

GAP SKILLS GAP SURVEY

Survey for the Indian Banking, Financial Services, and Insurance Sector

6 March 2010

The Skills Gap Survey is an initiative of **The Higher Education Forum** supported by **1SOS & Westat**



Westat india | Social Sciences

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Foreword

In July 2009, the committee of the Higher Education Forum (HEF) considered pursuing original research that would serve as the starting point for other research projects.

HEF is committed to the cause of improving educational programs, particularly in the higher education space, in an effort to better link students' preparations and industry expectation, thus improving the employability of graduating students.

HEF was approached by 1SOS and Westat India Social Sciences with an offer to help in conducting the research. Based on populist views of our members, it was decided to conduct the Survey on the Potential Skills Gap between Recent MBA Graduates and the Needs of Their Employers in the Indian Banking, Financial Services, and Insurance (BFSI) Sector.

The study was based on primary research. HEF is proud to present the report in partnership with 1SOS and Westat India.

We are sure this report will add value to the education institutes and the corporates in learning about the skills gaps and finding solutions to bridge these gaps.

Dr. A K Sengupta
Convener
Higher Education Forum
March 2010

Profile of the Survey Sponsors

The Skills Gap survey was conducted by the Higher Education Forum in partnership with 1SOS and Westat India Social Sciences.

HEF

The Higher Education Forum (HEF) is a voluntary, non-profit group of individuals and organizations representing stakeholders directly and indirectly associated with any form of higher education in India. Besides institutional partners, the members of the Forum include academics and the teaching community spanning all sectors, corporate executives, academic entrepreneurs, management professionals, scientists, engineers, and all those committed to growth and development of higher education in India and abroad. HEF was launched in 2009 by a number of academics and corporate representatives to create a “voice of individuals” in the space of higher education. The HEF members share a strong belief that reform in higher education is imperative. Today, HEF has more than 1,700 members. For further information about HEF, e-mail HEF Convener, Dr. A K Sengupta: aksengupta51@gmail.com.

1SOS

1SOS is the leading market research and consulting partner of global market research and consulting firms.

1SOS assists global research and consulting firms with little or no presence in India by supporting them on their project execution. 1SOS offers an array of services, including devising entry strategies, conducting feasibility studies, and conducting market research activities such as

facilitating and conducting web-based surveys, telephonic interviews, personal interviews, organizing focus group discussions, and summarizing and developing reports. 1SOS helps its global partners to outsource their non-core functions to release their expansive resources and unlock value. 1SOS has excellent networks with Policy Makers, Government bodies, Industry Associations, Corporate at promoter/CXO’s level, and Various NGO’s across India. 1SOS has a pan-India network of associates. 1SOS was instrumental in conceptualizing and executing this first Skills Gap Survey. For further information about 1SOS – One Stop Outsourcing Solutions, visit www.1sos.in or e-mail 1sos@in.com.

Westat India Social Sciences

Westat India Social Sciences is a wholly owned subsidiary of Westat, Inc., the largest statistical services research corporation in the United States. Since 1963, Westat has provided research services to the U.S. Federal and state governments in areas including education, health, and social services. Because of the broad range of our technical and subject area expertise, we bring a depth of knowledge to projects. This knowledge has provided invaluable information about the well-being of the American people as well as the global community. Westat welcomes the opportunity to provide this same quality of support to projects in India. For further information about Westat India, visit www.Westat.in.

Executive Summary

Do new MBA graduates of India's institutes and universities meet the expectations of their first employers? To date, no systematic study of the issue has been undertaken.

The Higher Education Forum (HEF) initiated the Skills Gap Survey to study this issue. This first such Survey looks at recently hired MBAs in the Indian Banking, Financial Services, and Insurance (BFSI) sector. In addition to addressing the lack of accurate information on the topic, the Survey hopes to help education institutes prepare MBA graduates to meet the expectations of their prospective employers. Westat India Social Sciences (Westat) and ISOS cosponsored this study with HEF.

This first Skills Gap Survey, which focuses on whether there are gaps between the expectations of employers and the performance of newly hired MBAs in the BFSI sector, was conducted between late November 2009 and January 2010. The core topics covered by the Skills Gap Survey are the Knowledge, Skills, and Attitudes employers expect of these new MBAs, and their performance compared to these expectations. A purposive sample was compiled starting with members of HEF and moving outward from there. In total, data were collected from 113 individuals from 74 organisations in the BFSI sector. This included one Human Resources (HR) representative from each of the organisations involved in the study and 39 senior executives who directly supervise newly hired MBAs from these 74 organisations.

