

# NATIONAL EMPLOYABILITY REPORT

MBA Graduates  
Annual Report 2012



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# INTRODUCTION

Management education has witnessed a mushrooming growth in India from just 200 MBA colleges in the early nineties to around 3300<sup>1</sup> MBA colleges today. There has been a remarkable focus and success on building capacity in management education in India<sup>2</sup>. Having trained business graduates fulfills a big need given the pace of growth experienced by industry post liberalization. The industry today looks for trained manpower in sales, marketing, HR and finance roles in large numbers. Formal training of employees in basic business frameworks and concepts is a key success ingredient in the not-so-mature Indian industry. It is important thus to find out whether the quality of education has kept pace with the phenomenal jump in quantity. Do our management graduates have the skills which are required to be employable in the industry from the perspective of language competency, cognitive skills and functional and people skills?

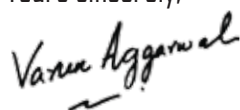
Aspiring Minds is in its third year of assessing MBA students across the Nation on standardized multi-dimensional assessments and matching them to an array of jobs in different industrial sectors and profiles. We, today, have amassed substantial learnings – both conceptual and empirical – with regard to what makes someone employable in a management or business role in a company and what skills MBA graduates bring to the table. Defining employability in these roles, which require people interaction and people management, is not straightforward. As opposed to engineering roles, where cognitive and functional skills are enough to succeed in a role, a complex mix of personality trait and spoken and written language skills (apart from cognitive and functional skills) become important in quantifying employability in the management space. For instance, a person with great spoken English, logical ability, but without being extraverted will fail in a sales role. On the other hand, till he/she doesn't have good written English skills as well, he/she may not do well in a corporate sales role.

With these learnings gathered from a large set of students and corporations, we put ourselves to the task of doing a National audit of employability of management graduates. This is in line to our commitment of reviewing higher education, similar to what we did for the engineering sector<sup>3</sup>. We embark upon understanding exactly what percentage of candidates are employable for different jobs available for fresh MBA graduates. If the employability is low for certain profiles, which skill gaps lead to this? Are students from or studying in smaller cities disadvantaged? Among functional domains, what are learning levels of MBA students? Do our MBA students exhibit basic financial literacy?

The 'National Employability Report: MBA Graduates 2012' answers these questions and many more. We sincerely believe that this report will provide educationists, policy-makers and corporations (who are all equal stake-holders) reflect and implement the right interventions to bridge the gaps. We, on our end, will strive to provide an annual report card of management education in India and helping students across the Nation by providing feedback on their skill gaps and connecting them to matching jobs.

With commitment to fostering a healthy education-employment ecosystem in India

Yours sincerely,



**Varun Aggarwal**  
 Director, Aspiring Minds

<sup>1</sup> This is an approximate number. The number of MBA colleges is fuzzy, because they can operate without university or AICTE affiliation.

<sup>2</sup> Africa, as a whole, has a couple of 100 of management schools.

<sup>3</sup> National Employability Report - Engineering graduates 2011 ;  
 English Learning Levels - Engineering graduates 2011-12



# EXECUTIVE SUMMARY

## **Employability of management graduates in functional domains remains below 10%**

Whereas employability for management students ranges between 10–20% for roles involving client interaction, it remains below 10% for any functional role in the field of HR, Marketing or Finance. For instance, only 7.69% MBA-finance students are employable in the BFSI sector, which has created a very large number of jobs in the last decade. Whereas 32% management graduates lose out because of lack of English and Cognitive skills, at least 50% students are not employable in functional domains for lack of knowledge and conceptual understanding of the domain. Given that the fundamental idea of management education is to impart functional skills to students, this calls for an urgent intervention.

## **Gender ratio in Indian management schools compares to that in top management schools across the world**

The male-to-female ratio in business schools in India is 1.64, better than that in engineering schools (1.98) and worse than that for graduates (3-year degree courses, 1.09). This is similar to the male-female ratio in global top management schools, which have 30–40% of their students as females. Within the discipline of management, highest proportion of women are in the HR (MFR: 0.36) domain and least in marketing (MFR: 5.97). Even though the employability of males and females is similar, females have a dismal representation of 23% (MFR: 3.76) in business in India.

## **English and Finance constitute the hardest skills to attain for MBA students**

For students in tier II and tier III cities, a large gap is observed in English language skills (35 score points as compared to colleges in tier I cities) and Finance (45 score points). Even if candidates from non-metro cities pursue their education in MBA schools in metros, their disadvantage in English and Finance is not completely eradicated. The gap in other modules pretty much closes. It is also observed that Finance is the hardest-to-attain skill for non-specialists (those in HR and Marketing domain). Also, the importance of English in the job market cannot be overemphasized. On the other hand, given the importance of finance education for job in the BFSI industry and the general need of financial literacy for better management of personal money, lack of finance education is certainly a big concern. We recommend that intervention in both English and Finance education be done early in the career of candidates.

## **At least 40% of employable management graduates are invisible to enterprises**

Out of 3300 management schools in the country, more than 40–55% employable candidates study beyond the top 1000 campuses. Given a total of 1.5 lakh management students, at least 48% employable candidates are in the latter 2300 campuses. Given that no corporation has a campus recruitment plan beyond the top campuses, these candidates form an 'invisible pool'. Corporations should build mechanisms to tap into this un-tapped talent pool to fulfill their ever increasing talent requirements. Not only would that improve the quality of employees in companies, but also would provide a healing touch to this disadvantaged group, leading to trickle-down effects.





# METHODOLOGY

The report is based on a sample of more than 32,000 MBA students from 220+ B-Schools across multiple Indian states. All these candidates completed their MBA in 2012.<sup>4</sup> The analysis and findings of this report are based on the results of these students on AMCAT: Aspiring Minds Computer Adaptive Test, which is India's largest and only standardized employability test.

For determining employability across different sectors, AMCAT covers all objective parameters such as English communication, quantitative aptitude, problem-solving skills and domain knowledge in subjects like Sales & Marketing, Finance, and Human Resource Management etc. The test was conducted under a proctored and credible environment ensured by Aspiring Minds.

Employability has been quantified based on the benchmarking studies done at various companies in different sectors by Aspiring Minds. Currently, AMCAT is used by more than 50 companies, including some of the top names from BFSI, Consulting, Technology, Advertising and BPO sectors in India, for their assessment and recruitment solutions. The benchmark for employability in a profile and sector is defined by a theoretical understanding and empirical validation of the knowledge, cognitive skills and domain expertise required. The benchmarks established for different profiles ensure both elimination of unsuccessful candidates for a job (type I error) and inclusion of all candidates who will be successful in the given job (elimination of type II error). The same has been validated among multiple companies in various sectors.

Together with the AMCAT scores, the various demographic details of the candidates are also captured by Aspiring Minds' testing platform, which has enabled a comprehensive and meaningful analysis provided in the report.

For studying the learning levels of MBA graduates across different functions, our research team studied how MBA graduates performed on each competency based on the response data on different items. For each item tagged within a particular competency, the percentage correct response-rates were determined. The consensus response rate of items was considered as the actual performance of MBA graduates on the given competencies. Items showing consensus and those acting as outliers were studied by experts to understand their respective behavior. The validity of a minority of items was found to be influenced by biases such as elimination-strategy; such items were not included in developing an estimate of the performance of MBA graduates on each competency. Performance of MBA graduates in generalized competencies was thus found and reported.

<sup>4</sup>The sample was statistically balanced across various parameters to be representative of the true technical graduate population. A carefully chosen stratified sample was used for the study.



# I. EMPLOYABILITY OF MBA GRADUATES BY SECTORS

MBA graduates take up jobs and perform a variety of functions in various sectors in the industry. In this study, major sectors that employ MBA graduates were identified and studied to determine the percentage of employable management graduates across the nation. The criteria for employability are based on validation studies conducted with corporations in different sectors. Their current employees in various profiles were benchmarked via an objective assessment based on AMCAT and establishing feedback through on-job performance data. These benchmarks serve as a standard for several large-sized companies across the nation.

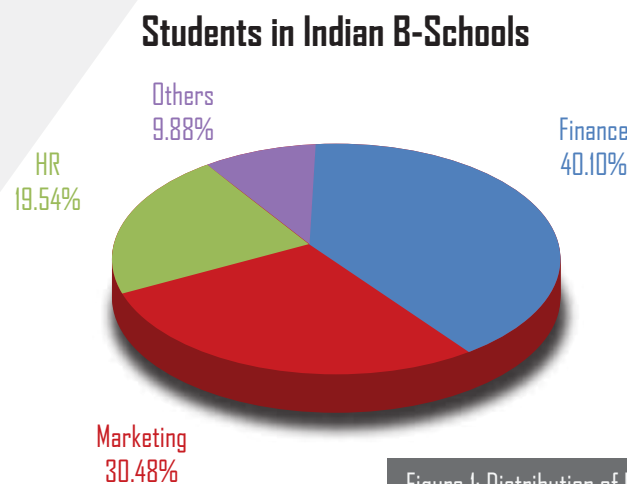


Figure 1: Distribution of MBA graduates across different specializations

Before studying employability, we looked at the specializations MBA graduates take up while studying. We found that a good 40.1% of the MBA graduates have majored in finance, followed by 30.48% in Marketing and 19.54% in HR (See Figure 1). The remaining 9.88% were found to have majored in General Management, Operations and other management fields. While General Management is offered by only a few niche institutions, Operations was opted by only a few students as a major. This shows that Finance remains the most popular major among MBA students, and Operations the least.

Roles	Employability
<b>Analytical Roles</b>	
Business Consulting	2.52%
Analyst	7.98%
<b>Client Interaction Related Roles</b>	
Corporate/Institutional Sales	10.56%
B2C Sales (includes selling direct to consumer and via channels)	21.72%
Customer Service	16.01%
<b>Functional Roles</b>	
BFSI Roles	7.69%
HR Roles	9.63%
Marketing Roles	6.99%
<b>Operational Roles</b>	
ITes/BPO	33.28%
Operations	15.04%

Table 1: Employability of MBA graduates across different Roles

# EMPLOYABILITY

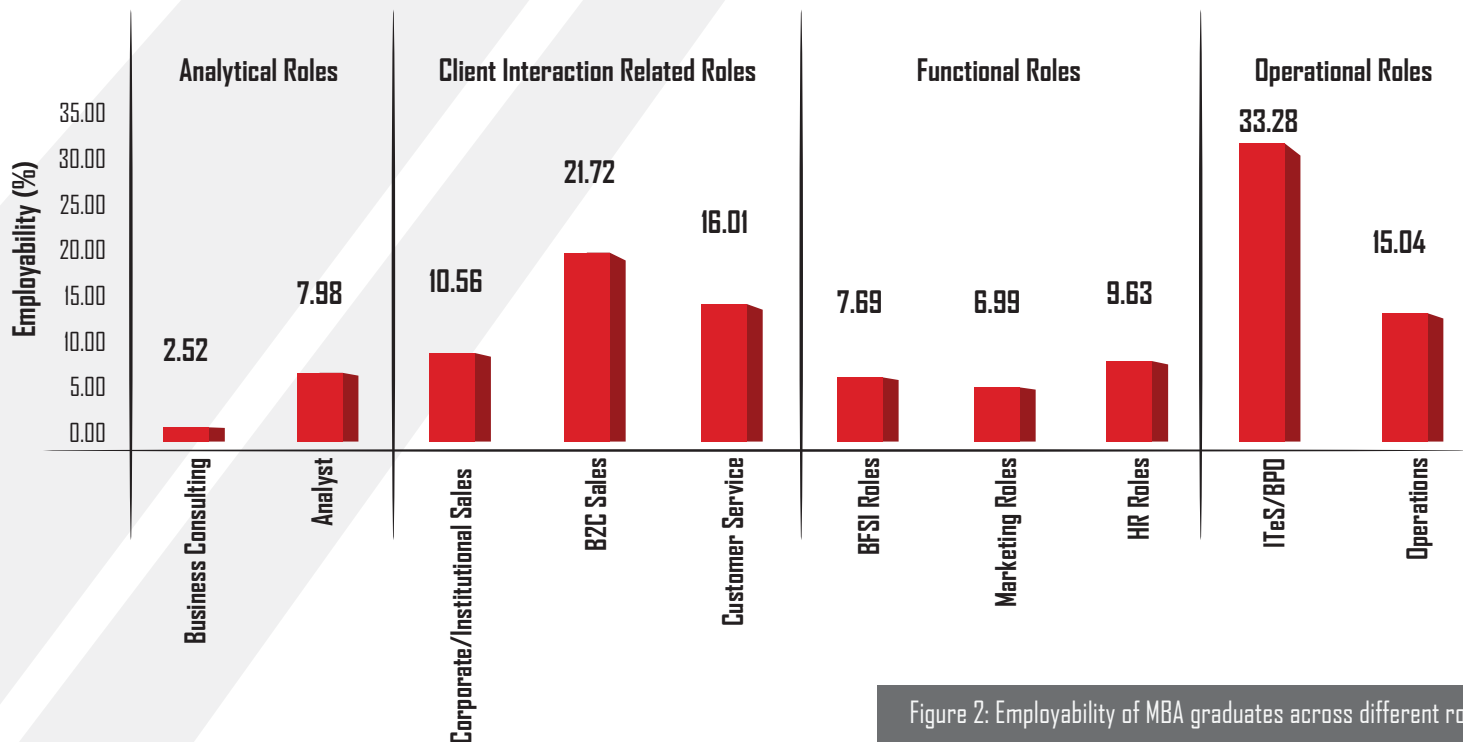


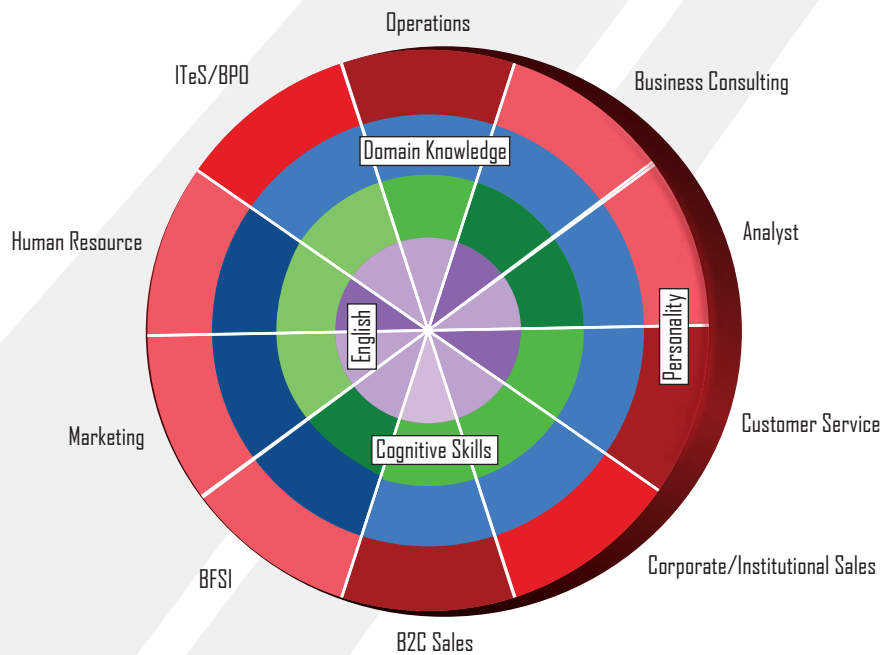
Figure 2: Employability of MBA graduates across different roles

