

Higher Education Out-Turn and Industry Needs - A Demand Supply Mismatch

Afifa Ibrahim^{1*} and S. Mufeed Ahmad²

¹Research Scholar, University of Kashmir, India. Email: afifaibrahim9@gmail.com

²Director Business School, University of Kashmir, India. Email: mufeedku@yahoo.com

*Corresponding Author

Abstract: There are numerous reasons to get education but most importantly it helps you build a career. Unfortunately, this connection between education and jobs seem to be getting weak. Paradoxically, our country has jobs and has unemployed youth at the same pace which indicates we don't have a job crisis but employability crisis. As per statistical evidences only 42% of worldwide employers believe that new graduates are adequately prepared for work. On the contrary, 70% educators believe kids they are graduating are ready for work but less than half of the graduates or employers agree. There is a vast skills gap in India, with several surveys showing that half of all graduates are not employable in any sector based on industry standards. This has sparked growing concern about the mismatch between universities and the needs of the job market. There is a major communication and collaboration gap between industries and institutes of learning. The educational institutes are out of sync with employer needs that build up this social crisis level. This is a serious problem to fix and there is a desperate need to take action to connect these worlds. Higher education systems and industries both have an active role to play for fixing this mismatch. The study is undertaken with an objective to highlight the role of higher education in bridging this gap, reducing mismatch and enhancing the level of employability among graduates. It also suggests a road map for higher education sector to align it to employability needs and industry requirements.

Keywords: Employability, Employers, Graduates, Higher education, India, Skill mismatch.

I. INTRODUCTION

The Global economic and financial crisis has led to an alarming mismatch of the supply and demand of skills. Various projections, at global level show that by 2020 the economy will run short of 40 million workers with a tertiary education. Taking a look at our own country, which has one of the largest higher education systems in the world and is considered as the fastest growing economy in the world of work, in the last decade its

workforce is unable to stand with the demands of 21st century economy. It is surprising that despite 97% enrolment in class 1 only 35% reach to class 12 and less than 20% enrol in higher education. Even for those who complete graduation, nearly half of our graduates are employable in any sector. Although every country in the world has attempted to improve the fit between education and work (Psacharopoulos 1991) but none has, in a real manner succeeded. Hence the question of how to achieve a better match between education and work remains the same. Many employers and policymakers argue that this mismatch is because young graduates are ill prepared at Higher Education level. Skill mismatch is often used indistinctively to describe various forms of mismatch between supply and demand in the labour market. Employers having difficulty in filling vacancies with the right talent despite offering market clearing wage rates, face skill shortages. But skill mismatch is not just about skill shortages but it also concerns the extent to which people work in jobs match to their qualifications and skills. Small mismatches in qualifications, preferences or personal circumstances are temporary and can be handled with time. However, when high levels of mismatch become persistent they can have significant economic and welfare costs.

II. LITERATURE REVIEW

The biggest challenge that all organisations are identifying today is talent. Much of it comes as a challenge to the young graduates who fail to inculcate the skills that are needed by employers in today's global competition. There is inequality in terms of support and provisions for enhancing their employability quotient from their institutions. Without having enough employability skills, it will be more challenging for the economy to achieve its productivity goals, individuals will find it harder to obtain and progress in work and many other important issues related to lack of skills will crop up. There is a vast skill gap that uses a mismatch between industry needs and institutional output. India being a nation with a high percentage of youth nearly 35% are between the age group of 15 to 21 who after completing their graduation are in a position to enter into a job market. But due to the lack of skills that are required for an industry many people out of that lot fail to enter

the job market (Murugaia S. 2014). Employers recognize that “soft” skill development is essential for their employees. These skills are difficult to teach to employees once they are on the job. Therefore, they should be learned through development opportunities such as higher education (Arensdorf, Jill 2009). And who other than Higher education (universities) can take a lead and a step forward to it and make graduates learnt in the required aspects of employability. (Allen & Velden 2001) explored the relation between educational mismatches and skill mismatches. Educational mismatches are indicated by comparing individual level and field of education with the level and field expected by the employers. This mismatch has serious effects on wages and labour market outcomes. Educational mismatches would lead to skill mismatches which in turn would lead to lesser productivity and wages. Skill mismatches have a strong effect on job satisfaction and are an important cause of job dissatisfaction which force workers to look for other work better than their previous one. Another research for the same phenomenon was carried out in India (Murugaia, Vimala 2014) stating there is a need for research in the area of employability and its importance to employers as well as individuals. There is a lack of skills in graduates and there is a mismatch for the industry because of which it becomes difficult for people to enter into job market. In order to prepare graduates at core level, the higher education needs to play a pivotal role for the process of skill formation that in turn would generate capital for the nation. This mismatch is because of inadequate industry linkages, lack of infrastructure, shortage of quality trainers, absence of Aptitude Tests, curriculum inflexibility, lack of clarity on Industry’s skill requirements, lack of mobility between formal and vocational education system. All of these are challenges for higher education in India.