All respondents completed a short, web-based survey. In addition, a small sample of respondents also took part in a supplemental in-depth telephone

interview. This interview covered many of the same topics as the web-based survey, thus providing an opportunity to more fully understand the data collected in the web survey. Where the web-based survey provided breadth, the in-depth interviews provided depth, helping develop a more complete picture of the potential gaps in expectation and performance of newly hired MBAs.

The Skills Gap Survey provides objective data to show that there are, in fact, gaps between industry expectation and the performance of newly hired MBAs. The Survey provides insight into exactly where these gaps are, why these gaps exist, and what can be done by industry, education institutes, and even the new MBAs themselves to reduce these gaps.

The Survey found that industry has the highest expectations for newly hired MBAs in the area of Attitudes, followed by Skills, and finally by Knowledge. The consensus view, as shared by one respondent, was clear: *"We hire people for attitude and train them for the skills"*.

The Skills Gap Survey found the following areas were most important to industry but were not necessarily the areas where new MBAs performed best. They expect new MBAs to come to the corporate world with the proper attitude. They must be committed, dedicated, self-disciplined, self-motivated, showing an aptitude and willingness to learn. They must possess strong analytic, listening, and communication skills, and they must be able to work in a team and collaborate. Finally, they must come in with at least a basic knowledge of the organisation and processes within the organisation, and an understanding of products, solutions, and

services – including those of competitors – as well as consumer behaviour.

Aptitude and willingness learn were considered incredibly important Attitude attributes required of newly hired MBAs. Almost all respondents, 93 percent, reported these were important or very important. Industry also reported that new candidates were in fact bringing these positive attitudes to their first jobs; only 10 percent felt these attitudes were lacking or in need of improvement. The second Attitude attribute that most respondents, 92 percent, classified as important or very important was self-motivation. However, 31 percent felt performance in this area was lacking or in need of improvement.

Regarding Skills, although listening skills were considered paramount, with 93 percent of the sample reporting this attribute was important or very important, a large gap was seen between expectation and performance. Thirty-three percent felt despite the importance of this skill, performance was lacking or in need of improvement. For other major critical Skill attributes, such as analytic skills, expectations and performance were well matched. Here, 90 percent of those surveyed reported this skill was important or very important, and only 16 percent felt performance was lacking or in need of improvement.

Finally, the Knowledge attributes considered most important were also the areas where the largest gaps were seen. Seventy-eight percent of respondents felt both knowledge of organisation and process, and knowledge of products, solutions,

and services were very important or important. A little under 50 percent also felt newly hired MBAs were lacking or in need of improvement in these areas.

This research revealed two prominent themes. First, there are differences in Knowledge, Skills, and Attitudes based on the institute fresh MBAs attended. Eighty percent of those surveyed felt that the institute mattered. Second, industry is generally concerned with the unrealistic expectations of newly hired MBAs in terms of salary, position, and corporate mobility.

Ultimately, respondents believed that both educational institutions and corporations needed to, and can, take action to limit the gaps in Knowledge, Skills, and Attitudes and manage expectations of newly hired MBAs. All respondents believed educational institutes need to focus more on practical education, based in strong, relevant case studies and market-driven curriculum. Corporates, on the other hand, were viewed as having to assist with imparting practical knowledge by reinvesting and refocusing their summer internship programmes to make them more effective. Respondents also felt they need to have a more long-term vision, focusing less on the bottom line and more on the long-term development of newly hired MBAs.

The Skills Gap Survey found that to limit gaps, manage expectations, and ultimately improve MBA education and the quality of MBA candidates in India, educational institutions and corporations must interact meaningfully and work together.

Introduction

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The core topics covered by the Skills Gap Survey are the Knowledge, Skills, and Attitudes employers expect of these new MBAs, and their performance compared to these expectations. In addition, the survey also collected information on organisation and respondent characteristics, MBA hiring practices, a profile of the MBAs hired, and training programmes for these new hires. The respondents were also asked about their organisations' interaction with education institutes and what they believe these institutes and organisations like theirs can do to reduce any gaps they see between expectation and performance of newly hired MBAs.