The employability of MBA graduates in different sectors is shown in Table 1. Using this, the following observations can be made:

## Analytical Roles:

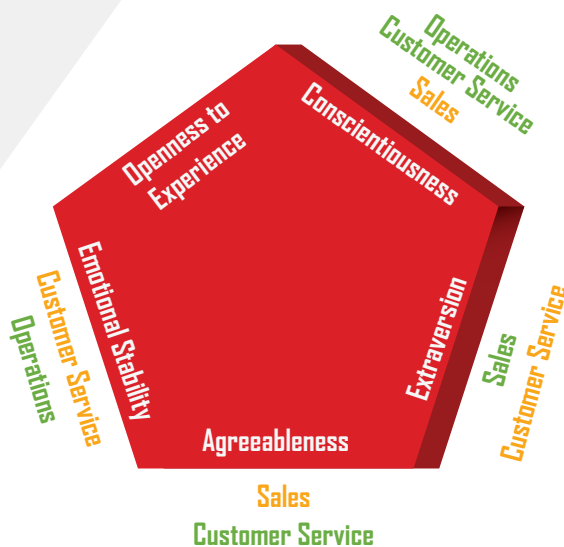
**Business Consulting and Analyst:** Employability of MBA graduates is exceptionally low (2.52%) in Business consulting whereas it is just 7.98% for the Analyst function. This is because the consulting role involves analyzing business and other data from quantitative and analytical stand-point and providing recommendations to the clients on a day-to-day basis. This, in turn, requires good command over spoken and written English, analytical ability and the ability to think on their feet. On the other hand, analysts are generally back-end personnel. They do not have to meet clients on a regular basis. So, they may not be very strong in spoken English, although they require strong written English and analytical skills.

The study found that the candidates strongly lacked the skills required for these roles. Around 90% of MBA graduates do not have the required written English skills for business consulting, whereas 78%, lack analytical skills required for consulting.



	Very Important	Moderately Important	Less Important
English	High	Medium	Low
Cognitive Skills	High	Medium	Low
Domain Knowledge	High	Medium	Low
Personality	High	Medium	Low

Figure 3: Different MBA functions and the key skills they require



High
Medium
Low

Figure 4: Key personality traits necessary for different functions

## Client Interaction Related Roles

**Corporate Sales (B2B)/Consumer (B2C) Sales:** Corporate sales is selling to a customer who is either a business entity or an institution. Jobs in corporate sales involve selling products, services or solutions. For instance, a sales person selling recruitment solutions to corporations shall be considered to be in corporate sales. Consumer and channel sales, on the other hand, comprise selling of a product directly to a customer or through a channel of distributors/retailers. For instance, the selling of life insurance or consumer banking products in the BFSI sector. The employability in corporate (B2B) sales (10.56%) is almost half of that in Consumer (B2C) sales (21.72%). This is because a corporate sales role requires better command over English, both written and spoken. Not only does it require very clear spoken English, but also involves considerable written communication through emails, where the correctness of the email builds credibility of the product/service sold. In contrast, B2C sales hardly involves any written communication. Also, a role in corporate sales, generally, entails more hard-selling comprising solution-selling, conscientious follow-up and handling multiple stake-holders. This not only necessitates higher order analytical skills to do precise requirement analysis, and suggesting solutions, but also being more socially confident and extraverted.

The employability for customer service is 16.01%. The role requires a pleasing personality, an ability to build trust with the client and being dependable at work. Customer orientation skills directly correlate with agreeableness and conscientiousness – two of the big five traits. Apart from the right personality orientation, our analysis revealed that 52% MBA graduates lack basic logical decision-making ability required for this role. This percentage shoots up to 84% when communication skills and desired personality traits are also factored in.

## Functional Roles

The functional roles cover jobs in HR, Marketing and Finance. These roles require good functional skills apart from cognitive skills (See Figure 5). For many specialist roles, such as compensation management, recruitment and organizational development, which an HR personnel needs to perform, strong concepts are the key to success. On the other hand, a role in the BFSI industry requires not only the understanding of basic concepts of finance and their application, but also strong quantitative skills and the ability to work with numbers. A role in marketing demands an in-depth understanding of the market/business along with the ability to think creatively out of the box.

Employability across these functions lies below 10%. While marketing records the lowest employability at around 7%, BFSI (7.69%) and HR jobs (9.63%) follow closely. The analysis showed that approximately 47–50% candidates lose out on jobs in these domains due to lack of domain knowledge, whereas 59% lose out due to lack of language and cognitive skills. There is an immediate and pressing need for institutions to impart better training in domain skills.

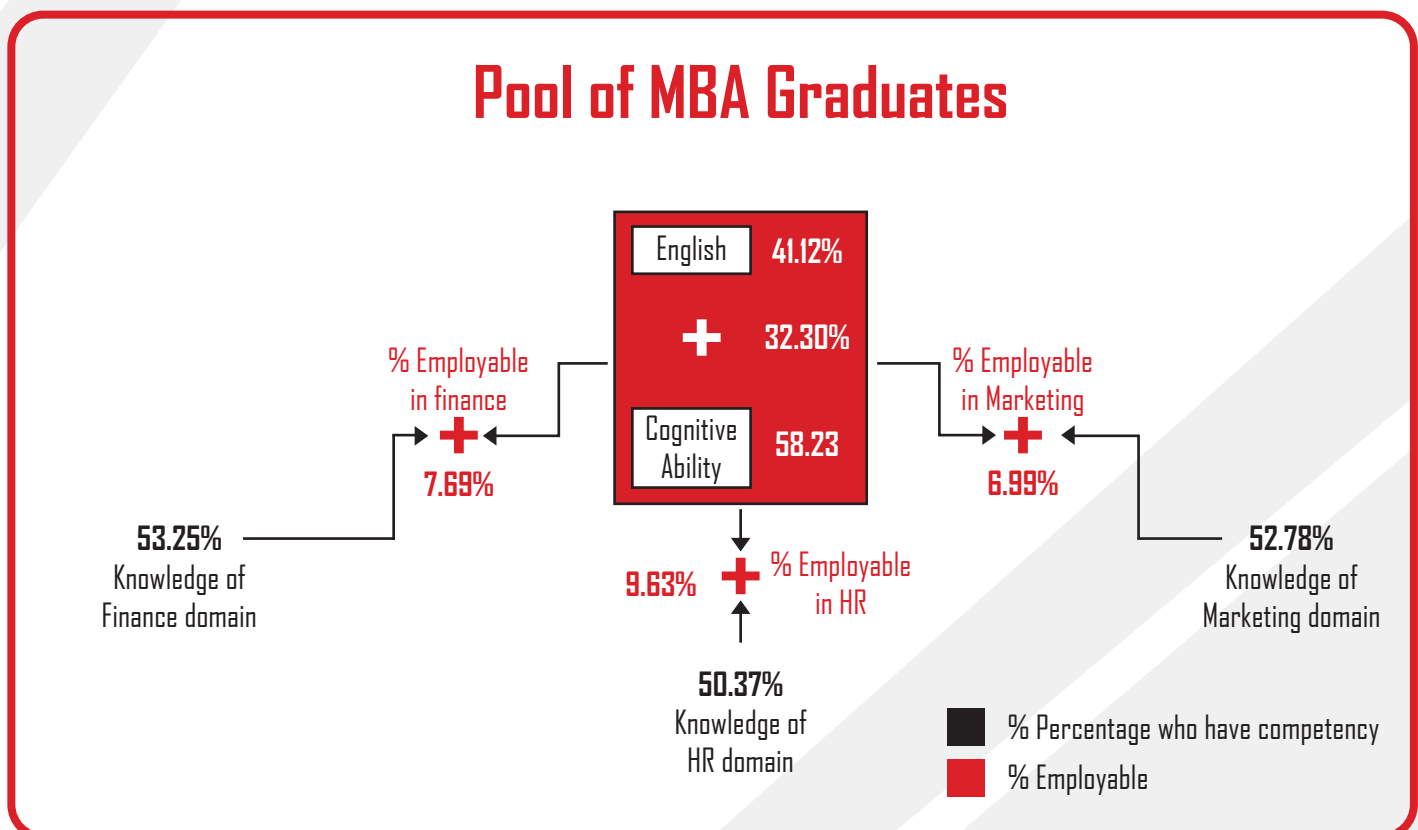


Figure 5: Competence of candidates across functional domains and their employability. The figure shows 41.12% MBA graduates have the required skills in English, whereas 58.23% meet the requirements in cognitive ability. When we combine functional knowledge, the employability tanks further. For example, 52.78% candidates possess functional knowledge in the marketing domain, while only 6.99% of these candidates also possess the required English and cognitive skills for being employable in marketing roles.

## Operational Roles

Operations and ITeS/BPO: The employability in the area of Operations is 15.04%, which is nearly half of that in the ITeS/BPO sector. The prime reason behind this is that, though the jobs in BPO sector require a good command over spoken English, they do not require much skill in written English. Their work involves minimal written communication. The nature of the work being repetitive, they require just basic quantitative and analytical skills. An Operations managerial-level job, on the other hand, would require a better command over English and better cognitive skills. Since a person in Operations is responsible for execution and delivery at the ground level, high level of conscientiousness (explained earlier) and ability to work under stress (emotional stability) is a must. Emotionally stable people are even-tempered and relaxed. They can face stressful situations without getting upset. Managers with high Emotional Stability can keep their cool under a tense situation and may ably avoid a fatal rash decision.

In a nutshell, MBA education in India has a long way to go before they train a decent percentage of employable candidates according to industry requirements. One may consider that the employability figures for MBA are low despite it being a post-graduate degree. Not only does one expect better education quality in a post-graduate degree, but a higher self-selection. An economy, which is replete with candidates possessing appropriate qualification but unable to exhibit the right competence, is not only inefficient but socially dangerous. More focused trainings and feedback through employability assessments at different times will certainly help improve the scenario.



## II. EMPLOYABILITY BY GENDER

The role of women in management services cannot be underrated. Though, at present they represent close to 3% of Fortune 500 CEOs<sup>5</sup> and little less than 15% of corporate executives at top companies worldwide, they constitute 40% of the global workforce. Women are earning advanced professional degrees in record numbers and in some areas also surpassing men across the world. Multinational companies and B-Schools are implementing programs to fix structural biases against women and supporting their full participation in leadership. Taking into account the depth in which the participation of women in MBA programs and management roles all over the world is studied, it becomes important to study the representation and employability of woman in Indian B-Schools.

**This section attempts to answer three important questions:**

- How many women are opting for higher education in the Managerial domains in India?
- Do men and women show preference to particular sectors or work areas?
- Are men and women equally employable?

### a) Gender Ratio across B-Schools

The ratio of males to females in India is 1.06. For MBA institutions, the ratio of number of males to females is 1.64, i.e., there are 164 males per 100 females across Indian B-Schools. It may thus be seen that compared to the Nation's total female population, a much lower proportion of females take up MBA education. In comparison to other higher education degrees, a higher proportion of females take up MBA as compared to engineers where the ratio is 1.96 while a lower proportion of females take up MBA as compared to graduates (three year degree program) where the ratio is 1.09. This shows that the gender ratio in MBA is more balanced than that in engineering but less balanced than that in graduate colleges. This is understandable, given that lower number of females ending up in engineering is a global phenomenon. On the other hand, it doesn't seem implausible that a lower number of females would pursue postgraduate studies as compared to Bachelors, given the barriers they face with regard to education in India.

Recent news articles show that the ratio is worse in top B-Schools, for example, IIM Bangalore shows a dismal 2.8<sup>6</sup>. However, it is heartening to see a slew of measures<sup>7</sup> like scholarships, reorganization of campus infrastructures, accommodation for married couples etc., being taken to check this negative skew in gender across top B-Schools.

A closer look at the gender ratio across B-Schools worldwide<sup>8</sup> revealed that the percentage of women in some of the world's top B-Schools averages between 30–40%. For instance, there are around 36% females in Harvard Business School, 40% in Wharton School, 25% in London Business School and Australian School of Business stands at the bottom of the pile with just 19% women. Thus it can be seen that the gender ratio across Indian B-Schools is at par with that found across world's top business schools. However, if you compare top Business Schools in India, for instance IIM Bangalore (26% females), they exhibit a worse gender ratio than top Business Schools of USA (for instance, Harvard and Wharton School).

<sup>5</sup> <http://hbr.org/2010/03/women-in-management-delusions-of-progress/ar/1>

<sup>6</sup> [http://articles.timesofindia.indiatimes.com/2011-06-22/bangalore/29689593\\_1\\_iim-b-fresh-batch-management-students](http://articles.timesofindia.indiatimes.com/2011-06-22/bangalore/29689593_1_iim-b-fresh-batch-management-students)

<sup>7</sup> <http://www.business-standard.com/india/news/b-schools-to-see-more-female-students/444100/>

<sup>8</sup> [http://www.businessweek.com/bsschools/blogs/mba\\_admissions/archives/2011/05/b-school\\_gender\\_mix\\_changing\\_slowly.html](http://www.businessweek.com/bsschools/blogs/mba_admissions/archives/2011/05/b-school_gender_mix_changing_slowly.html)

Zone	MBA Male-Female Ratio	Population Male-Female Ratio
East	1.44	1.04
North	1.58	1.10
South	1.88	1.00
West	1.44	1.08
India	1.64	1.06

Table 2: Male-Female Ratio across zones and population

The gender-ratio with respect to National Zones<sup>9</sup> of the campus were studied and compared with population MFR (Male-to-Female Ratios). Refer Table 2.

