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Table of Contents

Editorial	v
Micro, Small and Medium Enterprises with Special reference to Start-ups <i>Dr. S. Manikandan & Ms. Heena Dhameja</i>	1
A Study on Placement of MBA Graduates of Management Institutes located in Tier II Cities of Karnataka and its Implications <i>Prof. Purushottam Bung & Mr. Suhas Rajput</i>	28
An Empirical Study on Employees' Stress among the Sales Executives of Private Banks which Influence the Employee Attrition with Reference to Private Banks at Coimbatore <i>Dr. S.Arul Senthilkumar & Ms. N. Punitha</i>	42
Influence of Investors' Profession in Investment Decision <i>A. Charles & Dr. R. Kasilingam</i>	53
Effectiveness of Training and Development Programmes in Shipping Industries <i>Dr.S.Sundararajan</i>	66
Family Work Conflict and Coping Methods among Married Women Workers <i>Siddaramu B</i>	77
An Analytical Research on Fundamental and Technical Analysis of the HDFC Bank Stocks in India <i>K.Keertana Devi, P.Prakash & Dr. S.Sundararajan</i>	90
Relationship between Achievement Orientation and the Performance - A special case with frontline Managers of Pharmaceutical Industry of Bangalore city <i>Dr. R. Krishna & Prof. Meera Uday</i>	106
Beware of Talent Management - A Reflection <i>Dr. A.Jagan Mohan Reddy</i>	115
FDI in Indian Labour Intensive Industries <i>Dr.V.Muthukumar, Dr.V.Babu & Mr.Mohammed Umair</i>	120
CHAVARA	128

A Study on Placement of MBA Graduates of Management Institutes located in Tier II Cities of Karnataka and its Implications

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Abstract

With the introduction of management education at a massive scale across the country, there have been apprehensions on the employability factor, resulting in the poor placement of the MBAs passing out of various post graduate management institutes located in Tier II cities. There seems to be clash of interests and priorities among the three key stakeholders – employers/recruiters, management of the institutions and students. One major reason for this phenomenon is the fact that majority of students taking admission in these management institutes are from vernacular background and hence lack language comprehension skills. Poor emphasis on acquiring soft-skills during schooling and graduation and unwillingness to engage wholeheartedly in the process of self-development are the other reasons.

Effort has been made in this paper to analyze the placement trend of the final year MBA students of the academic year 2013-14 from post graduate management institutes located in tier II cities across Karnataka across various industries. The placement record of seven management institutes located in Karnataka has been collected, tabulated and analyzed to find the pattern. The pattern is then discussed in detail to arrive at the meaningful inferences.

*A Study on Placement of MBA Graduates of Management
Institutes located in Tier II Cities of Karnataka and its Implications*

Attempt has been made to discuss on the upcoming industries and their preference in recruiting MBAs from tier II cities and the different job roles that are being offered to them. The expectations of the recruiters are also being studied with regard to the knowledge, skills and attitude which they look for/expect in the students.

The study will help the management institutes to relook into their course ware (curriculum & pedagogy) and Institution ware (Industry Institution Interface and other associations) and make necessary changes. The study on industry-wise recruitment provides the management institute an opportunity to look into the needs of the said industries and train the MBAs accordingly.

Keywords : Employability; Placement; MBA; Management Education; Tier II cities; Karnataka

Introduction

The management education originates itself from the 19th century from the United States and has spread its horizons across the globe. The advent of new industries made the domain of management education more lucrative and also demanded the management education to adapt itself to the changing needs and trends. Undoubtedly, the management education is a major discipline in the education domain of any nation today. The success of the professional management education in India is a result of the quality contribution made by the premier management institutes in India to the industry since 1960. The industry also has reciprocated in reviewing management education through effective collaborations with the management institutions. The ever increasing demand for management education, especially post 1991 (when India opened up its economy for the entire world and embraced privatization, liberalization and globalization policies) has resulted in mushroomed growth of thousands of management institutions in a very short span of time not only in metro cities but also in tier II cities across the country.

