Determining the Skills Gap for New Hires in Management: Student Perceptions vs Employer Expectations

Mitchell Adrian
McNeese State University
USA

Abstract

This study is an exploratory attempt to evaluate the skills gap in the discipline of business management, based upon the perceptions of students as compared to the expectations of employers. While it has been assumed that the skills gap may be a shortcoming of higher education's inability to understand employer needs (Everson 2014), it is expected that the gap is more a result of misaligned student interpretations of employer needs and an academic environment that increasingly views the student as the customer. If faculty consider the employer as a primary customer, then perhaps academic programs can be redesigned to provide better opportunities to new graduates.
Keywords: skills gap, student learning, soft skills.

1. INTRODUCTION

Numerous studies over several decades have demonstrated a skills gap between employer needs and the skill sets of university graduates (Cappelli 1995; Conrad & Newberry 2012; Everson 2014; Murti 2014). This skills gap has been observed across nations (Jackson 2009) and across disciplines (Jeswani 2016; Messum, Wilkes, Jackson & Peters 2016; Salleh, Yousoff, Harun, & Memon 2015). Typically, there is an ongoing distinction between expectations of "soft" skills and "hard" skills possessed by graduates. Typically, "soft" skills are considered as those human relation and interaction skills which are not job specific. They are noticeable but difficult to measure. "Hard" skills tend to be those skills which are more job or industry specific and more measurable.

It is possible this proposed skills gap is being exasperated by the shift from traditional higher education learning methods to more online learning. It is known that online learning opportunities have grown exponentially over the years as computer and internet technology makes such courses more easily accessible (Allen & Seaman 2010). The availability of technology to reach students anywhere, anytime, coupled with the convenience for the student and additional cash flow for the university has inspired growth in online learning. The question remains as to whether students are able to learn or practice human interaction type soft skills while participating in an online learning environment. Another trend that may be affecting the skill sets of new graduates is the trend among universities to view the student as a customer. Rising tuition rates make it more difficult to attract students, pushing universities to offer or promise more for potential students. As a result, students are treated more like an end consumer, with satisfying their needs and concerns a primary focus of the institution (The Chronicle of Higher Education,

2012). Likewise, students are showing a trend toward the assumption of exchange theory, where they have paid their tuition and in exchange they expect passing, or even superior, grades as a result (Schings, 2017).

2. EMPLOYABILITY AND THE SKILLS GAP

Employers seek applicants with capabilities, skills, abilities, and personality attributes appropriate for their work environment (Jeswani 2016). Most student who attend an institute of higher learning do so with the assumption that attaining a degree with improve their employability and their earning power. This concept of employability is often defined as a preparation for graduates to successfully get jobs and to develop in their chosen career (Askov and Gordon, 1999; Fugate *et al*., 2004). The Australian Department of Education, Science and Training (DEST) (2002) defines employability as having the skills required to both gain employment and to progress within an enterprise so as to achieve one's potential and contribute successfully to enterprise. These skills are not job-specific, but are applicable across all levels and in all industries (Jeswani 2016; Sherer & Eadie, 1987).Employability skills are those basic skills necessary for getting, keeping, and doing well on a job (Robinson, 2000). Such skills are assumed to be teachable (Lorraine and Sewell, 2007) and transferable (Yorke, 2006).Yorke and Knight (2003) define employability as "A set of achievements—skills, understandings and personal attributes—that make graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy". The University of Exeter defined employability as, "The establishment of clear mechanisms by which students can develop their abilities to use and deploy a wide range of skills and opportunities to enhance their own academic learning and enable them to become more employable" (Lee, 2000).

The background theory often related to employability skills development is the human capital theory, which states that 'employability' is not only about shaping talent, techniques, and experience for an individual to get a job, but more towards the ability to do the work (Schultz, 1963). The difference between the skills needed on the job and those possessed by job applicants is referred to as the Employability Skills Gap (Jeswani 2016). Particularly for hard skills, hiring applicants with job-specific skills is often difficult. As a result, many employers assume the responsibility of training new workers. However, this also requires an expectation of trainability. Trainability means applicants have well-developed generic skills such as creative thinking, problem-solving and analytical ability (Jeswani 2016). Thus, employers need new hires who can learn and who can easily work with others.

Employability from the university perspective is about producing graduates who are capable of getting employed. Therefore employability is a result of learning how to learn and is a process rather than a product (Jeswani 2016; Lee, 2002). Employability relates to the ability of the graduate to get a job and to remain a life-long learner (Hillage & Pollard, 1998; Jeswani 2016; Harvey, 2001).