It may be observed that B-Schools in northern India have lower male to female ratio than B-Schools in southern India. This is in contrast to the population gender ratios across the country. The population gender ratio is most balanced in the South, followed by the East, West and the North. The MBA MFR is lowest in the East, West, followed by that in North and South. Strangely, South India which does the best in population MFR does the worst in MBA MFR, whereas the North, despite showing the most imbalanced population gender ratio, is close to the best zonal gender ratio (in absolute terms). This is in contrast to what was observed in a study of engineering<sup>10</sup> gender ratios, where the population MFR and engineering MFR closely followed the same trend. Why MBA works differently, is a conjecture that remains to be solved, especially in the case of South India.

## b) Gender Distribution across MBA Specialization Areas

MBA Specialization	Male-Female Ratio
Finance	1.56
Human Resource	0.37
Marketing	5.97

Table 3: Male-Female Ratio across MBA Specializations

We studied the ratio of males to females across MBA majors. We observe that the ratio of males to females amongst candidates pursuing HR is heavily skewed towards Females, whereas the same amongst those pursuing Marketing is heavily skewed towards males. There are 273 females per 100 males pursuing an MBA in HR to 6 males per female pursuing an MBA program in Marketing (See Table 3).

<sup>9</sup> States included in each zone are listed in Appendix, Section A

<sup>10</sup> [http://www.aspiringminds.in/docs/national\\_employability\\_report\\_engineers\\_2011.pdf](http://www.aspiringminds.in/docs/national_employability_report_engineers_2011.pdf)

Our understanding is that these ratios depict the relative preference of males and females for these specialization areas. At most institutions, there is either no academic criterion or a moderate criterion to 'qualify' into a particular discipline. This seems to suggest that whereas women do not prefer the marketing discipline, men do not prefer the HR discipline very often. Given that the marketing specialization leads to employment in sales and marketing jobs which require field work and travel, females may opt out of it. On the other hand, HR is primarily a desk job. HR is also considered to be a people-based job requiring soft skills and empathy, which are supposedly preferred by females. The high proportion of females in HR is a global phenomenon<sup>11</sup>. Whether this preference is due to an innate preference, social conditioning or socio-economic reasons is beyond the scope of this report.

## c) Employability by Gender

The analysis points out that employability for males and females is similar (varies within a percent) across most functions except HR roles where females are more employable. The employability of males vs. females is depicted in Table 4.

	Male	Female
<b>Analytical Roles</b>		
Business Consulting	2.71%	2.2%
Analyst	7.90%	8.12%
<b>Client Interaction Related Roles</b>		
Corporate /Institutional Sales	10.96%	9.90%
B2C Sales	21.31%	22.38%
Customer Service	15.85%	16.27%
<b>Functional Roles</b>		
BFSI Roles	7.43%	8.23%
Marketing Roles	7.01%	7.28%
HR Roles	8.20%	11.33%
<b>Operational Roles</b>		
ITes/BPO	32.34%	34.83%
Operations	14.82%	15.39%

Table 4: Employability of males and females across different roles

<sup>11</sup> <https://www.novoexec.com/HRWomansWorldNewsfromNovoExecutiveSearch.html>

## Employability: Gender

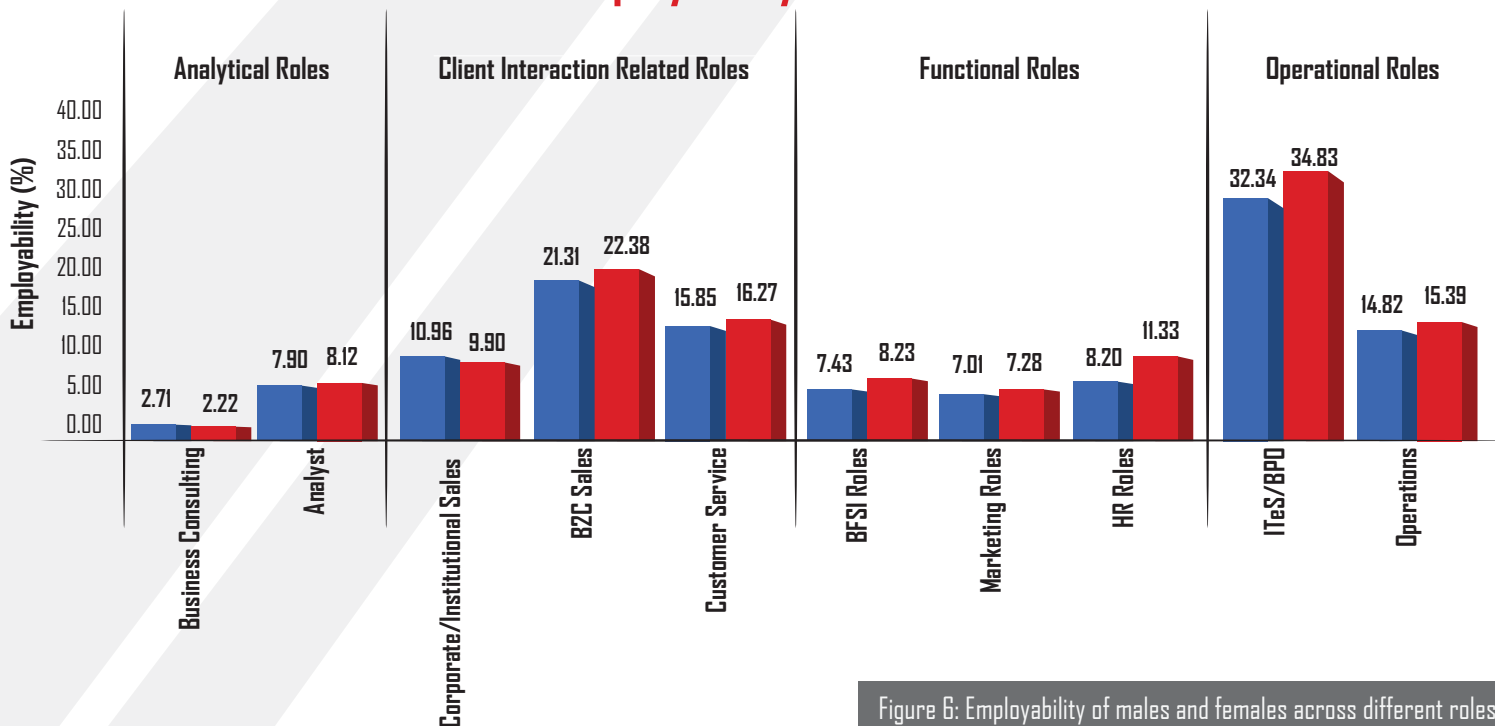


Figure 6: Employability of males and females across different roles

We also compared the scores of males and females in various modules (See Table 5, for average AMCAT scores of males vs. females).

Males do better in quantitative ability and slightly better in Finance. The difference in quantitative ability should be interpreted from a nuanced perspective given the global debate around standardized test bias against females in this skill area. On the other hand, females do much better in English, Marketing and HR modules. Again, globally it has been observed that females tend to do better in coursework-related modules. Interestingly, finance contrasts this trend.

In personality, even though men come out to be more extraverted and emotionally stable, the difference though small, but is significant. On the other hand, females show a higher tendency towards being conscientious, agreeable and show a higher interest in cultural and intellectual pursuits (openness to experience). This is in line with popular perception.

Gender	AMCAT Mean Score <sup>12</sup>						AMPI Mean Percentile <sup>13</sup>				
	English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource	Extraversion	Conscientiousness	Emotional Stability	Openness to Experience	Agreeableness
Male	453	423	437	544	422	417	48	31	48	40	46
Female	470	403	444	537	462	434	44	37	45	54	53

Table 5: Average AMCAT Scores – Males vs. Females

<sup>12</sup> All AMCAT scores are on a scale of 100 to 900.

<sup>13</sup> Refer appendix, section B for detailed description of Aspiring Minds Personality Inventory (AMPI) based on the big five personality model

In spite of the similar employability of males and females, the male-female ratio across different industries is not the same as that in campuses. According to the World Economic Forum's Global Gender Gap report<sup>14</sup> for 2010, the country with the lowest female representation in business among the emerging market countries—at just 23 percent (MFR: 3.35)—is India. Through another study on 'Best Companies to Work for,'<sup>15</sup> it is derived that there are just 21% females (MFR:3.76) in many of the top 50 companies to work for. Thus, it can be clearly seen that the number of females across different industry verticals is way lesser than that found in business schools. The reasons for this—an analysis of which is beyond the scope of the report—could be many, such as lower proportion of females opting for a professional career; females not being comfortable with relocation; preference of males by corporations; biases in hiring processes, etc.

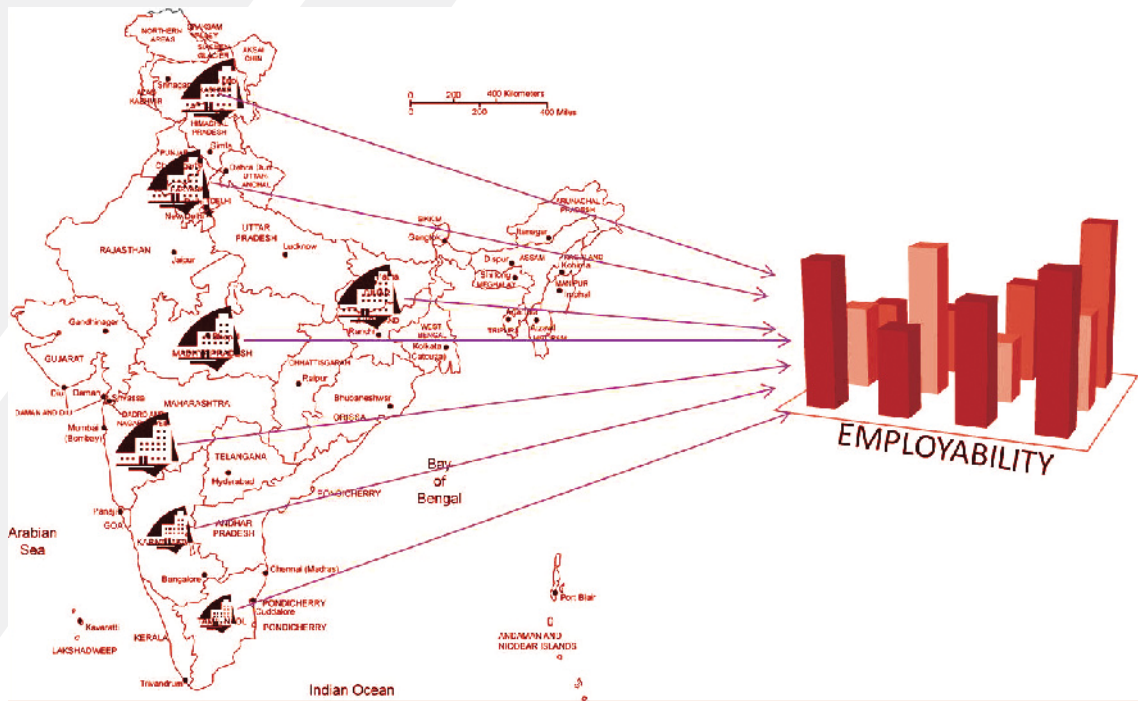
In summary, we find that the ratio of male-to-female MBA degree holders is 1.64, which is almost 1.5 times the population ratio (1.06) and 0.66 times the gender ratio at workplaces across the Nation. That implies that lesser proportion of women do MBA as compared to men and an even lesser proportion do jobs. It was found that regions with higher male-to-female MBA graduate ratio have low population gender ratio. This indicates that there are certain factors which prevent females, especially, in south Indian states from going for management programs. Finally, the employability of males and females across Indian B-Schools is similar across all sectors except HR where more females are employable, yet the current ratio of employed males to females across different functions is higher than that of the B-School population.

<sup>14</sup> <http://www.diversityjournal.com/9419-emerging-women-in-an-emerging-market-india/>

<sup>15</sup> [http://articles.economictimes.indiatimes.com/2012-07-16/news/32698283\\_1\\_employees-gender-ratio-staff-room/6](http://articles.economictimes.indiatimes.com/2012-07-16/news/32698283_1_employees-gender-ratio-staff-room/6)

### III. EMPLOYABILITY BY LOCATION OF B-SCHOOL CAMPUS

It is very important to understand how employability varies from region to region. Do the demographic factors of a region influence its employability? Do certain cities exhibit very different employability patterns than their region? The present section looks at the employability percentages by grouping campuses (and the students’ permanent addresses) by their regions, the regions being defined according to different demographic parameters. In cases where significant differences emerge, an attempt has been made to understand the possible causes for this difference. We hope our observations will prompt other studies to explore the causes for these differences, leading to proposals of intervention.



Here we study the employability by tier of city, by region of city and the employability variation between metros and non-metros.

#### a) Employability by Tier of Cities

It may be argued that colleges located in Tier I cities provide better exposure to students. They may also be the preferred destination for students who have the luxury of choice and probably, the first choice for candidates permanently residing in Tier I cities. Tiers were allocated to cities according to population, with the following benchmark (Table 6):

Tier	Population
I	Greater than 25 lakh
II	5-25 lakh
III	0-5 lakh

Table 6: Tier of Cities

For this analysis, the top campuses were removed from the data set, because they have their own brand presence attracting students from across the country, and are therefore outliers in their respective cities. The results of the analysis are presented in Table 7.

