between what is taught in academic programs and the expectations of employers remains a critical concern for improving employability.

The Malaysian government, as noted by Kanesan Canister Abdullah (2013) [2], faces challenges in addressing the shortage of skilled workers, particularly in areas requiring managerial and leadership skills. Despite short-term market strategies, there remains a need for better-trained professionals equipped with the right competencies.

In India, the importance of addressing the employability gap is evident in the studies of L. Kalaivani and R.V. Maheswari (2015), who highlighted that engineering graduates often lack the workplace skills needed by employers. There is a clear need to align educational outcomes with industry

demands to ensure that students graduate with the necessary practical skills.

Employability skills—such as technical proficiency, communication, and adaptability—are essential for career success. Studies by Khaled Alshare et al. (2018) ^[12] show a clear gap between the skills taught in educational institutions and those required by the labor market. A focus on both hard and soft skills is necessary to bridge this gap.

Ultimately, the key to success in the modern workforce lies in creating a talent pool that is not only technically competent but also equipped with essential interpersonal skills. Universities and businesses alike need to collaborate to ensure that graduates are ready to meet the demands of an ever-evolving job market. This research demonstrates the importance of fostering skills development to improve the employability of young people and to support the economic growth of regions like South Asia.

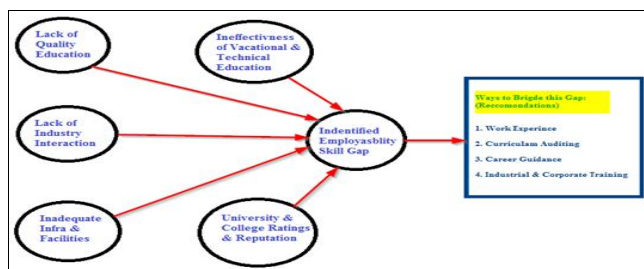


Fig 3

Insufficient infrastructure and resources (Teaching learning aids)

Students' academic progress is heavily influenced by the teaching-learning ecosystem, which plays a critical role in their development. However, inadequate infrastructure and learning facilities in many of India's educational institutions hinder students' learning potential. Banyte (2008) emphasized that a well-established infrastructure is crucial for ensuring that institutions make the right strides toward fostering social change.

The Lack of Vocational and Technical Retraining (TVET)

Education and training aimed at equipping students with the hands-on skills necessary for specific occupations is essential for workforce preparedness. The absence of adequate vocational and technical training in India hampers the country's ability to foster a productive workforce, which, in turn, affects national economic growth. Aakash Kamble and Nayna Abhang (2017) suggest that the introduction of skill development initiatives by the Indian government holds promise for improving the current scenario in Technical and Vocational Education and Training (TVET). The establishment of agencies such as the Directorate General of Training and the National Skills Development Corporation has enhanced regulatory mechanisms and policy frameworks, although comprehensive enrollment in technical education and training is still a distant goal.

The reputation of the institution

An institution's reputation, particularly its ability to meet employers' expectations, is crucial in determining its organizational strength. Amaia Lafuente-Ruiz-de-Sabando et al. (2017) argue that university reputation is a complex issue, which may not always align with public perception or

expectations. Their study explored the relationship between institutional prestige and its perceived value, highlighting the importance of addressing the gaps in the public image of colleges and universities.

Strategies for reducing the employment skill gap (Proposed skill alignment recommendations)

Employment history

Having a work history is crucial for employability. The graduate recruitment process, which includes corporate placements, is an effective strategy for enhancing employment prospects. Ruth Helyer and Dionne Lee's research highlights that work experience plays a key role in increasing employability by bridging the gap between academic learning and real-world applications. As the job market continues to evolve, fostering employability remains an ongoing challenge.

Reviewing curriculum

Mantz Yarre and Peter T. Knight suggest that curriculum audits, through assessments and feedback, can identify gaps in students' education and reveal potential career training opportunities. A curriculum designed to foster a job-oriented learning environment can better prepare students for the demands of the labor market, ensuring that employers recognize the value of their education.

Career planning assistance

A significant criticism of higher education is the lack of job security for graduates. Effective career counseling can bridge the gap between education and employment by guiding students through their career paths. The quality of career advice plays a vital role in the professional and interpersonal growth of students and graduates.

Retraining in industry settings

Retraining programs, particularly in industry environments, are essential for bridging the gap between academia and the workforce. Lai Fong Woon et al. (2007) found that internships and industry training programs offer valuable insights and hands-on experience, which enhances students' employability. The study emphasized that strong collaboration between academic institutions and industry can provide additional value to students' education and career readiness.

Records of accomplishments

A student's achievements—spanning their skills, knowledge, and personal attributes—determine their readiness for the workforce. These accomplishments are integral to ensuring that graduates can successfully navigate their careers and contribute positively to society and the economy.

Results and discussion

The primary challenge identified in higher education is the employment of graduates. Factors such as basic education, cognitive abilities, and personal characteristics all play a role in determining employability. Mpho M. Pheko and Kaelo Molefhe (2017) suggest that a comprehensive approach to employability involves the collective responsibility of employers, training centers, and educational institutions. By focusing on these relationships

and incorporating feedback from all stakeholders, students can be better prepared for the modern workforce.

Addressing employability issues

The current literature highlights the importance of creating a flexible curriculum that accommodates individuals from diverse backgrounds. Students with real-world experience are often better equipped to understand academic material and their career prospects. A balanced cohort of inexperienced and experienced individuals can provide a beneficial learning environment, with peer groups aiding in the development of essential skills.

The introduction of online education platforms, such as NPTEL and SWAYAM, offers an alternative for economically disadvantaged students. These platforms make education more accessible and can help reduce dropout rates, particularly in rural areas. Despite challenges related to affordability, these platforms can offer a vital support system for students to advance their knowledge and skills.

Conclusion

This paper underscores the significant gap between management graduates' qualifications and the skill sets demanded by employers. A major contributing factor is the academic institutions' insufficient awareness of industry expectations and the lack of proper infrastructure and resources. To close the skill gap and improve employability, the paper suggests several strategies, including curriculum reform, career planning support, and increased collaboration between academic institutions and industry. These steps are essential for empowering students and enhancing their readiness for the workforce.

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