About the Organisations That Participated in the Survey

Of the 74 BFSI organisations surveyed, a large number, 43 percent, were relatively mature organisations. They had been in operation in India for over 10 years. A relatively smaller percentage, 28 percent, were organisations in operation for 5 years or less, and a similar percentage, 26 percent, had been operating in India for 6 to 10 years. Hence, the views reflected in this report are of organisations that have been in operation for some time, which implies some stability in organisation operations and, thus, stability in expectations of new and existing staff.

Another organisation characteristic that reflects the nature of operations is size as defined by number of employees. A relatively small percentage, 20 percent, of the organisations surveyed have less than 100 employees. Twenty-eight percent employ 100 to 500 people, 12 percent employ 500 to 1,000 people, and 37 percent have more than 1,000 employees.¹

Also relevant from an operations perspective is training and orientation processes for newly hired employees. In the Skills Gap Survey, a relatively large percentage of participating organisations, 62 percent, reported that they have a formal training programme for all new MBAs they hire. A large number of these organisations with formal training programmes, 53 percent, have 1- or 2-week programmes. These are primarily a basic induction and socialisation into the company providing an overview of the organisation and its processes,

basic product or industry knowledge, and general information regarding company policies and procedures. Twenty percent reported 3- or 4-week training programmes, and 9 percent reported 6- to 10-week programmes. These slightly longer programmes tend to include more hands-on training in various divisions or functional areas of an organisation in addition to the general induction programme.

Also, some programmes include training on particularly important market issues newly hired MBAs are likely to face immediately on the job. For example, if housing stocks have recently fallen, training will include specific knowledge on this issue to help new MBAs negotiate these new market developments more effectively. As one respondent explained, “It’s more about the workings of the organisation, it’s more about the market, and more about the people of the organisation”.

Finally, 11 percent reported 12- to 24-week programmes, and 7 percent reported programmes ranging from 48 to 52 weeks. These longer programmes include a general induction, hands-on training, and, in many cases, classroom training and closely supervised project work. It may also include sending newly hired MBAs to industry-specific training outside of the organisation.

Training new employees is resource intensive. It requires senior executives and organisation leadership to invest their time either in classroom training or in mentoring new employees. Hence, there needs to be a strong buy-in to in-house orientation and training programmes, and the staff involved have to feel it is worth their time and

¹ Three percent of participating organisations did not report any organisation-specific information.

effort. Seventy-four percent of HR representatives reported that it was indeed worth their time and effort to train newly hired MBAs, and 85 percent of senior executives directly supervising these new MBAs echoed this sentiment.

There were respondents who felt more could be done to assure their time and effort training was most productive. One respondent noted that better

training and more corporate-student interaction during the MBA programme would help. Another noted he would be more likely to strongly favor training if new MBAs were more willing to listen and understand they still have a good deal to learn about their new organisation and their new industry. Overwhelmingly, though, the consensus was that training was worth the time and effort.

Profile of the Recent MBA Graduates and Where They Work

With a better understanding of the organisations surveyed, we turn to the MBA graduates who are hired. This is done, specifically, to place into context these recently hired MBAs by the types of institutes they graduated from, the amount of previous work experience they had prior to starting their MBA programmes, and their areas of specialisation as reported by their employers.

Of the 74 organisations surveyed, 74 percent reported that they hire MBAs fresh out of school, while 26 percent reported that they only hire MBAs with two to three years of **relevant** work experience. However, only 9 percent of organisations that hire MBAs fresh out of school reported they hire MBAs with no prior work experience, relevant or otherwise.

Fifty-five percent of organisations hiring new MBAs hire from the top 25 Indian business schools, often considered India’s Tier 1 and Tier 2 institutions.

There are currently over 2,000 MBA programmes in India. Although the most well known and more prestigious programmes are those of the Tier 1 business institutes followed closely by the Tier 2 institutes, there are many additional programmes in India. And, not all organisations choose to focus on hiring candidates from these Tier 1 and 2 institutes alone.

Organisations have various reasons for this, but one respondent summed up the feelings of many by explaining that students from Tier 1 schools, in particular, “...are definitely more prepared, but

when you talk about value for [the] money, and you talk about [value] per unit of money spent on a particular candidate [or] the efficiency level per unit of the money spent on a candidate, there is no major difference”. In absolute terms, candidates from the top institutes may be more prepared, but the cost of hiring these candidates in terms of the salaries demanded can outweigh the benefit of hiring them for some organisations. As another respondent explained, when a new MBA comes in from one of the top institutes, “he has bought some level of premium tag...”, but that does not mean this candidate will have the most or best practical knowledge.