	Tier I	Tier II	Tier III	% Diff btw Tier I & Tier II	% Diff btw Tier II & Tier III
<b>Analytical Roles</b>					
Business Consulting	3.20	2.29	0.65	28.44	71.62
Analyst	9.89	6.53	4.89	33.97	25.11
<b>Client Interaction Related Roles</b>					
Client Interaction Related Roles	11.61	8.83	8.66	15.33	11.90
B2C Sales	23.73	19.73	19.73	16.86	0.00
Customer Service	17.28	15.09	13.79	12.67	8.61
<b>Functional Roles</b>					
BFSI Roles	10.18	5.35	4.76	47.45	11.03
Marketing Roles	9.45	5.04	4.62	46.67	8.33
HR Roles	11.63	9.06	5.04	22.10	44.37
<b>Operational Roles</b>					
ITeS/BPO	35.83	31.42	28.95	12.31	7.86
Operations	15.86	14.59	13.23	8.03	9.30

Table 7: Employability across Tier I, Tier II and Tier III Cities

## Employability: Tier of College City

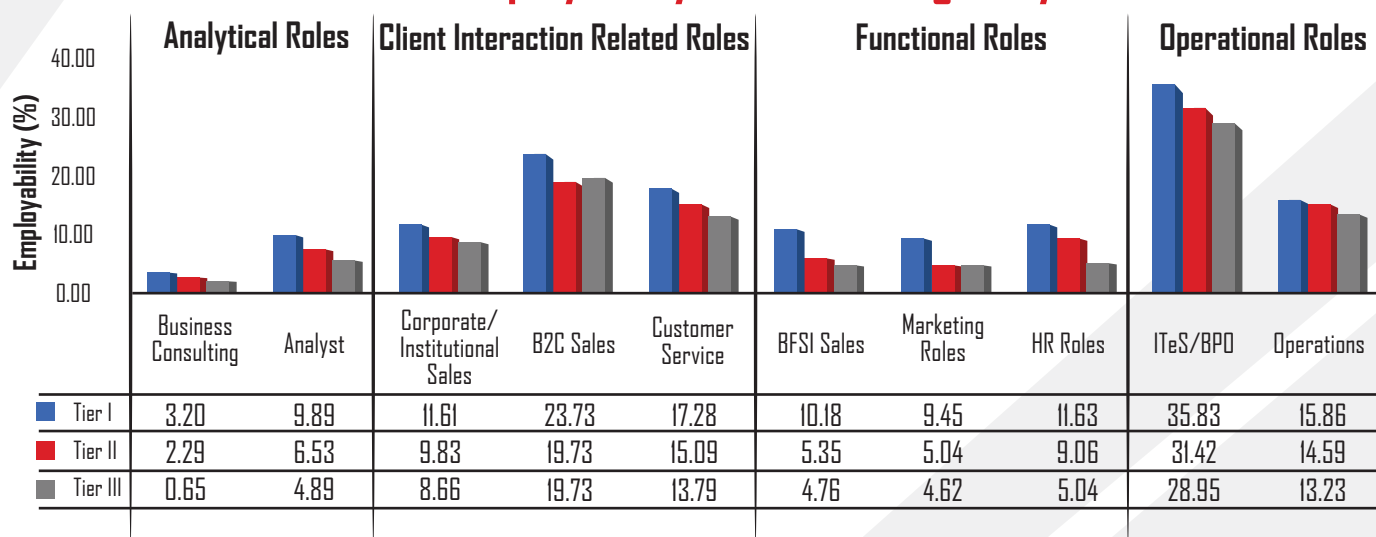


Figure 7: Employability across Tier I, Tier II and Tier III Cities

We observe that employability is maximum in Tier I city colleges across all functions and it drops as we move to Tier II and Tier III city colleges. Similar trends are observed for all professions (such as Corporate Sales, Customer Service and Operations) where employability heavily depend on English, cognitive skills and personality traits. The general trend for these professions is that the employability falls more sharply as we move from Tier I to Tier II city colleges as compared to gap in Tier II to Tier III city colleges.

On one hand, business consulting role outlies where the difference in employability between Tier II and Tier III is much higher. On the other hand, B2C sales outlies on the other side with apparently no difference in employability in tier II and tier III cities. This is because Consulting requires very high competence in English and cognitive skills which are not available at all in Tier III cities, whereas skills required for B2C sales (especially English) are much lower and abundantly available in Tier III cities. In principle, wherever the threshold of skills is very high, tier III cities do much worse than tier I cities, whereas where it is low, tier III cities do compare to Tier II cities.

For roles where functional skills are important, the percentage difference in employability between Tier I and Tier II city colleges is high for Finance and Marketing whereas for HR the trend changes with higher percentage difference in employability between Tier II and Tier III city colleges. This is because of different trends in skills gap between city tiers for different domain modules. This can be better understood by analyzing the mean scores of students in colleges located in different tiers of cities. This is shown in Table 8.

Tier of Cities	AMCAT Mean Score						AMPI Mean Pecentile				
	English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource	Extraversion	Conscientiousness	Emotional Stability	Openness to Experience	Agreeableness
Tier I	473	421	450	523	420	408	45	33	48	45	51
Tier II	449	414	434	491	408	405	47	33	46	45	46
Tier III	438	403	418	478	393	384	48	36	47	46	49
Diff. btw. Tier I and Tier II	24	7	16	32	12	3	-2	0	2	0	5
Diff. btw. Tier II and Tier III	11	11	16	13	15	21	-1	-3	-1	-1	-3

Table 8: Average Scores across Tier I, Tier II and Tier III Cities

It can be observed that the difference in English scores across tiers of cities is high in comparison to that in Cognitive skills. Given the importance of English in most high-paying jobs in the market, this is an area of immediate intervention.



The gap in domain modules among tiers of cities is also high. Interestingly, the fall in Marketing is uniform across city tiers, whereas in Finance, the fall is more between Tier I and Tier II cities and in HR it is mostly from Tier II to Tier III cities. This differential trend in the gap in domain scores is responsible for the differentiated gaps in employability percentages for specialized functional roles (Table 7). In total, the fall in score (from Tier I to Tier 3 cities) in Finance is quite high, whereas that in HR and Marketing modules is moderate. This clearly shows requirement of a much larger intervention in training in finance related concepts and also signals that the BFSI industry may have bigger challenges in hiring in Tier II and Tier III cities.

On comparison with the trend found in National Employability Report for engineering graduates<sup>16</sup>, one may observe, that in contrast to MBA graduates, engineers across tier of cities had similar English capabilities. The skew in domain skills was also much lesser for engineers, whereas the skew in cognitive skills across Tier I and Tier II was non-existent. This basically shows that the skill levels vary a lot more for MBA students across tier of cities when compared with engineering students. This calls for a more focused look at the problem and proposals of strong intervention.

## b) Employability across Zones

### 1. Zone of College City

	East	North	South	West
<b>Analytical Roles</b>				
Business Consulting	2.20	2.03	1.67	2.25
Analyst	5.61	8.21	6.62	7.69
<b>Client Interaction Related Roles</b>				
Corporate/Institutional Sales	7.58	10.62	8.76	10.43
B2C Sales	15.52	23.30	18.66	22.15
Customer Service	12.35	16.65	13.21	16.67
<b>Functional Roles</b>				
BFSI Roles	6.14	8.52	6.95	8.04
Marketing Roles	4.73	4.80	5.79	14.36
HR Roles	4.86	8.24	7.31	18.22
<b>Operational Roles</b>				
ITeS/BPO	26.24	36.47	28.48	36.65
Operations	13.05	15.54	12.45	16.33

Table 9: Employability across zone of college city

<sup>16</sup> [http://www.aspiringminds.in/docs/national\\_employability\\_report\\_engineers\\_2011.pdf](http://www.aspiringminds.in/docs/national_employability_report_engineers_2011.pdf)

## Employability: Zone of College City

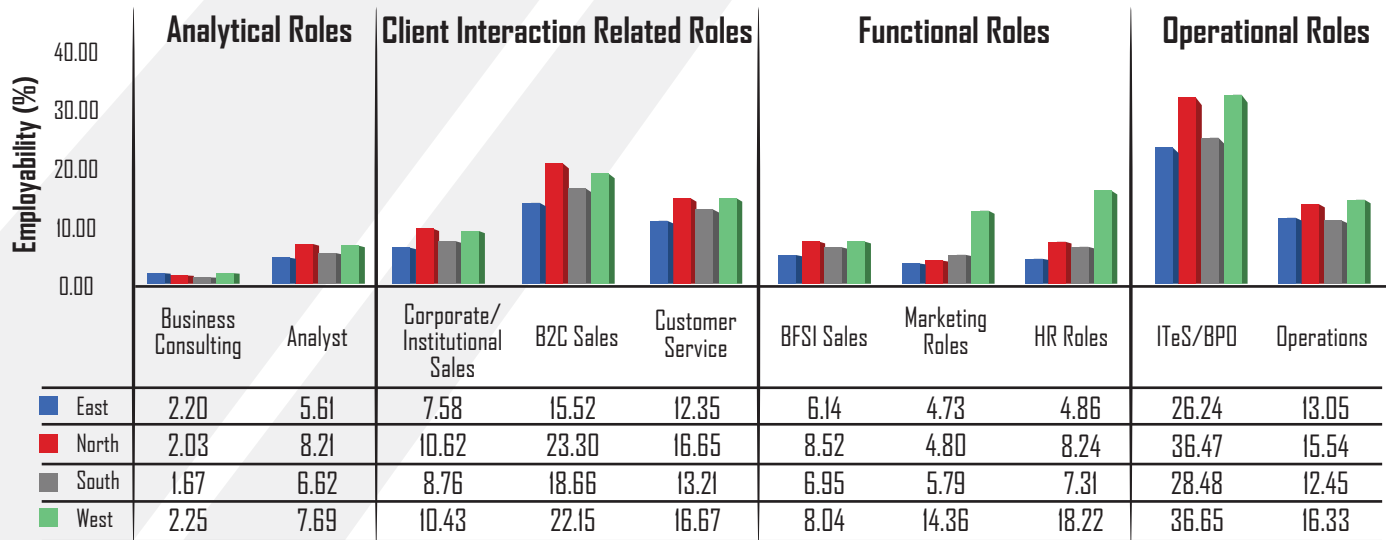


Figure 8: Employability across zone of college city

After classifying management schools by tier of the city of their locations, we intended to find how the employability varies when the colleges were classified in terms of the zone<sup>17</sup> in which they are located. Table 9, above, shows employability by zone of colleges. The following observations can be made:

West zone consistently shows the highest employability. MBA schools in the North show comparable (and sometimes slightly higher) employability in non-specialized jobs, whereas they show a large dip in Employability in the HR and Marketing area. East consistently shows the lowest employability in all areas. South does better than East in most domains, but remains below both the West and the North.

AMCAT Mean Score								AMPI Mean Percentile			
	English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource	Extraversion	Conscientiousness	Emotional Stability	Openness to Experience	Agreeableness
East	437	404	411	476	403	368	48	38	41	45	44
North	466	426	451	510	406	404	47	34	49	48	49
South	452	402	416	496	408	396	47	33	46	41	49
West	462	421	461	521	433	423	46	33	48	45	48

Table 10: Mean AMCAT scores of candidates across zone of college city

The reasons for the trends found above can be understood by comparing the mean scores of students across each zone in different modules as shown in Table 10 above.

The North and West zones have comparable scores in English, quantitative ability, logical ability and Finance modules, while the West zone students outscore the North zone students by a considerable margin in HR and Marketing modules. Thus, West zone students are more employable in HR and Marketing compared to the North zone students. This seems to indicate that domain training is better in B-Schools in the West zone compared to those in northern India. East consistently scores low in most modules, followed by South.

<sup>17</sup> States included in each zone are listed in Appendix, Section A

In the National Employability Report for Engineering Graduates<sup>18</sup>, it was found that the East zone showed highest employability followed by North, West and South. It was revealed that, as the number of colleges in a region decreases, the employability percentage across those regions increases logarithmically. That is to say that since the number of engineering colleges are maximum in the South followed by the West, North and East zones, employability of engineers in IT Services companies follow a reverse trend. In case of MBAs, no such trend is observed. Even though East has low number of colleges, the employability there is the lowest.

West, which has been traditionally stronger in business, with Mumbai being the financial capital of the country, has emerged the strongest with regard to business education as well. On the other hand, East, which has been lagging behind in business and industrialization seem to be lagging behind in management education as well. This could suggest that demand of business professionals, ripe market conditions for entrepreneurship and business exposure in a particular zone could be not only leading better students to take up MBA education (self-selection), but also explicitly or implicitly improving the business and management skills of students. This seems to suggest that strong explicit efforts are required to be made in both East and South to both attract talented students in business education and impart high quality training.

## c) Employability in Metros vs. Non-Metros

### 1. Metro/Non-Metro by Location of College City

The research analyzed employability of candidates coming out of colleges in metro cities, compared to those in non-metro cities. The general view remains that colleges in metros produce more employable candidates due to better exposure and education, which explains why parents often prefer colleges in metros as opposed to others in making an admission decision. The employability figures based on the analysis are reported in Table II:

College City	Metro	Non-Metro	%Difference
Analytical Roles			
Business Consulting	3.41	1.82	46.47
Analyst	10.69	5.80	45.74
Client Interaction Related Roles			
Corporate/ Institutional Sales	12.11	9.31	23.12
B2C Sales	24.61	19.39	21.21
Customer Service	17.88	14.52	18.90
Functional Roles			
BFSI Roles	11.04	4.93	55.34
Marketing Roles	9.95	4.56	54.17
HR Roles	11.87	7.89	33.53
Operational Roles			
ITeS/ BPO	36.78	30.47	17.16
Operations	15.81	14.42	8.79

Table II: Metro vs. Non-metro: Employability by city of college

<sup>18</sup> [http://www.aspiringminds.in/docs/national\\_employability\\_report\\_engineers\\_2011.pdf](http://www.aspiringminds.in/docs/national_employability_report_engineers_2011.pdf)

## Employability: Metros vs. non-Metros

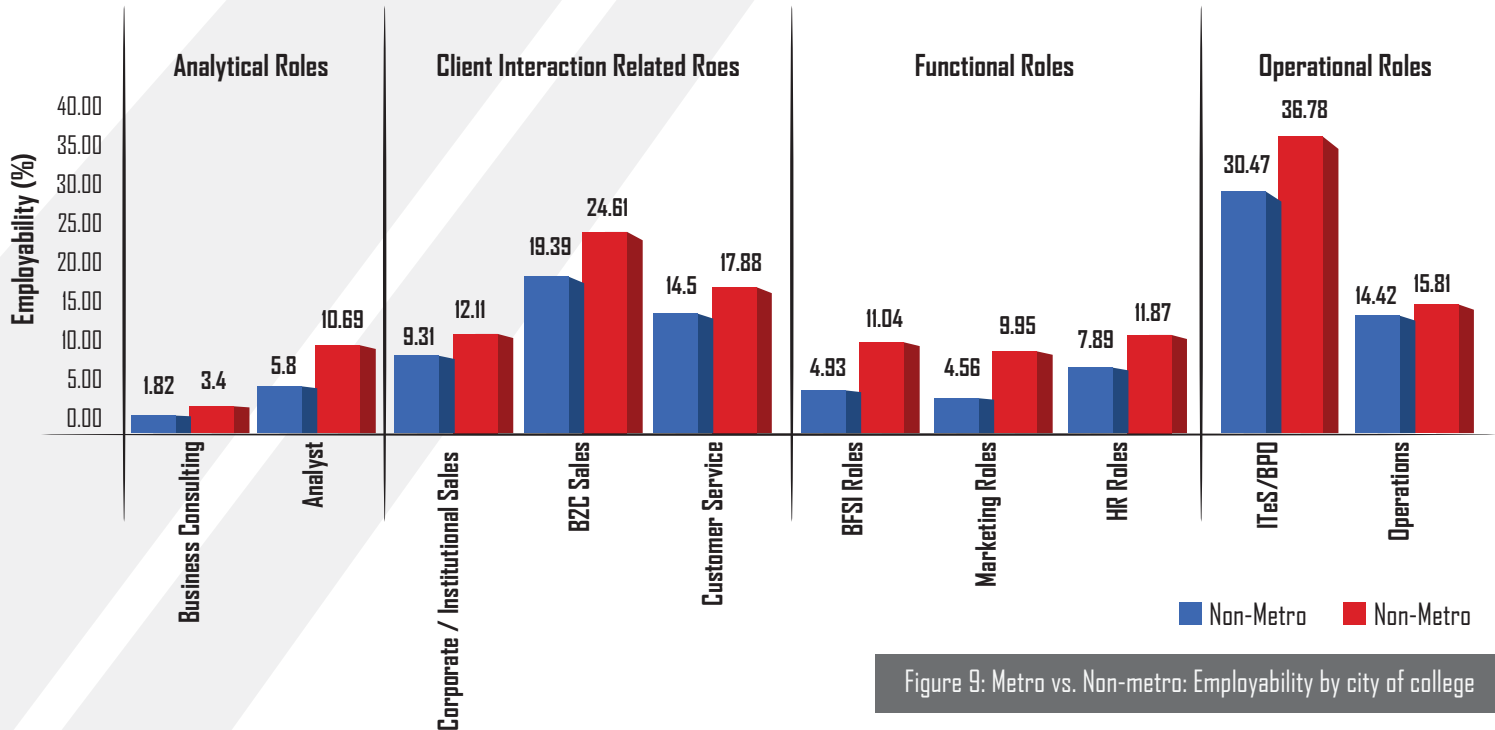


Figure 9: Metro vs. Non-metro: Employability by city of college

It may be noted, colleges in non-metro cities have lower employability across all sectors with the percentage difference ranging from 8%-55%. Employability difference is higher for profiles, where the overall employability is lower. This shows that profiles which require lower level of skill have a tempering effect on the difference in employability. The difference in scores is shown in Table 12 below.