To compete effectively where competition is fierce especially in current labour market, it is necessary for graduates to have skills more than subject specific ones, especially if their degree is not professional because employers seek a variety of skills at the time of recruitment (Hincliffe & Jolly 2011; Knight 2006). Enhancing student’s competencies and capabilities (Robinson 2005) is central to employability skills development, but there has been a little evidence to demonstrate how this could be assessed through student - teacher collaboration. A study conducted in Universities of Pakistan (Rao *et al.* 2011) assessed the gap between employer’s requirements and graduate’s delivery of skills. It was concluded from the results that problem solving skills, teamwork and self-confidence were considered important as employability skills. The findings revealed that graduates were also anxious to know what employability skills employers considered important for a student to possess. It was also found, there existed a gap between employer’s expectations and output as graduates. Employers were not ready to experiment with fresher’s and hence did not want to spend much on training and wanted experienced people who had a good mix of soft skills. (Khare 2014) highlighted the changing structure of Indian Higher education system with respect to Indian job seekers, labour market demands and employability index on the

basis of skill gaps and then suggesting ways to plug in the gaps. There is a challenge to prepare graduates for the emerging skill demands by industries. It is a fact that in today’s competitive world, a good quality work force is extremely important. Therefore higher education can play a dynamic role in harnessing the graduate’s talents. As it is seen, industry people are disappointed with the kind of graduates from higher education Institutions. Though India has one of the largest education systems, the employability of graduates is still the biggest challenges. (Mylarappa 2012) focused on development of Higher Education and the level of expansion of Higher Education. It has been stressed that Higher Education should stand as a priority for India. For it has been seen that higher education occupies a low priority in public expenditure and the investment in higher education is seemingly declining. It is a serious challenge in a sense that more and more unemployable youth will be more of a burden than a resource. Thus good quality teaching should be given top priority because best of infrastructure and funds would be useless without devoted and committed teachers. There should be measures to address these issues by investing in faculty training, curriculum development, infrastructural facilities and integrating skills delivery right from elementary level of education. A good investment in education to develop human capital can yield good results and contribute to economic development. It provides an edge in the global economy and thus leads a country to development. In this paper an effort is made to understand the causes of skill mismatch between institutional output and industry needs.

III. RESEARCH FRAME

Data Collection

The study was based on the data collected from primary as well as secondary sources. The empirical data consisted of semi-structured interviews from 20 leading employers from different sectors like IT, finance and professional services (HR, law & accounts) and 20 recently graduated Masters level engineers in IT and business administration. The interviews were conducted in the early months of 2016 and followed up after 9 months of internship and working as freshers in different companies. The interviews were conducted at their workplaces for about 30 minutes and were recorded and transcribed for results. The interviews for employers and graduates followed a standardized format. The respondents (graduates) were allowed to speak freely guided by the semi-structured questions regarding their transition from higher education to the world of work. The first cohort was asked about the learning outcomes from their higher education institutes. The second cohort was asked about how one’s higher education related to the demands encountered in the world of work. The demand supply mismatch was kept in consideration while devising the structured interview. The employees were interviewed on the basis of what is valued or considered relevant for gaining employment and performing successfully in a professional setting

(Nilsson 2007). The employers were also asked about their perception of quality of educational output they receive in the form of freshers or interns.

IV. DATA ANALYSIS

The empirical data collected from the respondent was analysed and examined with an open mind keeping in view the objective of the study. All the interviews were read separately and transcribed and condensed to summarise and reduce the amount of text. The findings and results were a reflection of the demand- supply mismatch that is prevalent in the country. The analysis was intended to be flexible and dynamic to reach to an understanding (Alvesson and Skoldberg 2000). The study explored the perception of employers regarding employability of graduates. The results are viewed as a reflection of how individuals / employers subjectively comprehend individual employability and not to obtain any objective knowledge. Here, the construction of knowledge is viewed as a matter of an inter-subjective exchange between respondents and the researcher (Fleetwood 2005). The reasonableness of the findings has been continuously validated through discussions with various academicians, colleagues and research scholars.