This study focused on corporations in the Indian BFSI sector, so it is not surprising that 80 percent hire new MBAs with a specialisation in Finance, or that the second most popular specialisation is Marketing.

Table 1. Percentage of newly hired MBAs by area of specialisation

Areas of specialisation	% of organisations hiring new MBAs with specialisation*
Finance	80%
Marketing	56%
Human Resources/ Personnel Management	27%
Information Technology	13%
Other areas**	11%

* Six percent of organisations that hire new MBAs did not report area of specialisation.

** Other areas include insurance-related areas and operations.

Looking at the specialisation and work experience of newly hired MBAs, organisations hiring MBAs with specialisations in Finance, Marketing, and HR overwhelmingly hire new MBAs with at least some work experience prior to joining their MBA programmes. Though MBAs coming into an organisation without any work experience were described as “bring[ing] a bit of fresh air”, organisations do see benefits to hiring MBAs with some work experience, especially for more market-specific, or front-line, positions. Regarding new

MBAs with some work experience, one respondent explained that these candidates are “...more receptive to the problems of the organisation, more receptive towards the market, more receptive towards the client...”. Another explained that they are “...more focused...more serious about [the] job”, they have more knowledge about how to operate effectively in an office environment. Understanding this can perhaps help us better understand why some specialisations are more likely to be tied to work experience.

Knowledge, Skills, and Attitudes: Understanding Expectations for and Performance of Newly Hired MBAs

The goal of the Skills Gap Survey was to understand if there were gaps between the expectations of employers and the performance of newly hired MBAs in the BFSI sector. To achieve this goal, survey respondents were asked to first rate their expectations of these new MBAs across a number of specific Knowledge, Skill, and Attitude attributes. They were then asked to assess their performance for each expectation.

The mean Knowledge, Skills, and Attitude scores in Table 2 provide a basic summary of expectations and performance across all the attributes surveyed in each area. The expectation score is on a scale of 1 to 5, where 1 indicates a given attribute is not at all important and 5 indicates the attribute is very important. Similarly, the performance score is on a scale of 1 to 5, where 1 indicates performance on a given attribute is lacking and 5 indicates performance on the attribute is

The following tables explore the data underlying each of these three scores. With respect to Attitudes, respondents reported that commitment and dedication, self-discipline, aptitude and willingness to learn, and self-motivation were the most important for newly hired MBAs to have. Of these, the gap was the least regarding aptitude and willingness to learn, implying that the new MBAs met their employers' expectations in this area. The largest gap between expectations and performance is seen regarding self-motivation.

excellent. The “gap” is the difference between these expectation and performance scores.

As shown in Table 2, expectations of employee Attitudes is the highest, followed by Skills and Knowledge. However, the width of the gap between expectations and performance is identical for all three areas.

Table 2. Expectation and performance scores

	Expectations	Performance
Knowledge	4.0	2.8
Skills	4.2	3.0
Attitudes	4.4	3.2

These data reflect the consensus view, as shared by one respondent: “*We hire people for attitude and train them for the skills*”. Attitude is considered more internal, more of a personal trait, and, thus, less likely to be taught or even teachable. If a new MBA comes to a company with the right attitude, the needed skills can be acquired on the job. But, if the new MBA does not have the right attitude, it can be very difficult for the candidate to succeed in his or her new environment.

Table 3. Employer expectation rating and performance assessment of newly hired MBAs by attitude

Attitudes	Expectation	Performance	
	Attitudes are very important or important	Attitudes are excellent or very good	Attitudes are needing improvement or lacking
Aptitude and willingness to learn	92.9%	46.9%	9.7%
Creativity	81.4%	28.3%	21.2%
Self-discipline	92.9%	34.5%	27.4%
Self-motivated	92.0%	37.2%	31.0%
Commitment and dedication	93.8%	37.2%	27.4%
Ethical behaviour	86.7%	42.5%	17.7%

With regard to Skills, listening, communication, and team work and collaboration were seen as most important followed by analytic skills. Of these skills, the smallest gap between expectation and performance is in analytic skills. This is a skill seen as incredibly important by employers, and they feel it is a skill many new MBAs possess when they enter the workforce. The largest gap between expectations and performance is seen regarding listening skills.