AMCAT Mean Score								AMPI Mean Percentile			
	English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource	Extraversion	Conscientiousness	Emotional Stability	Openness to Experience	Agreeableness
Metro	479	423	451	527	423	407	45	32	49	44	52
Non-Metro	444	410	431	487	402	400	48	35	46	46	46
Difference	35	13	20	40	21	7	-3	-3	3	-2	6

Table 12: Metro vs. Non-metro: Mean AMCAT scores by city of college

There is considerable difference in the Mean Scores across all modules except Quantitative Ability and HR modules. When we consider personality which plays an important role across all kind of functions, Metro and non-metro candidates are similar across most personality traits. Thus, it can be argued that the key factors behind the difference in employability of candidates in metros and non-metros are cognitive skills and domain knowledge and not personality traits which are often assumed to be the culprits due to difference in environment. This is in line with the tier of city analysis which showed that there was considerable difference in English scores between Tier I and Tier II - Tier III cities, with the difference diminishing as we move to logical ability and quantitative ability. Also, like in the case of metros and non-metros, there was no noticeable trend in personality.

## II. Metro/Non-Metro by Permanent Residence

We studied the skill gap according to the city of permanent address. We wish to understand whether the trend is similar or different to that of college city.

AMCAT Mean Score								AMPI Mean Percentile			
	English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource	Extraversion	Conscientiousness	Emotional Stability	Openness to Experience	Agreeableness
Metro	479	423	451	527	423	407	45	32	49	44	52
Non-Metro	444	410	431	487	402	400	48	35	46	46	46
Difference	35	13	20	40	21	7	-3	-3	3	-2	6

Table 13: Metro vs. Non-metro: Mean AMCAT scores by city of permanent residence

When we compare the scores of these candidates, we observe that the scores are similar across all modules other than English and Finance where the difference in scores is high (See Table 13). English language skills are important for most roles, and candidates born and brought up in metros seem to acquire better English skills due to day-to-day exposure to a larger English-speaking population. The high difference in Finance scores is intriguing. It may be due to early informal exposure to business/enterprise and commerce in metro cities where more of the organized industry is located. Not only could this early exposure improve understanding of practical aspects, but also learn-ability of the finance domain.

In contrast to college city, where there was a gap in almost all modules, with regard to permanent city, a significant gap is only observed in English and Finance (and to some extent in logical ability). To understand this better, we divided all candidates in four sets according to combinations of their permanent city and college city. The comparison of skills among these candidates is shown in Table 14.

City of Permanent Residence	City of College	Migration Percentage	AMCAT Mean Score					
			English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource
Metro	Metro	79%	494	418	452	537	412	403
Non-Metro	Metro	38%	473	425	451	523	425	409
Non- Metro	Non-Metro	62%	441	410	429	486	401	398
Metro	Non-Metro	21%	486	407	452	509	419	430

Table 14: The comparison of skills among candidates divided into four sets according to combination of their permanent city and college city.

The findings show that non-metro candidates who do their MBA education in metros pretty much bridge the gap in all modules apart from English and Finance. In contrast, the non-metro candidates who stay back in non-metro colleges remain the most disadvantaged group. The metro-non-metro group does worse than the non-metro-metro group in all but English (and anomalously HR).

The good news here is that non-metro students doing their MBA education in metros match in skills to metro students in most areas and their initial years in a non-metro does not become a permanent disadvantage. This

could be due to self-selection, college admission test effects and better training and exposure provided in metro colleges. What remains a concern is that despite of all these positive effects, their initial disadvantage in English and Finance is not overridden. They continue to remain disadvantaged in these areas.

This clearly shows the requirement of an early intervention in English for candidates in non-metros. Only such intervention will enable these candidates to compete effectively with candidates from metros. On the other hand, it is alarming to observe a persisting gap in a subject like Finance, which forms an essential component of management education and is imparted formally in MBA education. Financial literacy has been a problem in general in India. India ranks 20th in Financial literacy according to a survey of 25 countries in Asia Pacific and Middle East region<sup>19</sup>. Whereas, this survey was for non-specialists, our analysis shows that the low financial literacy in non-metros is not even bridged by formal education for specialists. This indicates that early and informal financial literacy is an important ingredient for learnability for those who will take up formal education in finance later. Not only does this early intervention in financial literacy will help the non-specialists, but will be a great boost for specialists also, especially those coming from non-metros.

This is in line with the emphasis Reserve Bank of India has laid on Financial Literacy through informal channels. RBI has a dedicated website on financial education (<http://www.rbi.org.in/financialeducation/home.aspx>) which imparts knowledge through games, films and comic strips. Recently FSDC has recommended that financial education be incorporated in school education<sup>20</sup>. All these efforts are in the right direction and need to be strengthened. Not only will they strengthen the non-specialists in managing their money better, but make the specialists more willing to take up finance as a subject and profession.

# IV. EMPLOYABILITY BY MBA SPECIALIZATION AREAS

	Finance	Marketing	Human Resource
Analytical Roles			
Business Consulting	2.19	3.46	1.34
Analyst	7.29	9.11	5.76
Client Interaction Related Roles			
Corporate/ Institutional Sales	9.46	12.61	8.38
B2C Sales	19.88	23.91	19.99
Customer Service	15.06	17.53	14.17
Functional Roles			
BFSI Roles	8.34	7.56	5.04
Marketing Roles	7.36	7.01	4.3
HR Roles	8.23	7.11	10.85
Operational Roles			
ITeS/ BPO	32.86	33.84	30.43
Operations	14.72	16.32	12.95

Table 15: Employability by specialization of MBA graduates across different roles

\* Candidate with each major showed interest in working in other specialized roles. Many of them also had minors or a second major in another area

## Employability: Specialization

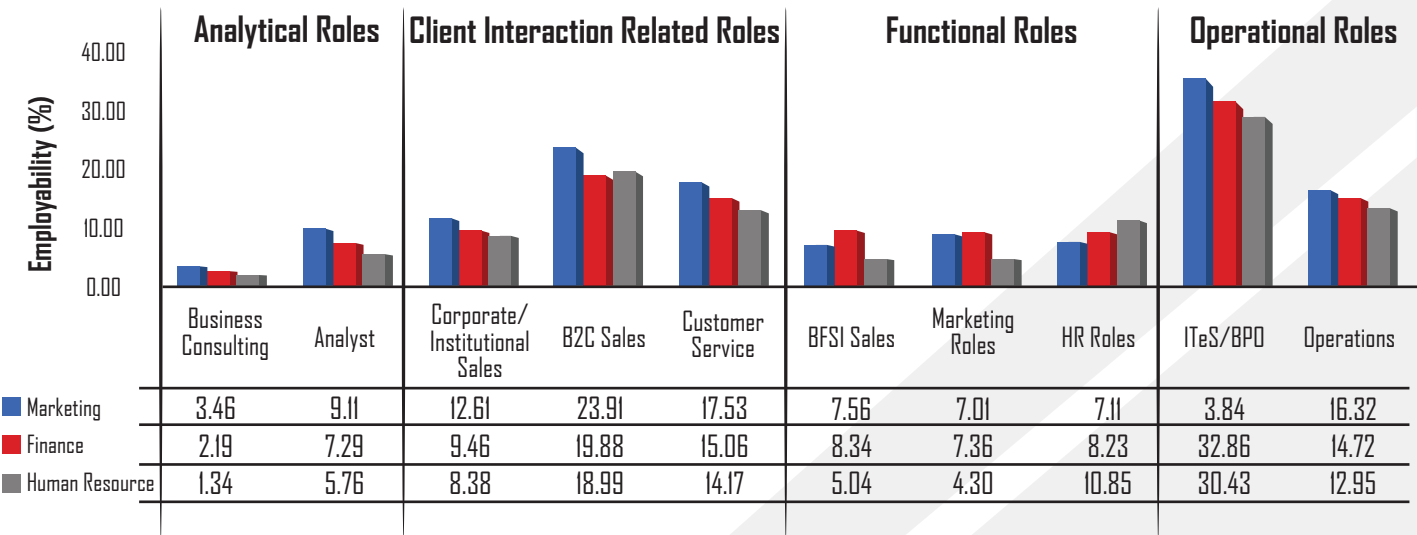


Figure 10: Employability by specialization of MBA graduates across different roles

We compared the employability of students pursuing MBA in different specializations across different sectors. It was observed that Marketing students have highest employability across all sectors followed by that in Finance except for specialized domain roles (See Table 15). Students specializing in Finance are more employable in Finance while those specializing in HR are more employable in HR. An anomalous result is that Finance students are slightly more employable than marketing students, for Marketing professions. This is because of self-selection among finance students who took marketing module: they were better in cognitive skills.

Table 16 given below shows the Mean Scores of candidates in specializing in Finance, HR and Marketing across different modules.

AMCAT Mean Score							AMPI Mean Percentile				
Specialization	English	Quantitative ability	Logical ability	Finance	Marketing	Human Resource	Extraversion	Conscientiousness	Emotional Stability	Openness to Experience	Agreeableness
Finance	454	418	440	541	398	391	45	34	45	44	47
Marketing	462	423	445	485	427	366	50	32	51	42	48
Human Resource	454	391	421	450	393	429	46	37	45	51	53

Table 16: Mean AMCAT scores of candidates specializing in different domains

\* Candidate with each major showed interest in working in other specialized roles. Many of them also had minors or a second major in another area.

It can be observed that HR students have low scores in cognitive skills, while they are at par with the rest in English. This shows that cognitively better students opt for Finance and Marketing specialization as opposed to HR. Students of each specialization perform better in their own domain. It can be observed that non-specialists are unable to do well in Finance and HR modules, whereas the gap between the skill level of specialists and non-specialists in marketing is low. Some weak trends are observed in personality, though in line to intuition. HR specialists are higher on agreeableness, openness to experience and conscientiousness, whereas Marketing specialists are more extroverted and exhibit emotional strength.



# V. FUNCTIONAL SKILLS: LEARNING LEVELS

This section attempts to gain insights into the learning levels of management students in three important functional domains: Finance, Marketing and HR. It seeks to understand what kind of concepts do majority of management students understand and what they do not. Do majority of the students understand the basic terminology and concepts used in the functional area? What percentage of them understands advanced concepts? Are they able to apply these concepts in a real-world situation? The answer to these questions will reveal which areas of management education show most learning difficulties. These areas would require greater emphasis and probably an intervention in education pedagogy.

To answer these questions, we analyzed responses of management students to specific questions. Each of these questions tests a particular competency or concept in the functional area. Questions were selected to cover basic, advanced and application-based concepts.

## Skill Levels in Finance

### 1. Elementary Financial Education

**Question 1:**

**What is the full form of IPO?**

- (a) Initial Private Offering
- (b) Interim Public Offering
- (c) Initial Public Offering
- (d) Investment from Public Offer

**Correct Answer: (c) Initial Public Offering**

66% answered  
Correctly

**Observation / Inference:** IPO is a commonly discussed term in the media and finance classrooms these days, with many organizations going down that route to raise money, most notably Facebook recently. Finance students dream of getting into an investment bank and working on an IPO for a client. Yet, 1 out of every 3 MBAs does not know what the full form of IPO is. In fact, even if someone does not remember what IPO stands for, just by looking at the options and matching their understanding of what an IPO is, they shouldn't find it difficult to answer this question.

**Question 2:**

**If there are more people who want to buy a stock than those who want to sell, how would the price of the stock change?**

- (a) It will go up
- (b) It will go down
- (c) It will not move
- (d) The stock will fail

**Correct Answer: (a) It will go up**

65% answered  
Correctly

**Observation / Inference:** This is a demand and supply dynamics question. It is common knowledge that if demand of a commodity is more than its supply, the price of the commodity increases (except in case of inferior goods). Given the interest most Indians show in stock trading, this has become common knowledge today.

While 18% of the respondents went for option (b), a total of 15 percent went for options (c) and (d), both of which appear wrong even at face value as far as the question goes.

## 2. Basic Concept of Finance

### Question 3:

How many times in a year, a listed company has to make its earnings figure public?

- |       |       |
|-------|-------|
| (a) 1 | (b) 2 |
| (c) 3 | (d) 4 |

**Correct Answer: (d) 4**

**25% answered  
Correctly**

**Observation / Inference:** This question tests basic knowledge of candidates and hence, one would expect majority of the Business School students specializing in finance to know that a public company has to declare quarterly results. But the statistic of 3 out of 4 finance MBAs not knowing this should come as a shock to the academic fraternity.

### Question 4:

For high-valued education loans, what do banks usually require?