Because of the sudden surge in the number of Institutions there are some serious concerns among the stake holders of the management education, especially at Post Graduate level. The major stake holders

are being the employers/recruiters, management of the Institutions and the students. The biggest challenge faced today in the domain of higher education in general and management education in particular is the employability of the students once they complete the course. According to the study of The National Association of Software and Services Companies [NASSCOM] – a body of software services industry, 70-75 percent of the fresh graduates do not have the required skill set to be employable [2010]. A study by NASSCOM-McKinsey World Institute that over 75 percent of the engineering and 85 percent of the arts, science and commerce graduates in India are unemployable [2005]. Boston Consultancy Group [BCG] in its study [2011] found that 40 percent of the current workforce in India is illiterate and the same percentage is made of school dropouts. Only 10 percent of the total workforce are vocationally trained diploma holders, graduates and above. According to the National Employability Report of MBA graduates by Aspiring Minds (2012) less than 10 percent of the graduates are actually employable. And for functional role in the field of Human Resource, Marketing and Finance it is as low as 2.5 percent.

The major challenges faced by a majority of the management institutions today are two-fold. First one is how to attract good quality students and the second one is how to transform them, once admitted, into an employable source. The sudden surge in the number of management institutions, even in the tier II cities, and the volatility of the job market for MBAs has further aggravated the challenges. Moreover the stakes involved are also very high as every Institution (with an average intake of 120 students) want to survive and thrive.

The demographic and social background of the students opting for management education in tier II cities of Karnataka is quite different from that of metropolitan cities. Majority of these students have completed their schooling in vernacular medium, that too from the rural areas. Hence they lack the basic skill sets that are expected from the management graduates like; communication skills, presentation skills, interpersonal skills, self-confidence, etc. They are not fluent in spoken English and are poor in written English as well. Transforming these students, who come from different educational background, into professional managers, that too, in two years, is a big challenge in itself.

*A Study on Placement of MBA Graduates of Management
Institutes located in Tier II Cities of Karnataka and its Implications*

One of the important driving force for management education among tier II cities across India has been the placement records. In fact placement record of an Institution drives the admissions. A large number of MBA aspirants take admission into a MBA program with an aspiration to get a decent employment in the industry/corporate world with a handsome pay package and a good managerial position. The percentage of students who wish to join their family business or start their own venture post MBA is very less. Therefore it is important that Institutions should understand this underlying aspiration of the aspirants and design and develop their entire curriculum accordingly, which can transform the students and make them employable by the industry. Hence having good linkages with the industry bodies, industries, alumni, and potential recruiters has become must. This to some extent will expose the students to the world of industry and make them understand and appreciate the industry practices.

Thus there is a strong need to analyze the placement records of post graduate management institutions from tier II cities and understand the employability of the students post MBA. A study on industry wise placements at tier II B-schools will also give some kind of direction to the management institutions like; what are the streams that are in demand, what are the streams that the Institution can offer, pooling of the required resources, etc. Further a comprehensive study to know and understand the expectations of the potential recruiters from the MBAs will also help the management institutions to design and develop the entire curriculum accordingly and to deliver it through right pedagogy. Hence an attempt has been made through this research to analyze the placement records of selected Post Graduate Management Institutions from tier II cities of Karnataka and to study the expectations of potential recruiters from the MBAs.

Research Plan

Research plan to carry out the above described research work involve both primary and secondary research. The research reports and articles related to this topic, conducted by various agencies, were studied as part of secondary research and were referred in this article wherever necessary.

As part of primary research, a detailed survey of selected post graduate management institutions from Karnataka, pertaining to placements was conducted using structured questionnaire. In-depth interviews with the placement officers/coordinators were conducted using a structured interview schedule to know the expectations of the potential recruiters from the MBAs.