Table 4. Employer expectation rating and performance assessment of newly hired MBAs by skill

Skills	Expectation	Performance	
	Skills are very important or important	Skills are excellent or very good	Skills are needing improvement or lacking
Analytic skills	90.3%	38.9%	15.9%
Computing including Excel analysis	82.3%	46.0%	18.6%
Project management	67.3%	17.7%	38.9%
Communication (verbal and written including email communication)	92.0%	37.2%	24.8%
Presentation skills	84.1%	37.2%	23.9%
Team work and collaboration	92.0%	28.3%	26.6%
Listening skills	92.9%	24.8%	32.7%
Selling skills	70.8%	26.6%	34.5%
Conflict resolution	72.6%	16.8%	49.6%

Finally, in terms of Knowledge, understanding the organisation and the processes within the organisation and possessing knowledge of the organisation's and competitors' products, solutions, and services were considered most important by survey respondents. These were also the two knowledge areas where the largest gap exists between expectations and performance. The next largest gap is regarding knowledge of consumer behaviour.

Table 5. Employer expectation rating and performance assessment of newly hired MBAs by knowledge area

Knowledge	Expectation	Performance	
	Knowledge is very important or important	Knowledge is excellent or very good	Knowledge is needing improvement or lacking
Environment	75.2%	29.2%	29.2%
Organisation and processes within the organisation	77.9%	16.8%	46.9%
Products/solutions/services including those of competitors	77.9%	22.1%	46.9%
Consumer behaviour	76.1%	22.1%	45.1%

Understanding the Gap

Respondents overwhelmingly reported that there are differences in Knowledge, Skills, and Attitudes based on the MBA institute the recently hired MBAs graduated from – 80 percent of those surveyed felt it made a difference, where only 8 percent felt it did not, and 12 percent were unsure. Understanding why this is the case helps us better understand gaps reported in many of the specific attributes highlighted earlier. With over 2,000 institutions offering MBAs in India today, many respondents felt that “the difference is night and day”, with too much disparity between schools.

One area of concern relates to the selection criteria of candidates. As one respondent explained, “...the thing is...the best schools automatically attract the best talent” – even if they do not provide the best education, they start with the most talent. Therefore, top schools have a disproportionate advantage in terms of student and faculty ability and diversity, and industry attention.

The basic curriculum is the same, but the outcomes are quite different.

Faculty and Coursework

Respondents regularly noted that the knowledge and skills taught outside of the Tier 1 institutes were neither adequate or fully relevant. The reasons for this were multifold. Faculty, for example, are not equal at all MBA institutions. In general, respondents felt that all MBA faculty need to be better versed in industry-specific content, more knowledgeable about constantly changing market realities, and better equipped to impart more practical knowledge to students. Many respondents

commented that too many MBA programmes are overly focused on the theoretical with not enough case methodology being used.

The majority of respondents agreed that the use of case studies was not only necessary to close the gap between industry expectation and MBA performance in terms of knowledge and skills but also a distinguishing factor between different MBA programmes. It was frequently noted that MBA institutes need to use case studies as a primary teaching tool, that case studies have to be better taught, and that case studies need to be taught more consistently across programmes in order for MBA students to learn more practical knowledge and skills and, thus, be better prepared for the workforce.

Respondents noted that the top schools were using case method, but that their cases studied are not always relevant to Indian business realities, and emerging markets in general. According to one respondent, regardless of how well the Tier 1 institutes use case methodology, “There again we are finding a gap because ... many of the cases are not relevant to Indian business conditions”.

Expectations of Newly Hired MBAs

Gaps in expectation and performance, and the differences regarding these gaps based on the institution newly hired MBAs graduated from, are directly related to another major theme that emerged from this research: the need to manage the expectations of newly hired MBAs.

In general, a concern of the majority of respondents was the unrealistic expectations of newly hired MBAs in terms of salary, position,

corporate mobility, and the like. The school an MBA graduates from contributes to the disconnect between the expectations of these recent graduates and the reality for the majority of new MBAs entering the workforce.

Many respondents noted the incredibly high fees of most MBA programmes, particularly those at Tier 1 institutes. They believe that expectations, particularly regarding salary, are high because fees are so high, and students expect a return on this investment, and they want to see this return quickly. According to one respondent, "...unfortunately, if [institutes] are going to charge a huge sum of money, then [they] become a placement fairy for the student. So he's going to ask for a return on his investment, which is the compensation he's going to get from the company".

According to our respondents, MBA institutes start to treat candidates like customers instead of students, and in turn they are thinking only about money to get a return on their investment. Respondents feel that both the corporates and the education institutions need to better manage this expectation. The institutes cannot just be high-priced placement agencies. The corporates need to be honest about exactly what the work entails, how long it will take to advance, and offer realistic salaries.