V. SAMPLE

The employers constituted a heterogeneous professional sample in the working world in organisations of varying size and geographical locations as Managing Directors, HR managers, Branch Supervisors, and Executive Officers, working in different private sectors with different organisational structures. The cohorts of graduates were selected on the basis of being relatively new specialisation of technological innovation, availability of information and division of labour. The graduates were randomly selected from official University enrolment lists obtained from administrators of higher educational programs, stratified by gender and age, with an intent to get variation in experiences and perceptions. Owing to political unrest in J&K in the year 2016, and unfortunate labour market conditions, a considerable number of graduates in the cohort had great difficulties in finding employment they considered suitable to their education. Finally only 20 graduates could be assessed for the study and follow up interviews were conducted with 13 respondents as some of them were unwilling to participate and some were unavailable for various reasons.

VI. CONCLUDING OBSERVATIONS

With an increasing diversification and expansion in India's higher education system, the employability of graduates is often regarded as one of the biggest challenges despite having one of the largest education systems in the world. From the data collected and summarised, it was concluded that the industry has been disappointed with the quality of graduates it is

getting in the form of institutional output from higher education systems. It is a serious issue and has ramifications not only for present but for future growth of the country. If the industry is getting unemployable youth at the same pace, it is going to affect the stability of the nation. Such youth would ultimately turn as a burden to the nation than a resource. The poor quality of graduates was reflected in terms of their productivity at work. The employers were of the view that freshers / interns lacked the ability of decision making, creativity, emotional intelligence and flexibility. Among 20 employers, 16 were of the view that there is a huge gap between what they consider important for a recruit and what they actually get. The employers owe this gap to higher education system that seems to be less dynamic and responsive to global changes and industry requirements. Employers want graduates with relevant subject specific skills, knowledge and understanding, but in addition to this are looking for well-developed generic skills in a number of areas (Harvey *et al.* 1997). The employers rated technical competence, commercial awareness, communication skills, leadership skills, interpersonal skills, IT and analytical skills, decision making flexibility as most important to be possessed by individuals for them to be successful at work. The mismatch between the needs of employers in terms of being able to access job ready employers, and the needs of employers, in terms of maintaining and enhancing employability, is creating a gap in both expectations and behaviour on the part of organisation and individuals. While interviewing about the mismatch from graduates, it was found that graduates who in the first cohort, were satisfied from the learning outcomes from their institute, were totally with a different story after the follow-up interview (9 months after graduation). They considered the learning outcomes as being less helpful at workplaces. The interns also witnessed a clear mismatch between what they had learnt at their professional academic levels and what was expected later from their employers. They attributed such mismatch to many factors like inadequate industry-academia linkages, lack of infrastructure and facilities at their educational institute, lack of quality teaching, and lack of understanding of skill requirements at professional work places. There was a clear cut variance between what an industry requires and what our educational institutions produce.

VII. SUGGESTIVE BLUEPRINT

The conflict observed through the research between industry demands and institutional output can prove hazardous in the long run. The mismatch so observed is emerging as a complex challenge to our country's growth and future. There is a need to follow a roadmap that could bridge this gap effectively and contribute to better individual employability. The gap can be lessened by initiating and taking vigorous steps for enhancing employability. Employability, if managed properly can yield fruitful results for both the parties i.e., Industries and Higher Education systems. Both these parties need to club together for implementation of this plan effectively. If the industry and

academia collaborates, then this issue can be handled to a great extent and the mismatch can be lessened. The incorporation of employability skills in graduate curricula is an effective measure to boost employability skills of graduates and make them fit as per industry requirements. The institutional authorities should seek opinion from industry people while devising graduate curricula. Proper industry-academia linkages can foster employability quotient among graduates. Another way to bridge this gap is integrating Work Integrated Learning (WIL) in academic courses such as work placements, internships and commercial awareness. Giving enough training through skill development courses, enhancing technical competence and generic skills & attributes is also a way to make graduates employable. Quality teaching to produce quality graduates is useful for enhancing graduate employability and reducing this mismatch. Linking higher education with academic set up abroad can increase International outlook and contribute to better employability. Various schemes have also been started by UGC and MHRD for boosting skill development and enhancing employability rate. Universities can also join hands with these Ministries for effective utilisation of their graduate talent. All these efforts taken in a structured manner would definitely help in reducing the mismatch and bridge this gap effectively.

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