3. PREPARING NEW GRADUATES

Recent university graduates have been described as having a more "an unrealistic view of the world of

work, an exaggerated notion of one's importance and a strong sense of entitlement" (Braid, 2007, p. 15).A study by Graduate Careers Australia (GCA, 2008) indicated that employers reported that graduates as having over inflated expectations of salaries and speed at which their career would advance (Jackson 2009).Schultz (2008) argues that firms tend to see most new graduates as self-centered, unable to integrate into an existing team, and expecting to be placed in a senior position without demonstrating qualities for leadership.

When employers were asked how well universities in the US are preparing graduates for the work world, results were mixed with about half positive and half negative responses (Hart Research Associates 2013). Firms have been arguing that graduates are not equipped with the right set of soft skills that would enable them to integrate themselves and contribute effectively at the workplace (Constable and Touloumakos, 2009).

A study by Messum, Wilkes, Jackson and Peters (2016) examined the employability skills of new graduates in Health Services Management in Australia. They found the ten most important employability skills to be (in rank order):

1. Verbal communication skills
2. Integrity and ethical conduct
3. Time management
4. Teamwork
5. Priority setting
6. Ability to work independently
7. Organizational skills
8. Written communication skills
9. Being flexible and open minded
10. Networking

A similar research brief reported by Hart Research Associates (2013) on behalf of American Association of Colleges and Universities indicates that employers want graduates who possess the following skills (in no specific order):

•   Critical thinking
•   Complex problem solving
•   Written and oral communication
•   Applied knowledge or real world settings

What may be difficult for university officials and program developers to work with is that most employers focus on soft skills as the primary attributes sought in a new graduate. However, soft skills are difficult to teach and even more difficult to evaluate in the classroom (Murti 2014).It is often assumed by university faculty that soft skills are acquired by students while they are otherwise involved with the academic process (Murti 2014). So while universities are more focused on content knowledge, employers are seeking a different measure for employability (Hart Research Associates 2013).

4. DETERMINING PERCEPTIONS OF MANAGERS VS. PERCEPTIONS OF

STUDENTS

If it is true that universities are increasingly viewing the student as a customer, then it would reason that academic programs would cater more to student desires regarding program content. In addition, if student perceptions of employability differ from management perception of employability, it would reason that the skills gap would be increasing.

This is an exploratory study to determine the employability if a skills gap exists in the discipline of business management for a specific university and its surrounding community. If the process is successful, it is hoped that we can expand the process as a means of better understanding the needs of regional employers, and thus developing academic programs that better prepare our graduates to suit employer needs.

To test the hypothesis and assess our ability to survey employer expectations, several local managers were questioned about the skills and abilities they most sought from candidates in an entry level management position. Their responses were in close alignment to the findings of Hart and Associates (2013) and Messum, Wilkes, Jackson and Peters (2016). Based on these three total sources, a basic questionnaire was developed to include both soft skills, hard skills, and management knowledge. The hard skills and management content information were taken from both topics and expectations typically included in business management programs as well as suggestions from our participating managers. Respondents were asked to rate each item based upon1) Not Important, to 5) Very Important. Students in a capstone course in business management were selected as the new graduate representatives. Survey items are listed in Table 1.

Table 1

"Soft" Skills	Employer Mean	Employer Std Dev	Student Mean	Student Std Dev
People Skills/Social Skills	5.00	0.00	4.63	0.60
Critical thinking/problem solving	4.75	0.43	4.57	0.66
Leadership	4.75	0.43	4.44	0.75
Attention to detail	4.25	0.66	4.44	0.61
Honesty and Integrity	5.00	0.00	4.75	0.53
Teamwork skills	4.50	0.50	4.49	0.61
Work Ethic	5.00	0.00	4.78	0.49
Grit	4.13	0.78	3.95	0.72
Curiosity	3.38	0.70	3.56	0.92
Manners	4.38	0.70	4.43	0.79
Dress & Appearance	4.00	0.71	4.30	0.79
"Hard" Skills	Employer Mean	Employer Std Dev	Student Mean	Student Std Dev

Writing proficiency	3.75	0.66	4.10	0.81
Oral Communication Skills	4.13	0.78	4.71	0.45
Data analysis	3.25	0.66	4.06	0.79
Use of programs like Excel, MSWord	4.00	0.71	4.24	0.75
Mathematics	3.43	0.73	3.95	0.92
Coding/computer programming	1.88	1.27	3.03	0.93
Analyzing financial data	3.13	1.45	4.08	0.91
Foreign language proficiency	1.63	0.99	2.84	1.04
Management Knowledge	**Employer Mean**	**Employer Std Dev**	**Student Mean**	**Student Std Dev**
Management History	3.00	1.00	3.33	0.91
Strategy	4.00	0.71	4.05	0.82
Planning	4.00	0.71	4.30	0.79
Scanning and analyzing the environment	4.00	0.87	4.11	0.76
Goal setting	4.63	0.70	4.44	0.71
Implementation/Execution of plan	4.75	0.43	4.59	0.61
Human Resource management	3.00	0.87	3.87	0.83
Conflict management	3.75	0.66	4.05	0.81
Motivation	4.63	0.48	4.51	0.69
Group decision making	3.63	0.70	4.32	0.75
Total Quality management	3.63	0.70	4.32	0.75
Control processes	3.75	0.66	4.10	0.83