- |  |                            |
|--|----------------------------|
| (a) A collateral                                       | (b) No collateral          |
| (c) A collateral in form of your original certificates | (d) A collateral from your |

**Correct Answer: (a) A collateral**

**46% answered  
Correctly**

**Observation / Inference:** On the face of it, this seems to be the easiest question of the lot, with a large proportion of MBAs also opting for education loans to fund their education. But the facts state otherwise. Only 2 out of 5 MBAs were able to get this question right! Lack of knowledge on such basic things points to a serious gap in the form of lack of ground knowledge. This would lead to questioning the practical knowledge of MBAs graduating from our B-Schools.

## 3. Knowledge of advanced finance concepts

### Question 5:

Diversification of the portfolio as a concept is used for which of the following?

- |   |   |
|---|---|
| (a) Increasing the value of the portfolio | (b) Increasing the risk of the portfolio  |
| (c) Decreasing the risk of the portfolio  | (d) Decreasing the value of the portfolio |

**Correct Answer: (c) Decreasing the risk of the portfolio**

**45% answered  
Correctly**

**Observation / Inference:** Portfolio management is a favored topic for many finance majors in Business Schools. It deals with how to manage a portfolio of investments efficiently. Portfolio manager or Fund manager is a preferred profile as a career choice for lots of MBAs, and diversification forms the backbone of portfolio management. An interesting fact which emerged out of this question was that a total of 30% respondents chose options (b) & (d) – both of which appear false on face value. As a logical investor / fund manager, no one would ever want to either increase the risk of their portfolio or decrease its value. This points to lack of basic analytical skills in the candidates.

**Conclusion:** Financial Literacy is being promoted actively by our government to enable the common man to better manage his money. In the light of this, it is depressing to observe that more than 30% of management students do not possess financial literacy, even though they have been formally trained in the subject. With regard to basic formal finance concepts, less than 50% management students seem to understand them. In another section of the same report, it is observed that students belonging to and studying in smaller cities face most difficulty in learning finance. Our observations here further strengthen the argument that there is a greater need to informally introduce financial education at a younger age to bridge the discussed gap.

**It's time for our summary table:**

Skill Tested	% displaying competency
Lay Knowledge /Elementary Financial Education	60-70
Basic Concepts	25-40
Advanced Concept	40-45

## Skill Levels in Marketing

### 1. Lay knowledge

#### Question 1:

**What is the first step of a market research process?**

- (a) Collecting relevant information
- (b) Developing a research plan
- (c) Defining the problem and research objectives
- (d) Decision Making

**Correct Answer: (c) Defining the problem and research objectives**

**60% answered  
Correctly**

**Observation / Inference:** The question asks about the first step of a (market) research process and defining the problem is a precursor to every research. In that sense, the question may not require knowledge of 'market' research in particular, but a lay person with a bachelor's degree should know the first step of any research process. The inability of 40% students to answer this concept paints a sorry picture of higher education in general.

#### Question 2:

**'Hits' and 'visits' are ways of measurement used to measure:**

- (a) Online media
- (b) Television
- (c) Radio
- (d) Newspapers

**Correct Answer: (a) Online media**

**69% answered  
Correctly**

**Observation / Inference:** Online marketing has been a game-changer in the last decade with the advent of firms like Google, Facebook, Flipkart etc. and is discussed with increasing frequency, not only in business schools, but also in media and our everyday conversations. It also offers a new rewarding career path for MBA students. Hence, it is all the more startling when 31% of the students fail to answer this question correctly. One would believe that a lay person having exposure to the internet shall be able to answer such questions.

## 2. Basic marketing terminology

### Question 3:

Which term best denotes the set of users who are already consuming a company's product or service?

- |                      |                       |
|----------------------|-----------------------|
| (a) Potential Market | (b) Total Market      |
| (c) Available Market | (d) Penetrated Market |

**Correct Answer: (d) Penetrated Market**

**22% answered  
Correctly**

**Observation / Inference:** The term 'Penetrated Market' finds a regular mention in a marketing strategy discussion along with 'Potential Market'. It is a basic marketing concept. Marketers would often use this statistic while developing their annual plan of action to improve revenue or generate top line growth year on year. Given this, it's startling that only 22% candidates are able to answer this correctly. Strangely, 36% respondents marked Potential Market (the total possible market for the product) as their answer, which is grossly incorrect

### Question 4:

Which term denotes the number of brands, models or styles carried by a retailer for each product category?

- |                        |                        |
|------------------------|------------------------|
| (a) Merchandise width  | (b) Merchandise length |
| (c) Stock keeping unit | (d) Merchandise depth  |

**Correct Answer: (c) Stock keeping unit (SKU)**

**27% answered  
Correctly**

**Observation / Inference:** Stock keeping unit is a term in everyday use in the field of sales and marketing. Sales force in FMCG industry is allotted sales targets SKU wise and hence, keeping a tab on the performance of all SKUs is of utmost importance for them. Different SKUs are introduced to cater to different audiences, e.g. A shampoo sachet would cater to an individual with lower savings, while big bottles would cater to those who want to reduce their frequency of purchases. SKU mix is important to monitor: Not having enough SKUs could result in missing out on the potential market, whereas having too many SKUs could increase the cost of production.

## 3. Knowledge of advanced marketing concept

### Question 5:

In BCG matrix, which term best describes a company with low market growth and weak market share?

- |                    |           |
|--------------------|-----------|
| (a) Question marks | (b) Stars |
| (c) Cash cows      | (d) Dogs  |

**Correct Answer: (d) Dogs**

**41% answered  
Correctly**

**Observation / Inference:** BCG matrix is discussed at length in strategy classes in business schools. It is one of the most frequently used matrices to design a business strategy and comes in handy for marketers to take strategic decisions, say, in which businesses they should invest more or which businesses they should be looking to divest, etc. The question tests direct knowledge of the concept, yet only 41% candidates were found to have answered it correctly.

## 4. Application of a nuanced marketing concept

### Question 6:

Gomati Yogurt offers variety of yogurts like natural flavors, fruit blends and fruit on the bottom. This is an example of:

- |                     |                        |
|---------------------|------------------------|
| (a) Brand extension | (b) Parent brand       |
| (c) Line extension  | (d) Category extension |

**Correct Answer: (c) Line extension**

**37% answered  
Correctly**

**Observation / Inference:** This question tests understanding of the concepts of 'line extension' and 'brand extension'. While line extension refers to expanding the current product line and introducing new variants of the current product like new flavors, brand extension means leveraging the brand name and foraying into newer product categories. There is a subtle difference between the two. The question tests whether the person can distinguish between brand extension and line extension for a real case. Only 37% of marketing MBAs could get this question correct.

**Conclusion:** It is observed that 30–40% management students do not possess the basic knowledge required for marketing. This should be bridged in the first semester of the management course. Strangely, only 20–30% students showed understanding of basic terminology, such as SKU or potential market, used in a marketing course. This is mind-boggling, more so because a higher proportion (41%) demonstrated direct knowledge of a more advanced concept (BCG matrix). It indicates that whereas students know advanced terms/concepts through rote learning, the understanding of basic concepts is being missed out. These concepts are indispensable for an individual to understand anything of the marketing subject and need to be understood by around 80% students. On the other hand, in the previous question documented above, we see that only 37% can understand the application of a nuanced marketing concept in a real-world situation. There is need for a much higher emphasis on application of concepts rather than on just rote learning.

## Skill Levels in Human Resources (HR)

### 1. Lay knowledge of HR concepts

**Area of Focus : Organizational Management**

#### Question 1:

Conflict occurs due to the reasons given below except:

- |                         |                           |
|-------------------------|---------------------------|
| (a) Personality clashes | (b) Lack of trust         |
| (c) Shared Interests    | (d) Organizational change |

**Correct Answer: (c) Shared Interests**

**38% answered  
Correctly**

**Observation / Inference:** It's quite simple to trace the answer to 'Shared Interests', given that all other stated options connote something that leads to conflict. It is strange that just 38% management students could get this right. It indicates not just their lack of HR skills, but also their low competency in the English language. Just the understanding of the meanings of the four options, which is straightforward, can help one find the right answer. Lack of understanding of these terms, either due to low HR or English competency, shall leave the candidate handicapped to effectively communicate on such issues in a corporate organization. Being able to communicate well on these issues with the management and the employees constitutes an important aspect of their resolution.

### Area of Focus : Organizational Structure

#### Question 2:

Which one of the following is a good principle of delegation of responsibility?

- (a) A group of employees are delegated the same responsibility
- (b) People with similar knowledge are delegated the same responsibility
- (c) No two employees are delegated the same responsibility
- (d) None of the above

**Correct Answer: (c) No two employees are delegated the same responsibility**

**25% answered  
Correctly**

**Observation / Inference:** Delegation is an important skill which helps free up executive time, while allowing task completion in time with quality. It is an intuitive principle to give only one person the responsibility and ownership of a task. Only 25% chose this correct option, while majority of the respondents went for option (b), "People of similar knowledge are delegated the same responsibility". Delegating same responsibilities to any two people in an organization leads to confusion over job responsibilities and may even give rise to conflicts in the work space.

## 2. Basic Concepts in HR

### Area of Focus : Motivational Theory

#### Question 3:

Which one of Maslow's Hierarchy of Needs represents the drive to become what one is capable of becoming?

- (a) Love/ Belonging
- (b) Self-Actualization
- (c) Physiological
- (d) Esteem

**Correct Answer: (b) Self - Actualization**

**65% answered  
Correctly**

**Observation / Inference:** Maslow's Hierarchy of Needs is one of the first topics taught in a management school Organizational Behavior course. It explains what factors motivate a person. Good understanding of Maslow's hierarchy can help not only HR personnel but all managers to understand how to keep the workforce motivated at all times. A motivated workforce can go a long way in ensuring that the organization achieves its goals. 65% students getting it right is a sign of good grasping of basic concepts among HR students in Business Schools.

### Area of Focus : Compensation Management

#### Question : 4

The term 'dearness allowance' refers to:

- (a) Perquisites
- (b) Allowance paid to employees in order to enable them to face the increasing prices of essential commodities
- (c) Allowance paid to employees in order to enable them to pay the house rent and traveling expenses
- (d) Allowance given to employees in relation to designation in the organization

**Correct Answer: (b) Allowance paid to employees in order to enable them to face the increasing prices of essential commodities**

**35% answered  
Correctly**

**Observation / Inference:** Compensation Management is a popular career choice for a significant number of HR students in Business Schools. Not only is the concept taught formally in management classes, but with all the recent focus on high inflation and frequent price-hikes of essential commodities, dearness allowance is increasingly mentioned in debates at the policy level. It is thus surprising that only 35% candidates were able to answer this question correctly. The inability to answer this may render the students ill-equipped to understand and in turn defend their rights as employees in an organization.

### 3. Knowledge of advanced HR concepts (Skill Evaluation)

#### Area of Focus : Skill Evaluation

##### Question 5:

**Which personality trait is measured by Big Five Model of Personality?**

- (a) Self-monitoring
- (b) Judgment
- (c) Feeling
- (d) Extraversion

**Correct Answer: (d) Extraversion**

**25% answered  
Correctly**

**Observation / Inference:** Personality Tests form an important part of organizational development, helping employees understand their personality and receive counsel based on that. Big Five Model is a popular model used for personality evaluation. Its popularity has risen since it is the only model that has consistently shown good correlation with on the job performance in various research studies over the years. Only 25% students getting it right is certainly disturbing, since this is a direct question testing a student's knowledge of a basic concept.

#### Area of Focus : Training and development

##### Question : 6

**The term 'cross functional training' implies:**

- (a) Training employees to perform tasks in areas other than their assigned jobs
- (b) Training employees to take over their supervisor in future
- (c) Training employees to perform two varied jobs at one time
- (d) Training employees to keep them updated with the changing functions of a particular job

**Correct Answer: (a) Training employees to perform tasks in areas other than their assigned jobs**

**42% answered  
Correctly**

**Observation / Inference:** Training and Development is one of the key areas managed by HR personnel. Cross functional training is a relatively new concept in this field. More and more businesses today are training their employees in a function other than their main job. This helps the employee fill in for other tasks when required and be able to understand and appreciate other functions that interact with his primary job. Only a small 42% are found to know the meaning of cross-functional training. Almost 25% candidates went for option (c) which explains multi-tasking and not cross functional training

Skill Tested	% displaying competency
Lay Knowledge	30-40
Basic Concepts	35-65
Advanced Concepts	30-45

Table 18: Skill Levels in HR

**Conclusion:** The correct answer rate of many straightforward lay questions is well below 50%, which shows not only the lack of knowledge of HR concepts, but lack of knowledge of English language as well. One would expect that even if one does not have sophisticated and in-depth knowledge of English language, such gap will be fulfilled by formal introduction of these topics in class. That does not seem to be happening. More so, such HR knowledge as tested here is not only important for HR managers, but also all kinds of middle- and senior-level managers to effectively manage their teams. Thus, lack of understanding of these concepts among the students is a big cause of concern.



# VI. EMPLOYABILITY BY QUALITY OF B-SCHOOL CAMPUS

In this section, we study the distributional properties of employability across colleges. The employability of each college for the various functions in the industry was determined and arranged in order of its rank. The trends for three representative profiles are presented here, while others are included in Appendix, Section C for completion.

## a) Analyst

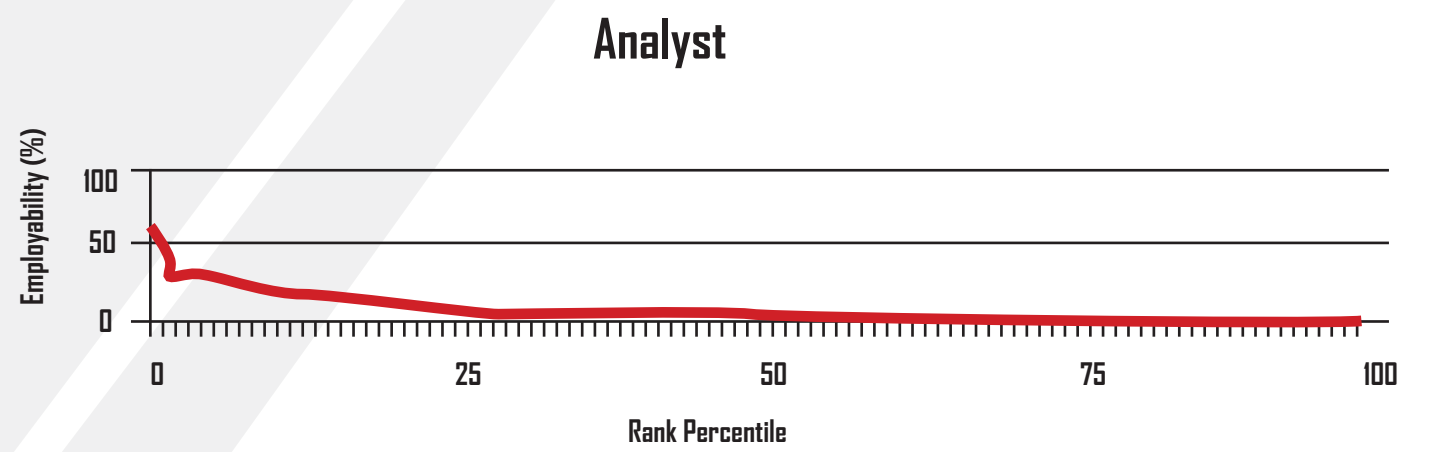


Figure 11: Employability percentage of students across colleges for Analyst roles

The following observations can be made from the above figure:

The best of colleges have employability as high as 58%, whereas the bottom 30 percentile colleges have employability of less than 2%. Only around 30% colleges show employability more than the average percentage of 8%, whereas the majority (70% colleges) has it close too lower than 8%.