Sense of Entitlement

Respondents reported that MBA students generally, and graduates from the top institutes specifically, tend to believe their degree "entitles them". As one respondent explained, "...there is some gap between the educational cycle, the attitude that is developed during the education, and the

job...When they have done [an] MBA, they think that they should be able to get the best of cream jobs available in the market", but the degree alone does not guarantee you the best job.

According to another respondent, the new MBAs expect high salaries and to do "white-collar work". The industry is willing to pay but expects these new entrants to "muddy their hands". Therefore, there is a disconnect. These new graduates need to realize that "they have to first understand the business before they can really be of some help and can give it a meaningful direction". Otherwise this leads to "dissatisfaction on both sides". The new graduates come in feeling they are a "CEO", but the organisation feels they need time to understand the business and learn before they can contribute more meaningfully.

Respondents did explain that they can understand on some level why newly hired MBAs feel this way. According to one immediate supervisor, "It's not actually unrealistic expectations. It's what they've seen...Suppose there is a guy who just joined an MBA college, okay. What does he see? He sees that someone who has passed out from this institute is a country head for a particular company, so he feels that he also pass the route and he reaches country head position. That's not possible. To become a country head you have to spend time, experience. So there is a gap between the thought process". It is true that some newly hired MBAs are getting the best jobs with incredible salaries, but not everyone can get the top job and definitely not right out of school. This respondent continued, "They think that only the MBA degree will get them that particular position, which is

absolutely wrong. It has to be an individual skill, and your performance during the course of what you're doing". He continued, "Whether you're Tier 1 or Tier 2, it hardly matters. It just gives you the first entry to the job. After that, it's all your skill, all your talent, that should count at the end of the day. So, the attitude which you are carrying as a Tier 1 candidate...will be dangerous for any candidate".

According to respondents, newly hired MBAs should not expect more because of the institute they graduated from, and companies should not just hire for "brand" or just to say they only recruit from these top institutes. They should hire for skill, attitude, and performance. It is because employers are making these top jobs with high salaries a reality for some that these expectations among new MBAs exist.

Respondents also noted that newly hired MBAs are not only seeing this within their institute or their cohort, but that there is also a general problem with the image of the MBA degree in India. Candidates see in the media how much can be made in the industry, and that is what they want. As one respondent explained, "Well you see, now the degree of MBA has brought [an] over-hyped value in today's employment market...they even show on television or in movies, that see, here is an MBA graduate...he is wearing a crisp, white, ironed shirt, and a beautiful tie, and a coat, and a suit, and he has a good job in an air-conditioned office, he has a secretary, and that kind of image always is flashing to the student's mind". The reality is that employers expect these newly hired MBAs "to get [their] hands dirty in the first couple of years".

Realistic Expectations

Respondents overwhelmingly believe that the fact that the degree does not guarantee a candidate the best job is not properly conveyed to the students by the educational institutes or their new employers. The institutes need to let students know it will often take 2 to 5 years to move up the corporate ladder. They need to provide more realistic expectations for the first job. To address this, respondents also feel that corporates need to work to be more realistic about what the average first job entails, of the type of work that needs to be done. They should not just be selling these jobs to new MBAs based on the bottom line, on the money to be made. According to one respondent both educational institutes and corporations "rather than painting a rosy picture to them, actually, just for the sake of hiring issues, tell them okay, this is what is there, and this is what you have to do, setting the expectations right".

In general, respondents felt that both educational institutes and corporations should be more honest about what to expect on the job – the educational institutes should better counsel the students to understand what the first few years on the job will really be like and what it takes to move up in an organisation.

Corporates should be more straightforward regarding initial placement. If new MBAs better understand the job they are entering, they will be more likely to stay motivated, stay grounded, and stay with an organisation long enough to learn, move up, and benefit the corporation and themselves.

Respondents noted that due to these unrealistic expectations, new MBAs get easily frustrated. If they do not immediately achieve the highest position and the highest salary, if they are not doing the high-level work they expected, they start looking elsewhere. This leads a number of newly hired MBAs to jump from one organisation to another in hopes of getting the job that meets their expectations, even if that job is not available to recent graduates. This does not benefit the organisations or the MBAs. As one supervisor explained, "...the freshers are very ambitious, and dangerously ambitious, I would say, because they don't think that, you know, changing the jobs, or changing the jobs very frequently, can do any harm. They think that...getting new jobs as frequently as possible will take them higher and higher, which is the wrong notion in their minds".