Response items, Means, and Standard Deviations

5. SURVEY ADMINISTRATION AND RESULTS

This survey was conducted in a community of approximately 75 thousand residents, including a university of approximately 7 thousand students. Twelve employers were selected for the survey because there are known to regularly hire new graduates for entry level management positions. Of those selected, 8 responded to the survey for a response rate of 67%. Students enrolled in the capstone course within the college of business were surveyed to determine graduate perceptions of skills required for an entry level position in management. Of the 76 students in the graduating class, 62 participated in the survey, for a response rate of 81%.

Responses were collected and Analysis of Variance (ANOVA) was used to determine the variance between employer perception and student perception of employability skills for new applicants in a management position. Results indicate that at the 0.10 level, the only items of significant variance are (Table 2):

Table 2

"Soft" Skills		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
People Skills/Social Skills	Between Groups	.946	1	.946	2.888	_.094_
	Within Groups	22.603	69	.328		
	Total	23.549	70			
"Hard" Skills		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Oral Communication Skills	Between Groups	2.465	1	2.465	9.592	_.003_
	Within Groups	17.732	69	.257		
	Total	20.197	70			
Data analysis	Between Groups	4.698	1	4.698	7.495	_.008_
	Within Groups	43.246	69	.627		
	Total	47.944	70			
Coding/computer programming	Between Groups	9.498	1	9.498	9.809	_.003_
	Within Groups	66.812	69	.968		
	Total	76.310	70			
Analyzing financial data	Between Groups	6.465	1	6.465	6.421	_.014_
	Within Groups	69.478	69	1.007		
	Total	75.944	70			
Foreign language proficiency	Between Groups	10.501	1	10.501	9.498	_.003_
	Within Groups	76.288	69	1.106		
	Total	86.789	70			
Management Knowledge		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Human Resource management	Between Groups	5.410	1	5.410	7.621	_.007_
	Within Groups	48.984	69	.710		
	Total	54.394	70			
Group decision making	Between Groups	3.404	1	3.404	5.942	_.017_
	Within Groups	39.526	69	.573		
	Total	42.930	70			
Total quality management	Between Groups	3.404	1	3.404	6.611	_.012_
	Within Groups	35.526	69	.515		
	Total	38.930	70			

ANOVA Results

It is interesting to note the direction of relationships between the employability skills listed above. The only soft skill of significant variance was that of people skills/social skills, with employers rating the skill

higher than what is expected by students. Several hard skills indicated a significant variance of opinion, with students overvaluing each skill as compared to employers. Only three items regarding management knowledge had a significant variance, but again, students overvalued each skill as compared to employer opinions.

6. SUMMARY AND LIMITATIONS

In summary, students graduating in business seem to have a reasonable view of employability skills, as expected by employers. Students do seem to underestimate the importance of social skills, but both students and employers show a strong expectation for soft skills. In many cases students indicate a higher expectation for hard skills and management knowledge as compared to employer expectations. This may suggest that the concept of student as customer may not be completely prevalent in the classroom. It is very possible that student over expectations regarding the value of hard skills and management knowledge is a result of faculty support for the relevance of such topics.

Findings of this study support earlier research which suggests employers believe that universities should place less emphasis on foreign language proficiency, cultural diversity, and community engagement. Weligamage and Siengthai (2016) suggested that to better prepare graduates, universities should provide entrepreneurship development, organize career fairs, hold business lecture series and company visits, provide leadership and professional development programs and provide curriculum and practical training. This study is only an exploratory search into the feasibility of gathering the opinions of employers and students about the employability skills of new graduates in entry level management positions. The sample size is small, the survey only measures one community and one university, and the survey only measures one business discipline. For research purposes, it is suggested that a greater number of sample areas be included as well as expanding across business disciplines. Another purpose of this exploratory survey was to determine the feasibility of measuring community opinions against student options about employability skills. Expanding this activity to include additional employers and additional disciplines may be an early step in redefining the concept of student as "product," and our customers as those who accept our products after graduation. Hopefully this is an exploratory example of how faculty can question employers and redesign academic programs to better provide the employer with graduates who possess the correct employability skills.

7. REFERENCES

Allen, I.E., and Seaman, J. (2010) Learning on Demand: Online Education in the United States, 2009. Babson Survey Research Group.