Research objectives

1. To study the industry wise placements in these institutions
2. To study the expectations of the potential recruiters from the MBAs graduating from these institutions
3. To analyze the placement records of post graduate management institutions located in tier II cities of Karnataka and to evaluate the employability of the students post MBA.
4. To suggest corrective actions to match with the industry needs and expectations

Sampling plan and information gathering

Data pertaining to placements was collected from the below mentioned institutions through a structured questionnaire based on convenience;

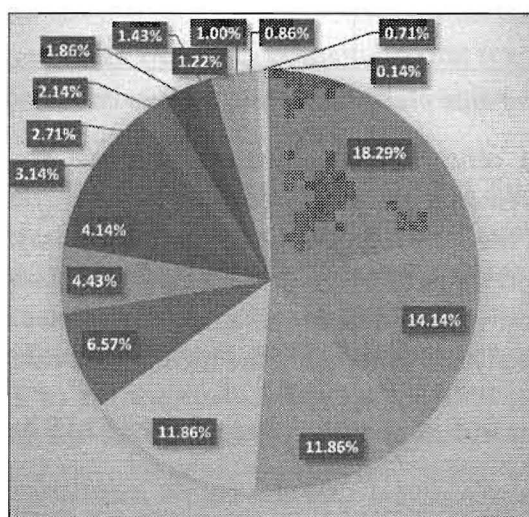
Code	Name of the Institute
A	Dr.M. S. Sheshagiri College of Engineering & Technology, Department of Management, Belgaum, Karnataka
B	KLS's Institute of Management Education & Research, Belgaum, Karnataka
C	Global Business School, Hubli, Karnataka
D	Adept Business School, Dharwad, Karnataka
E	KLE Society's Institute of Management Studies & Research, Hubli, Karnataka
F	BVVSangha's Basaweshwar Engineering College, Department of Management, Bagalkot, Karnataka
G	Jain College of Engineering & Technology, Department of Management, Belgaum, Karnataka

*A Study on Placement of MBA Graduates of Management
Institutes located in Tier II Cities of Karnataka and its Implications*

The information pertaining to expectations was collected from the placement officers/coordinators using structured interview schedule.

Data Analysis

The data pertaining to the final placement of students across various industries was gathered from all the seven Institutions for the 2013-14 Academic Year outgoing batch. The data was then tabulated and analyzed using MS-Excel to know the cumulative percentage of students placed in each of these industries. The pie chart shown below (Figure-1) depicts the trend of industry wise placements for MBAs.



Industry	Placements of MBAs in % in descending order
Financial Markets/Services	18.29%
BPO / KPO	14.14%
Banking	11.86%
Retail	11.86%
FMCG	6.57%
Insurance	4.43%
Media	4.14%
Supply Chain	3.14%

Paint	2.71%
Soft Drink	2.14%
Telecom	1.86%
Hotel	1.43%
Automobile	1.22%
Health Care	1.00%
HR Consulting	0.86%
Real Estate	0.71%
Advertising	0.14%

Figure-1: Industry wise placement of MBAs in per cent (in descending order)

The placement officers / coordinators of these seven Institutions were interviewed using a structured interview schedule to know the expectations of the recruiters/industry (industry wise) from the MBAs graduating from these tier II management institutions of Karnataka. The information gathered through these interviews was classified, grouped and analyzed to arrive at the meaningful inferences.

Discussion on industry wise placement of MBAs

The above analysis reveal that the below mentioned six industries account for nearly 65% of the total placements happening across the management institutions of tier II cities of Karnataka.

1. Financial Markets / Services – 18.29%
2. Business Process Outsourcing (BPO)/ Knowledge Process Outsourcing (KPO) – 14.14%
3. Banking – 11.86%
4. Retail – 11.86%
5. FMCG – 6.57%
6. Insurance – 4.43%

*A Study on Placement of MBA Graduates of Management
Institutes located in Tier II Cities of Karnataka and its Implications*

All the above listed industries are listed amongst thrust industries by the GoI and are growing at a significant rate.

Nearly 30 per cent of the total placements have happened in the financial markets and services and banking industry. The major players from these industries are keen to enter into the tier II cities and below, including rural markets. These industries offer wide gamut of products and services and want to penetrate into all the regional markets including rural markets. Hence they prefer the MBAs graduating from the tier II cities than the metropolitan cities. The job role involve marketing and selling of the financial products and services in the respective regions and back end financial operations as well. As the companies from this domain, barring few MNCs, cannot afford paying fat salaries, they prefer MBAs from tier II cities who are willing to work for comparatively less salaries.