One can observe that the employability across the analyst function falls to around 19% around rank 10, which is a fall of 3 times from that at rank 1. This steep fall in employability shows that the quality of education falls steeply as one goes down the list of top colleges, with close neighbors showing substantial difference in quality.

An interesting observation is that 59% of the candidates employable (See Table 19) in analyst function lie within the top 30 percentile colleges, while the remaining 41% are spread across the bottom 70 percentile colleges.

## b) Corporate/Institutional Sales

### Corporate/Institutional Sales

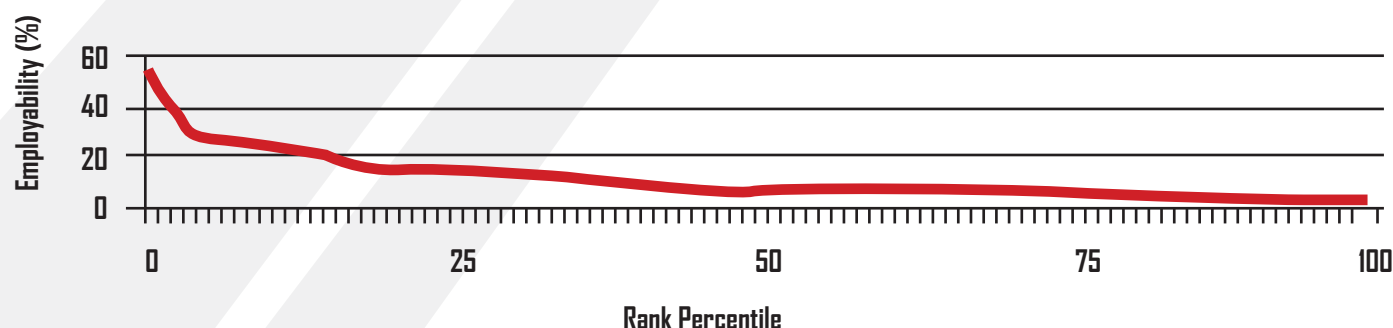


Figure 12: Employability percentage of students across colleges for Corporate/Institutional Sales roles

It can be observed from the above figure that for Corporate/Institutional Sales the decline in employability is more gradual (rather than drastic) as compared to the analyst profile. The employability of top ranked colleges figures as high as 56.92%, whereas more than 60% colleges have employability lower than the average value of 10.56%.

Some simple calculations indicate that 52% of the employable candidates are parked in the top 30 percentile colleges, while the rest 48% are in the rest of the colleges (See Table 19). Considering that no company in India has a campus recruitment program beyond the top 1000 campuses, about half of the employable pool, is invisible to recruiters. This is a matter of grave concern, as sales, being the primary earning weapon for most organizations, requires people who can actually take up those roles and succeed in them rather than unemployable people from top 30 percentile colleges who get those roles.

## c) BFSI Roles

### BFSI

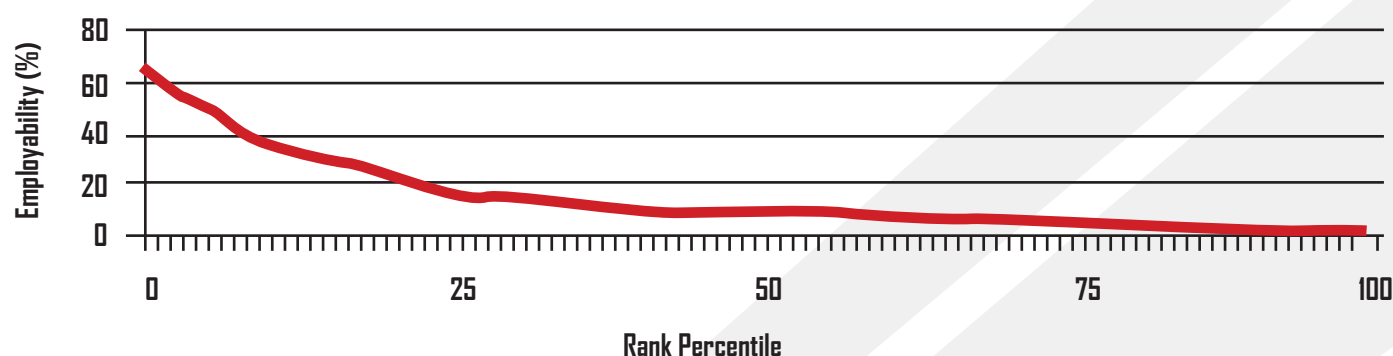


Figure 13: Employability percentage of students across colleges for BFSI roles

Here, one may notice that the top ranked colleges have employability pegged around 34%. More than 75% colleges have less than 10% students employable in BFSI roles. The fall in employability is gradual as we move along the curve. Further analysis shows that 64% of the candidates who are employable in BFSI functions are in the top 30 percentile campuses while the remaining 36% are in campuses beyond those in top 30 percentile (See Table 19).

	Top 30 Percentile Campus (~1000)	Rest of Campus (~2300)
Analyst Employability	9.91%	7.19%
Percent Employable Pool	59%	41%
Corporate/Institutional Sales Employability	11.40%	10.30%
Percent Employable Pool	52%	48%
Financial Services Employability	10.25%	6.05%
Percent Employable Pool	64%	36%

Table 19: Top 30 percentile campuses vs. the rest

In summary, with regard to employability distribution among campuses, there is a wide variation of employability from as high as more than 50% to 0%. There are a large number of colleges with exceptionally low employability: For instance, bottom 30 percentile campuses have only 2 per 100 candidates employable in Analyst roles, while for Finance roles none of the candidates in bottom 20 percentile colleges are employable.

Finally, we find that 48% of employable candidates for Corporate/Institutional Sales roles are beyond top 30 percentile colleges and 36% of employable candidates for Finance roles are enrolled in campuses ranked beyond the top 30 percentile, thus forming an invisible pool to most employers in India. These candidates, in the not-so-good campuses, require to be included in the employment ecosystem and provided with an equal opportunity. Not only shall this provide greater efficiency to corporate India, but have a trickledown effect in improving the employability of other students emerging from these campuses. Its importance cannot be overemphasized.

# APPENDIX

## A. States Included in Each Zone

The report provides various comparisons across zones. For these comparisons, the country was divided into four major zones: North, East, West and the South. The constitution of each of these zones is given below:

North	East	West	South
Delhi	Chhattisgarh	Gujarat	Andhra Pradesh
Bihar	Orissa	Maharashtra	Karnataka
Haryana	Tripura	Rajshthan	Kerela
Jammu & Kashmir	West Bengal		Tamil Nadu
Jharkand			
Madhya Pradesh			
Punjab			
Uttar Pradesh			
Uttarakhand			

Table 20: Categorization of states across different zones

## B. Aspiring Minds Personality Inventory

AMPI: Aspiring Minds Personality Inventory is based on the five-factor model of Personality.

A widely accepted scientific model, five factor model has shown robust and reliable job correlation in several meta-analytic studies. Aspiring Minds' Personality Inventory (AMPI) is the first statistically validated personality inventory designed for personality analysis of Indians for providing inputs for selection in corporations. AMPI is based on the five-factor model, which is by far the only scientifically validated and reliable personality model for job selection.

- AMPI measures five broad-based traits:

Extraversion, Openness to Experience, Agreeableness, Conscientiousness and Emotional Stability  
 These traits show high correlation with long-term on-job performance.

- AMPI items are constructed with the Indian context and linguist capabilities in mind.
- AMPI items have been tested and validated for statistical reliability under faking and social desirability scenarios. Different norms are available for such conditions.
- All scales of AMPI have reliability (cronbach alpha) of more than 0.70.
- Multiple statistically constructed norms are available for scoring within applicants of a particular degree, particular experience and the use of inventory for different purposes and scenarios.
- AMPI is the only instrument which has been validated for multiple profiles and sectors in India. Certain traits of AMPI show strong correlation with job performance in these sectors and can help improve workforce performance by 25% to 40%.

## Major Traits analyzed by AMPI:

### I. Extraversion (E)

**Sub Traits:** Gregariousness, Assertiveness, Activity, Excitement Seeking, Positive Emotion

#### Trait Description

Extraversion, on the one hand, corresponds to sociability, i.e. people who have a liking for people and gathering. Additionally, extraverts are talkative, active and assertive. They are excitement seeking. Hogan, in 1986, interpreted extraversion as having two components, i.e. sociability and ambition. Both intuitively and empirically, extraversion correlates to high performance in sales profile and other enterprising occupations.

#### Common Job Correlates

- Sales Job
- Enterprising Occupations

#### Sample Statements

- I really enjoy taking rides in amusement parks.
- I like to play games at parties.

## II. Conscientiousness (C)

**Sub Traits:** Competence, Order, Dutifulness, Achievement Striving, Self Discipline, Deliberation

### Trait Description

Conscientiousness has been called by some psychologists (e.g., Digman, 1989) as the Will to Achieve. It is generally seen to have two components, one that of achievement striving and the other that of dependability. The latter is characterized by being thorough, organized, responsible and planful. The former is related to volitional variables such as hardworking, persevering and achievement oriented. From point of view of job success, conscientiousness emerges as the strongest and most consistent correlating trait.

### Common Job Correlates

- All Jobs

### Sample Statements

- I keep monthly account of the amount I spend.
- I like to follow strict schedules.

## III. Emotional Stability (ES)

**Sub Traits:** Reassurance, Calm Friendliness, Cheerfulness, Self-confident, Deliberation, Invincibility

### Trait Description

Emotional Stability is associated with traits such as calm, happy, proud, undisturbed and confident. Emotionally stable people are even tempered and relaxed. They can face stressful situations without getting upset.

### Common Job Correlates

- Low Emotional stability is an elimination criterion for most jobs

### Sample Statements

- I am very stressed at times.
- I will walk out of a discussion, if I do not agree.

## IV. Agreeableness (A)

**Sub Traits:** Trust, Straightforwardness, Altruism, Compliance, Modesty, Tender-Mindedness

### Trait Description

Agreeableness refers to social conformity, friendliness, compliance and altruism. Agreeable people are sympathetic to others, help others and trust others to help them too in return. They are popular amongst their colleagues and do not believe in manipulating people. Agreeable people are good for customer relationship profiles and work well in teams.

### Common Job Correlates

- Customer Relationship Profiles

### Sample Statements

- I avoid arguments with colleagues in public.
- We need to do more to help the needy and unfortunate.

## V. Openness to Experience (O)

**Sub Traits:** Ideas, Values, Actions, Feelings, Aesthetics, Fantasy

### Trait Description

Openness to Experience is associated with being broad-minded, unconventional, having a rich artistic sensitivity and being curious and imaginative. O has been a trait hard to identify and been called intellect, culture or openness to experience by various psychometricians. An open person is creative, willing to challenge authority and entertain new ideas.

### Common Job Correlates

- Creative Jobs
- Research-oriented Jobs

### Sample Statements

- I decorate my house on festivals.
- I experiment with different kind of food.

## C. Employability by Quality of B-School Campus

### a) Business Consulting

#### Business Consulting

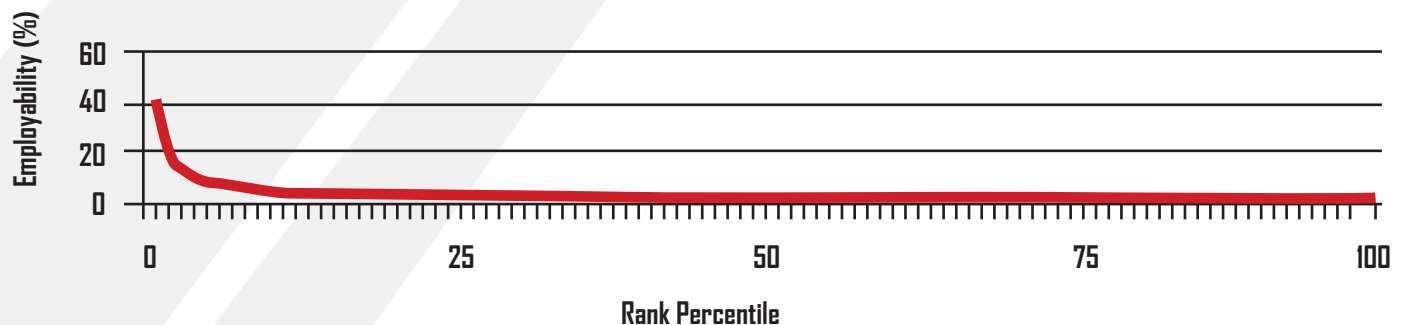


Figure 14: Employability percentage of students across colleges for Business Consulting roles

- There is a steep decline in the employability as we move from top ranked colleges to the colleges at the bottom.
- The best of colleges have employability as high as 50%, whereas more than 80% of colleges have employability of less than 10%.
- Only 1/4th of the colleges have employability greater than or equal to the average figure of 2.52%, while the rest have it less than that.
- The disturbing fact is that there are no students in the bottom 45 percentile colleges who are employable in Business Consulting roles.