This helps explain the gap respondents reported between expectations and performance regarding commitment and dedication, self-motivation, and self-dedication. It is hard for new MBAs to be committed and stay motivated and dedicated if they do not feel they are being properly rewarded for the degree they have earned. If their expectations are significantly out of line with the reality, if they do not properly understand what their first job is likely to entail and the time it will take to advance in most organisations, it will be difficult for them to see the benefits of working their way up and giving themselves the time to learn their company and their industry.

On the part of the education institutes, the training needs to be more practical and the recruiters need to be more practical. The institutes

need to focus on the average placement of their graduates as much as the "best" placements to help new MBAs have a better idea of where they might land in the industry and what their first job is likely to entail. According to one respondent, "Expectation should not be low, neither should it be high. It should be moderate, and they should be given more knowledge skills, not only the expectation skill".

One respondent discussed how corporates and new MBAs both need to have a more long-term vision and not focus so much on the short-term, read salary, reward. He explained that corporations should not view new MBAs as a product. In his view, the problem is exemplified by situations where a new MBA gets brought in "...getting [a] handsome salary, and after three months the person is axed. Of course, he is not able to bring business. How can a person bring business in three months? It's impossible. Better not to take them [at] such a high salary. Of course, [when] they take them at such a high salary,...after three months they cannot justify it. So better moderate the salary. Put them on a low salary initially. When they're used to it, after a year or two, increase the salaries. Let them perform, give them opportunity, [don't] load them with so much responsibility at day one, [and] give them huge entry salaries that they cannot justify". This scenario does not appear to benefit anyone.

It was also suggested that no corporate should hire new MBAs with no work experience into a senior position. One respondent explained, "I think that's the wrong approach with every institute, every corporate...How can a young guy of 23, 24, who doesn't have any experience in the world, takes

a position of a senior manager, without any experience? He should work at the associate. He should work at the training for a year and two. Then, he should be technically upgraded. Not at the first instance.” If these jobs are not available for

fresh MBAs, it will help moderate expectations, and it can help new MBAs and corporates work to focus more on long-term career goals and less on short-term gain and prestige.

Work Ahead

Respondents were clear that there are actions education institutes and corporations should take, and need to take, to improve MBA education in India. Respondents continually noted that educational institutes need to work to improve faculty and assure the quality of faculty is more consistent across institutions. Faculty need to be able to teach relevant case studies, and they need to be more aware of the intense work environment their students will face and better prepare them for it.

Ultimately, respondents felt that providing more practical knowledge and making students more aware of the realities of corporate work and life needs to start with the faculty. From here, the curriculum needs to be continually updated to meet the changing needs and demands of the market. The market is not stationary, so curriculum cannot be stationary.

These are the primary ways that education institutes can manage expectations, work to limit the disparity between institutions, and address primary gaps in knowledge and skills brought to light in this survey.

Respondents suggested that education institutes work to match MBA candidates to industries based on their skills. Faculty should study the students' progress and work to guide them toward the industry where their skill set will be most effective. Student will be more successful and fulfilled, and employers will be better served. Respondents suggest focusing more on a good fit than a good salary as one way to help moderate expectations

and assure new MBAs have the knowledge and skills they need to succeed in a specific industry.

Respondents did not, however, put all of the onus on the education institutes. They felt there were a number of things corporates could do to minimize gaps and improve MBA education in India. Improving corporate summer internships was one suggestion. If employers want new MBAs to have more practical knowledge, more industry-specific knowledge, providing more effective internships is the perfect forum.

According to many respondents, the current summer internship regimen is not effectively run: "You need a mentor in the organisation, and I don't think that's possible if the relationship is just going to be there for a couple of months", one respondent explained, echoing the majority of respondents. He explained that it is hard for companies to justify providing someone to do solid mentoring when they are unsure if candidates will eventually work for the company. And, it is hard for candidates to really understand a company, let alone the industry, in only a couple of months. Also, many of the tasks students do during these internships are not conducive to real industry or organisational understanding. They need to be designed to help students better understand the real pressures of the workplace and the type of work they are likely to encounter early in their careers.

Respondents noted the need for corporations to have dedicated training teams that can better and more closely mentor summer interns to provide direction and training. This dedicated staff could assure training is more effective. Although this is a

cost to corporations, the returns are viewed as worth the investment.