The next industry that is hiring MBAs from tier II cities of Karnataka is the Business Process Outsourcing (BPO)/Knowledge Process Outsourcing (KPO) industry. This industry has experienced huge growth till 2010 and then onwards the growth has stalled for various reasons. The stall in the growth of this industry has put this industry under pressure to cut the costs. Thus they started hiring graduates and MBAs from the tier II cities as these graduates will be willing to work in metropolitan cities, under different shifts, at comparatively lower salaries than the graduates from metropolitan cities. Moreover Bangalore being a hub for this industry and graduates from tier II cities of Karnataka would like to work in Bangalore and hence prefer to relocate to Bangalore. It is a kind of win-win solution for both the companies and the graduates as well. There are companies from Pune, Mumbai and other smaller cities in Karnataka like; Hubli, Mangalore, Mysore, Shimoga, Gulbarga, etc., which regularly hire from these management Institutions.

The other three industries that account for placement of around 23% graduates are Retail, FMCG and Insurance. As India has opened up Retail and Insurance sectors for foreign direct investments, these industries are experiencing rapid growth. Like the banking industry

these industries including FMCG want to penetrate into all the regional markets including rural markets. The major players from these industries are keen to enter into the tier II cities and below, including rural markets and have come up with unique kind of products and services to cater to these markets. This is the reason they want to hire local talent than the outside one and hence prefer to hire MBAs from the tier II cities.

The above narrated arguments hold good for other industries like; Telecom, Media, HR consulting, Automobiles, Logistics and Supply Chain Management, etc. which are hiring MBAs from management institutions located in tier II cities of Karnataka. Specialization offered during MBA like; Finance, Marketing, HR, IT, Operations, etc., and in some cases dual specialization like; Marketing and Finance, HR and Marketing, etc., to some extent, attract these companies to hire MBAs from these Institutions as the nature of the job offered by these sectors is well suited to the MBAs who get specialized in some areas.

Discussion on expectations of the industry from the MBAs

The interviews held with the Placement Officers/Placement Coordinators of the above listed management institutions revealed the expectations of the industry from the fresh management graduates with regard to knowledge, skills and attitude, while considering them for employment. Having completed Masters in a particular discipline, the industry expects them to possess the basic knowledge on the subject matter especially in their area of specialization and clarity on the fundamental concepts/models/theories.

The primary skills that the industry looks for, in the candidates are as listed below;

1. Ability to work collaboratively
2. Adaptability
3. Analytical thinking
4. Communication skills
5. Creative problem-solving

6. Entrepreneurship
7. Industry-related knowledge and awareness
8. Taking initiative
9. Motivation/drive
10. Quantitative skills

Industry is very keen on hiring MBAs who demonstrate positive set of attitudes towards the job, company, fellow mates, place of work, learning, career aspirations, etc., and lot of weight age is being given to this. Industry is of the opinion that the knowledge can be imparted and skills can be developed at a later stage also, i.e. post hiring, but they can do very little to rectify the attitudes. Hence they want to make sure that the candidates that they are hiring carry right set of attitudes.

Corrective actions suggested to match with the industry demand and with the industry expectations:

It is important for the management institutes to ponder over the points raised above and try to bridge the gaps identified to make the MBAs from tier II cities more employable. Discussed below are some of the suggestions made by the Placement Officers/Placement Coordinators.

1. Frequent updating of curriculum and Pedagogy

Based on the inputs received from the industry, the management institutions should continually update their curriculum (entire course structure) and pedagogy (delivery of the course) as well. There has to be a mechanism in place to seek the feedback from the industry every six months and the Academic advisory body of the Institution should consider the feedback given by the industry and update the curriculum and pedagogy accordingly. Even though the sample Institutions that we have consulted is affiliated to State University, they should build this feature of updating the curriculum and pedagogy every six months. The management institutions should teach what is relevant and train the students the way the industry wants them to be trained.