#### B2C Sales

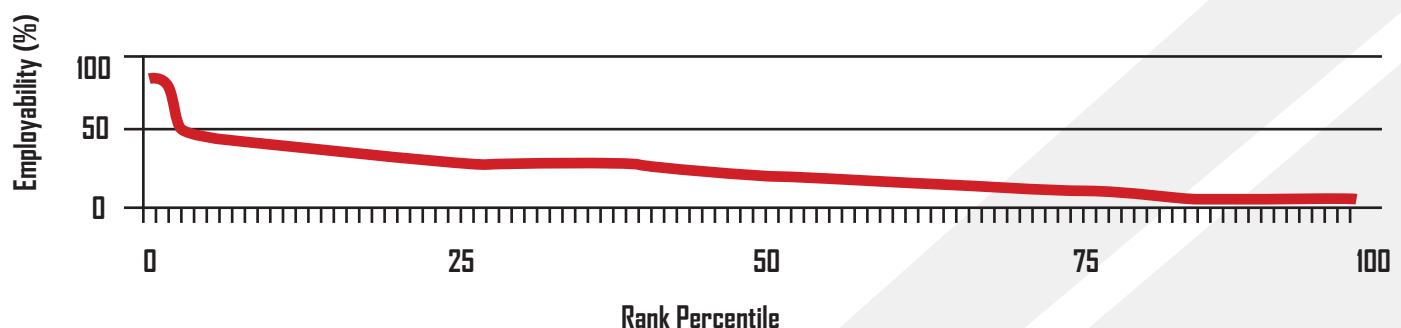


Figure 15: Employability percentage of students across colleges for B2C Sales roles

- The top ranked colleges have exceptionally high 80% employability, and only 20% colleges have employability lower than 10%.
- Around 50% colleges have employability more than average figure of 21%, whereas the rest (50% colleges) has it close to or lower than 21%.



- It can be observed that except for 2 outlier cases, all colleges have at least 2.5% employability.
- For B2C sales the fall in employability is gradual throughout the graph rather than steep. After 10 rank percentile, the relationship between rank percentile of college and employability is almost linear.

c) ITeS/BPO

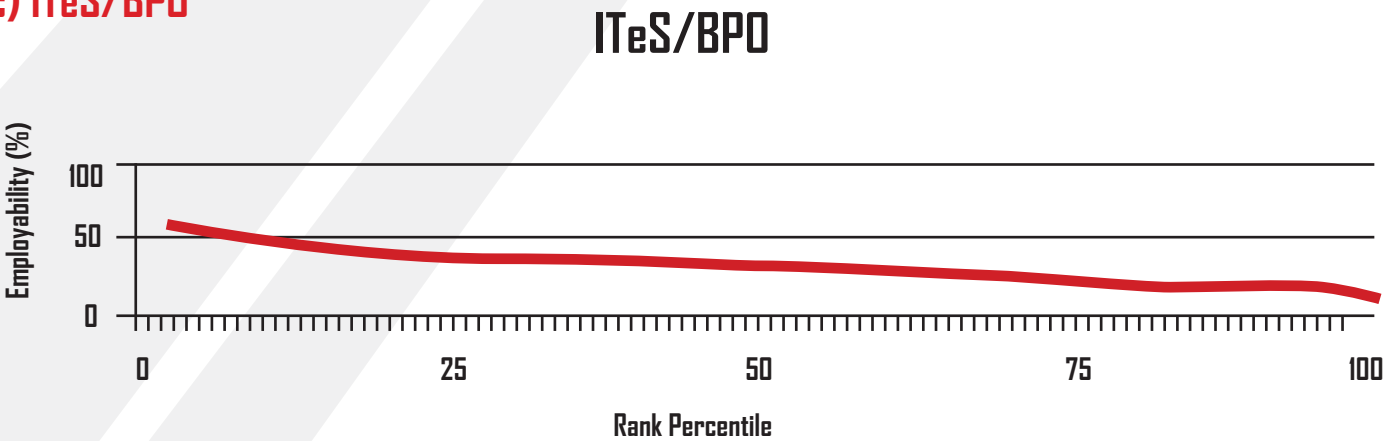


Figure 16: Employability percentage of students across colleges for ITeS/BPO roles

- The top ranked colleges have employability as high as 60%, and all colleges have at least 10% employability.
- Around 50% colleges have employability more than the average figure of 33%, whereas the rest (50% colleges) has it close to or lower than 33%.
- The relationship between rank percentile of college and employability is almost linear. Thus, the decline in employability as we move towards the bottom ranked colleges is not drastic.
- This linear trend is expected as a higher ranked college should have a slightly higher percentage of employability in order to justify its higher rank, and that is exactly what we find here.

d) Customer Service

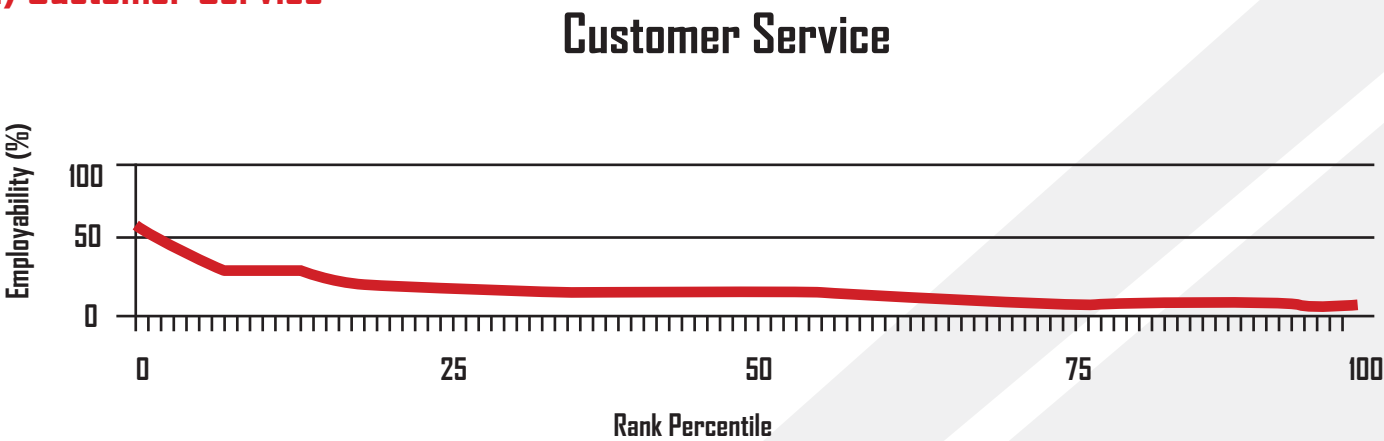


Figure 17: Employability percentage of students across colleges for Customer Service role

- The top ranked colleges have employability as high as 75%, whereas more than 25% colleges have employability lower than 10%.
- Only around 45% colleges have employability more than average figure of 16%, whereas the majority (55% colleges) has it close to or lower than 10%.
- It can be observed that almost all colleges have respectable employability percentage of at least 2%.
- The fall in employability is steep as we move from Tier I to Tier II colleges, whereas the fall is gradual from Tier II to Tier III colleges.

e) HR

HR Roles

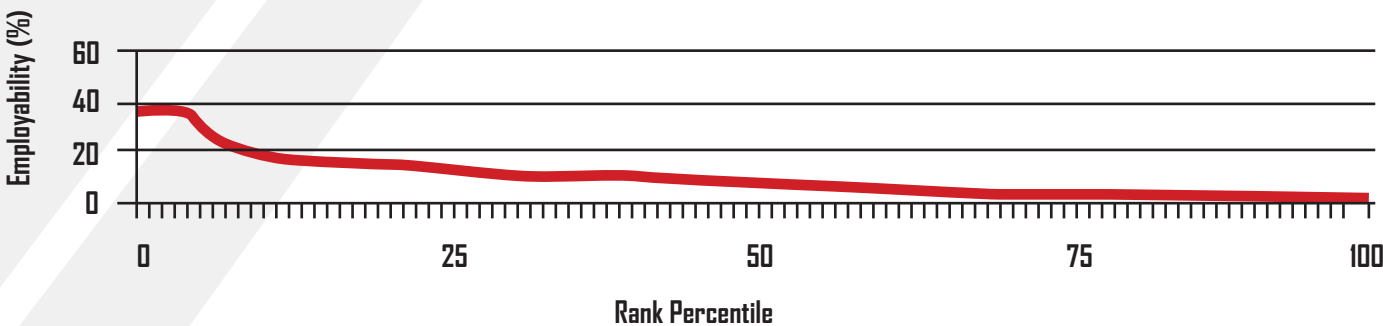


Figure 18: Employability percentage of students across colleges for HR roles

- The top ranked colleges have employability as high as 40%, whereas more than 60% colleges have employability lower than 10%.
- Only around 40% colleges have employability more than the average figure of 9%, whereas the majority (60% colleges) has it close to or lower than 10%.
- The fall in employability is steep from Tier I to Tier II colleges, whereas the fall is gradual from Tier II to Tier III colleges.

f) Marketing

Marketing Roles

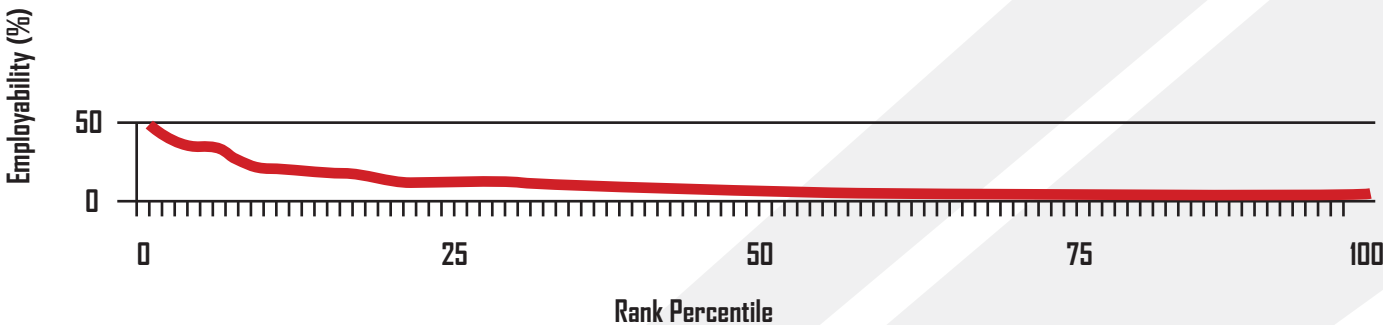


Figure 19: Employability percentage of students across colleges for Marketing roles

- The top ranked colleges show employability as high as 45%, whereas more than 70% colleges have employability lower than 10%.
- Only around 30% colleges show employability more than the average figure of 7%, whereas the majority (70% colleges) has it close to or lower than 10%.
- The fall in employability is steep from Tier I to Tier II colleges, whereas the fall is gradual from Tier II to Tier III colleges.

## g) Operations

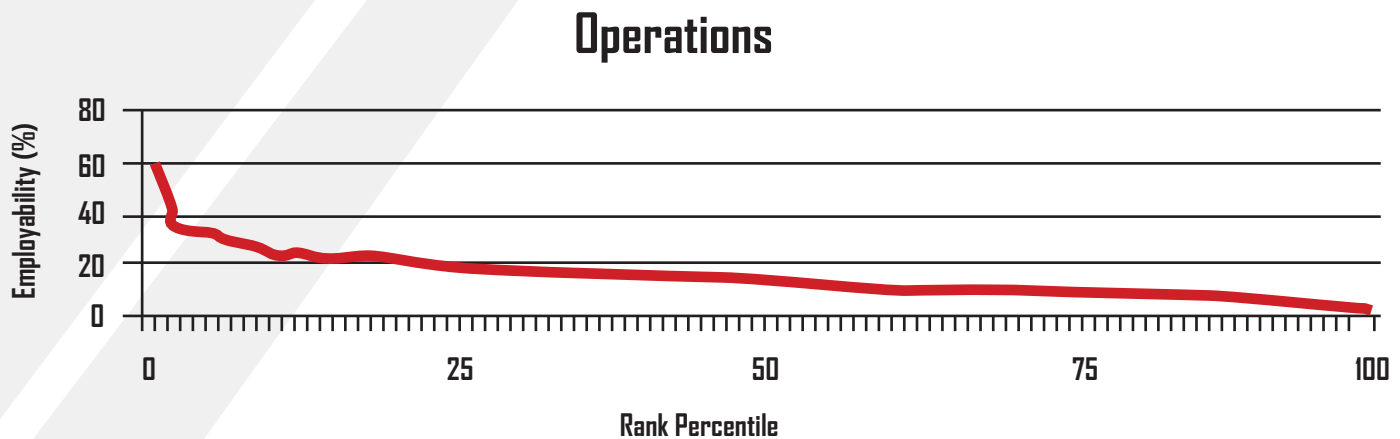


Figure 20: Employability percentage of students across colleges for Operations role

- Figure 20 presents the employability of each college for Operations functions in the industry, determined and arranged in order of its rank. The top ranked colleges have employability as high as 60%.
- Around 27% colleges show employability that is lower than 10%.
- Around 50% colleges show employability more than the average figure of 15.5%, whereas the rest (50% colleges) has it close to or lower than 15.5%.
- The fall in employability is steep as we move away from top ranked colleges and then it becomes gradual.

## About Us:

Aspiring Minds is India's leading employability solutions company, headquartered in Gurgaon. Aspiring Minds offers scientific assessments with an innovative large-scale sourcing model analogous to a GRE-for-job concept. The state-of-the-art assessment tools developed by Aspiring Minds have been used across industry verticals to help recruit the right people, develop profile-wise employability benchmarks and assess workforce health.

Aspiring Minds' intelligent adaptive assessments span across Language, Cognitive skills, Domain knowledge and Personality. A strong in-house research and development team with alumni from IITs and MIT form the development back bone of the patent pending assessment tools.

AMCAT® - the flagship product is India's Largest Employability Test. Conducted across the country throughout the year, AMCAT has been taken by over 750,000 candidates in 1300+ campuses, spread across 23 states. Tens of thousands of candidates secure their dream jobs every year through AMCAT.

Powered by a highly dedicated management team drawn from the IITs and IIMs, over 200 full-time employees, and a pan-India operational presence, Aspiring Minds has helped leading brands across verticals to improve their recruitment process efficiency and the quality of talent they hire. Aspiring Minds products and solutions have been adopted by more than 170 clients in sectors as diverse as BFSI, IT, ITeS, Hospitality, Retail, etc. The client list ranges from Daimler, Tally, Axis Bank, L&T Finance, SBI Life, Genpact, Stock Holding Corporation of India, Future Generali, HDFC Asset Management, Citibank, Bharti Axa Life, Ixigo - Gurgaon, Investors Clinic - Noida, Exciting Holidays - Surat, Housing Co In - Mumbai, HCL, Microsoft, Tata Motors, Mphasis, and ZS Associates

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