Despite its flaws, many respondents see the current summer internship programme as beneficial. Thus, further investment in these programmes could have large returns. One respondent explained the benefits of the summer internships in this way: “It, first of all... gives them

a perspective [on] how the organisation works. So, it’s actually, you can say, a step ahead. It’s preparing them,...and for the organisation,...it’s sort of a ground to... cherry pick the best of the students”. Improving these programmes can eliminate skill and knowledge gaps and provide better trained MBAs for the corporations.

Industry-Academia Cooperation

Education institutes and corporations must work to close the gap between expectation and performance of newly hired MBAs, and they must **work together** to do it. There was clearly a consensus among respondents that cooperation is necessary and would benefit all parties – the institutes, the corporations, and the young MBAs. As one respondent explained, “If [the corporates] get involved as a kind of backward integration, the MBA schools would realize what actually is required on the job, rather than just going through the mundane bookish education”. Although many respondents noted that corporations are interacting with educational institutes on some level, they do not believe that this interaction is enough. They feel the interaction needs to be less about networking and more about understanding.

Many respondents felt that this interaction needs to be more hands-on. They felt that more industry professionals need to be directly involved with the faculty and in curriculum development. Respondents noted consistently that “there should be more faculty, more lecturers from the corporates that will hire these MBAs...; they could share their experience with the students so they can align them with the experiences of [the] organisation”. Many respondents agreed. They felt that the corporates must be willing to share their expertise and become directly involved in syllabus creation and curriculum development, more generally. Even though some are doing this now, all respondents noted more can be done.

One respondent, in particular, felt strongly that the corporates need to interact more with the educational institutes. They should be involved in educational boards, they should guest lecture, they should be more involved in providing more practical information to MBA students. To illustrate why this was so important, he shared one of his own personal experiences from his MBA programme: “There was person who...who had come in from the...manufacturing industry, and he was giving us a perspective on the manufacturing...how the operations process can be. You know...what is the input, output, and so forth...but, it was when he gave a talk on...how they faced the bottleneck...you can actually imagine how the industrial setup would be, how the machines would be...you can actually visualize it”.

Clearly, this limited experience in one respondent’s own educational programme had made a strong impression because it was so valuable. It is easy to see why so many respondents favored more interaction and more direct involvement between corporates and educational institutes. Those participating in this survey did see ways the situation could be improved and explained they are actively working to improve it. As one respondent explained, “...they always operated in islands...The Academia operating in their own island, then corporates are operated in their own island. Now, they are looking at a marriage because it’s of convenience and need”.

Academia and industry have something to offer, and both can benefit from more meaningful interaction.

Conclusion

This survey was conducted to systematically evaluate if there are gaps in the expectations and performance of newly hired MBAs in the Indian Banking, Financial Services, and Insurance (BFSI) sector. The Skills Gap Survey found that gaps do exist, particularly in Skills such as listening, and team work and collaboration; Attitudes such as self-motivation, self-discipline, and commitment and dedication; and Knowledge such as understanding organisation and process; product, solutions, and services; and consumer behaviour.

This research is the first step in understanding the gaps between industry expectation and the performance of newly hired MBAs in the Indian BFSI sector. A limitation of this survey is that it was based on a self-selected, convenience sample, hence it is not generalizable. Only a small sample of the many, diverse BFSI organisations were included in this study. Although this survey helps begin to understand the issue, further research is needed.

Additional research could expand this survey with a representative sample of BFSI organisations for a more complete picture of gaps in this sector. Also, this survey could be expanded by looking at this issue from the perspective of the MBA institutes and/or the new MBA graduates themselves. Also, the Skills Gap approach could be applied to other sectors in India to help other education institutes and industry in India better understand what corporations need and what education institutes are providing, and how any gaps that exist can be reduced.

The Indian BSFI sector is a driving force in the nation's ever-growing economy. The number of institutes offering MBA degrees in this sector is also increasing. For corporations, educational institutes, and the future employees of this sector, it is crucial to understand that each needs to rely on the others for all to be successful. Each must understand how they are interconnected and how best to maximize their interaction and contribution, and, ultimately, their return. The Skills Gap Survey is an important first step in this process.

This report was prepared by Westat India Social Sciences and 1SOS. If you have any questions about the Skills Gap Survey, please contact us at SkillsGapSurvey@Westat.in or 1SOS@in.com