Below described value added courses and activities can be offered to build the necessary skills amongst the MBAs:

1. Immersion course on English proficiency, where-in the students will improve their spoken and written English. This course will be tailoring made to suit the students profile and will be conducted for a small group of maximum twenty students by the experts. This will improve the confidence of the students, as significant percentage of students who join MBA in management institutes located in tier II cities undergo their school education in vernacular language and hence require this bridge course.
2. Setting up the informal forums like; Communication club, Reading club, Movie club, etc., and organizing series of activities and competitions to strengthen their communication skills, presentation skills, interpersonal skills and other soft skills.
3. Offering add-on courses (supplementary and complimentary courses) on emerging subjects/topics which are not covered in University curriculum to meet the requirements of the industry. Wherever the Institution can't offer it as a full-fledged course it can offer it as workshop.
4. The Institutions can use the group teaching method, where-in the course is offered by not just one faculty but a group of 2-3 faculty comprising full time teaching faculty, industry expert, practitioner, part time teaching faculty and guest faculty. This will certainly enhance the learning and will enable the students to appreciate diverse perspectives on the same subject.
5. Using innovative pedagogical tools like; activity based teaching and learning, role play method, case based teaching and learning, using multimedia cases, industrial visits and tours, live projects, etc. to make the teaching learning process effective.

2. Offering Industry Certified Courses

To create awareness about a particular industry amongst students and to enhance conceptual clarity about a specific subject matter, the management institutes can collaborate with the certifying bodies and offer the industry certified courses/coaching classes like;

1. NCFM: NSE (National Stock Exchange) Certification course in Financial Management for those who want to build their career in financial markets/services. There are various levels and options available for the students, to cater to the requirements of the industry.
2. AMFI: Association of Mutual Funds of India offers various certification courses to the graduates who want to build their career in Mutual Fund industry.
3. IBPS: Indian banking Personnel Selection is an entrance exam that a graduate has to clear and score well if he wants to build his/her career in banking industry. Management Institutions can offer coaching classes to meet this requirement.
4. Advanced MS-Excel certification courses: There are various levels and options available to the students and has become must for all the core finance positions in the industry.
5. SAP ERP Certification programs: There are multiple options available to students. Based on their specialization they can pick and choose.
6. CII-IL: Confederation of Indian Industry Institute of Logistics offer wide range of certification courses in Supply Chain Management and Logistics, etc.

3. Strengthening Industry Institute Interface

All the issues raised in this research article can be addressed/resolved considerably by strengthening its linkage with the industry and building a continuous and strong interface with the industry (local/district level/state level/ national level/ international/ global) and should result in win-win kind of situation.

Industry should get the benefits of training their personnel by providing them a platform for continual education offered by the Institution and seeking consultancy and research services offered by the Institution. Similarly Institution should get the benefits of better internship and placement opportunities for their students offered by the industry and keeping its curriculum and pedagogy contemporary through frequent interaction with the industry.

The faculty of the management institutions should get associated with the industry in their domain of expertise and help them in solving their problems, i.e. taking classroom to the industry. Similarly the industry experts should get associated with the Institution and offer courses/workshops to the faculty and/or students in their domain of expertise, i.e. bringing industry into the classroom.

Such active and continual interface between the Industry and Institution will help the Institutions in making their students industry ready.

Conclusion

Quality of the placements is a summative representation of the quality of the Institution. For a management Institution to excel and get the recognition from all its stakeholders, i.e. students, industry, parents, management, Government and society at large, it has to excel in placements. Every region will have their own specific challenges to deal with and Karnataka is not an exception. Considering the overall management education scenario that is prevailing in the region, it can be concluded that Management Institutions offering MBA in tier II cities of Karnataka should change their approach from working in silo to the collaborative mode. Institutions should try and match with the demand and expectations set by the industry and train students accordingly. For this, they have to strengthen their linkage with the industry and build a strong and resilient interface with the industry; keep their curriculum and pedagogy contemporary; and offer industry certified courses.

Good placements will attract meritorious students and meritorious students will achieve still better placements, which is a kind of upward resurgent spiral that results in improvement in the overall quality of the Institution and the education that it offers.

*A Study on Placement of MBA Graduates of Management
Institutes located in Tier II Cities of Karnataka and its Implications*

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