Askov E N and Gordon E E (1999), "The Brave New World of Workforce Education:New Directions for Adult and Continuing Education", Vol. 83, pp. 59-68.

Braid, M. (2007, February 25). Why today's graduates don't make the grade. *The Sunday Times*, Appointments, p. 15.

Cappelli, P. 1995. Is the "Skills Gap" Really About Attitudes? California Management Review. 37(4) 108-124.

Chronicle of Higher Education (2012). The Student as Customer, British Style. http://www.chronicle.com/blogs/worldwise/the-student-as-customer-british-style/30800

Conrad, D. & Newberry, R. 2012. Identification and Instruction of Important Business Communications Skills for Graduate Business Education. Journal of Education for Business. 87 112-120.

Constable S and Touloumakos A K (2009), "Satisfying Employer Demand for Skills:A Report Prepared for City and Guilds", The Work Foundation, London, England.

DEST (2002a), "Employability Skills for the Future", A Report by the AustralianChamber of Commerce and Industry and the Business Council of Australia for theDepartment of Education, Science and Training, Canberra.

Everson, K. 2014. Shrinking the Business School Skill Gap. Chief Learning Officer. Sept. 18-22.

Fugate M, Kinicki A J and Ashforth B E (2004), "Employability: A PsychosocialConstruct, Its Dimension and Applications", *Journal of Vocational Behavior*,Vol. 65, No. 2, pp. 14-38.

Hart Research Associates. (2013). It takes more than a major. *Liberal Education, 99*(2), 22-29.http://www.aacu.org/leap/documents/2013_EmployerSurvey.pdf.

Harvey L (2001), "Defining and Measuring Employability", *Quality in HigherEducation*, Vol. 7, No. 2, pp. 97-110.

Hillage J and Pollard E (1998), "Employability: Developing a Framework for PolicyAnalysis", Research Brief 85, Department for Education and Employment, London.

Jackson, D. 2009. An International Profile of Industry-Relevant Competencies and Skill Gaps in Modern Graduates. International Journal of Management Education. 8(3) 29-58.

Jeswani, S. 2016. Assessment of EmployabilitySkillsamong Fresh Engineering Graduates: A Structural Equation Modeling Approach. The IUP Journal of Soft Skills. 10(2) 7-43.

Lee D (2002), "Information for Academic Staff on Employability", available athttp://www. palatine.ac.uk/ files/emp/1233.pdf

Mesum, D.G., Wilkes, L.M., Jackson, D. & Peters, K. 2016. Employability Skills in Health Services Management: Perceptions of Recent Graduates. Asia Pacific Journal of Health Management. 11(1) 25-32.

Murti, A.B. 2014. Why Soft Skills Matter. The IUP Journal of Soft Skills. 8(3) 32-36.

Robinson J P (2000), "What are Employability Skills?", *The Workplace*, Vol. 5,No. 3, pp. 1-3, available at http://www.aces.edu/crd/workforce/publications/employability-skills.PDF. Retrieved on September 9, 2005.

Salleh, R., Yousoff, M.A.M., Harun, H., & Memon, M.A. 2015. Gauging Industry's Perspectives on Soft Skills of Graduate Architects: Importance vs Satisfaction. Global Business and Management Research. 7(2) 95-101.

Schultz B (2008), "The Importance of Soft Skills: Education Beyond AcademicKnowledge", *Nawa: Journal of Language & Communication*, Vol. 2, Issue 1,pp. 146-154.

Schultz T W (1963), *The Economics Value of Education*, 3rd Edition, ColumbiaUniversity Press, New York and London.

Sherer M and Eadie R (1987), "Employability Skills: Key to Success", *Thrust*,Vol. 17, No. 2, pp. 16-17.

Robinson J P (2000), "What are Employability Skills?", *The Workplace*, Vol. 5,No. 3, pp. 1-3, available at http://www.aces.edu/crd/workforce/publications/employability-skills.PDF. Retrieved on September 9, 2005.

Schings, S. 2017. Are Students Customers of Their Universities? Society for Industrial and Organizational Psychology. http://www.siop.org/Media/News/customers.aspx

Watts A G (2006), *Career Development Learning and Employability*, Learning andEmployability Series, Higher Education Academy, York.

Weligamage, S, and Siengthai, S. (2003), "Employer Needs and Graduate Skills: The Gap between Employer Expectations and Job Expectations of Sri Lankan University Graduates." 9th International Conference on Sri Lanka Studies. 28th-30th Nov., Matara, Sri Lanka. 1-26.

Yorke M and Knight P (2003), "Learning and Employability", The Higher EducationAcademy, available at http://www.heacademy.ac.uk/assets/documents/employability/id460_embedding_employability_into_the_curriculum_338.pdf

Copyright Disclaimer