

ATLMRI DISCUSSION PAPER

Employability: Concepts, Indicators and practices

R. C. Datta
Sony Pellissery
Bino Paul G. D.



TATA INSTITUTE OF SOCIAL SCIENCES
MUMBAI

Employability: Concepts, Indicators and Practices

R. C. Datta, Sony Pellissery and Bino Paul G. D.

Abstract: In the context of emerging flexible labour market lifelong employment is receding. Technological changes and rapid product and service changes requires individuals with ability to adapt these changes. Employability through lifelong education is an alternative strategy in which individuals, corporate businesses, education system and government need to place concerted effort. The employability practices in India are focused on depositing skill sets in individuals, and need to be enhanced with helping the individuals to 'learn how to learn'.

Introduction

For decades, lack of employment opportunities and underemployment of educated masses have been important issues in Indian labour market. Interestingly, during contemporary times the tide is reversed and industry is not finding 'employable work force'. The term has also gained currency in the Indian policy circles with politicians and functionaries in the industry airing similar views.¹ Thus, the new analytical category of employability has become an important aspect to be studied and clarified. This paper aims to do this by examining the concept, its indicators and various practices associated with this.

Employment data in India has provided paradoxical results. Recently concluded 61st round of NSS survey (2004-05) showed that while jobs are growing at a faster rate than the population, unemployment is also growing, since previously unemployed persons from the categories of women and elderly, are looking for job opportunities now. Based on ASI (Annual Survey of Industries) data, pertaining to manufacturing sector, it has also been pointed out (Bhalotra, 1998; Ahluwalia, 2001) that since Indian labour laws do not permit a flexible environment, there is the phenomenon of jobless growth (i.e,

¹ Refer to Prime Minister Manmohan Singh's speech to Confederation of Indian Industry's annual meet dated 24 May 2007 and subsequent discussions. In the speech the Prime Minister provided a ten point social charter for corporate sector, and spelt out generating employable work force as a strategy for inclusive growth.

fewer number of jobs created despite of higher economic growth), as firms are adopting less labour intensive strategies. An important question is what strategies may be useful to give access to jobs for its aspiring population in the context of emerging economic growth. In this paper, we argue that employability, as dialogical process between work and learning, has the potential to provide an alternative strategy.

A pragmatic, widely prevalent too, approach to explain economic growth is to trace its causes back to factors of production, such as capital and labour, assuming other variables remain same and pooled as exogenous factors.² Quite interestingly, taking cues from empirical evidence (World Development Report, 1998/99) the aggregate, representing the exogenous factors, became most important source of growth, defying the conventional logic of growth explained by labour and capital. Realizing the significance of exogenous factors, which include technology, organizational design and learning, traditional concepts under went major changes. In response to this, relatively complex concepts such as human capital, integrating a variety of factors including capital, labour, and education gained scholastic visibility³. However, human capital theories paid little attention to the demand side aspects of the labour market. Moreover, human capital theories were not responsive to the product changes, technological changes in the production process, and labour organization in the production. Further, it is doubtful whether the human capital, though a new concept integrating capital and labour, provided useful cues on the exogenous variables such as technology and organization. In fact, the treatment of technology and organization as exogenous factors, pooled as an aggregate residual, evoked new investigations absorbing fast paced technical changes and its effect on production process.⁴

Interestingly, along the paradigmatic change taking place in scholastic front, business across the globe also underwent significant changes, especially discontinuities

² This notion is known as neo-classical perspective.

³ Human capital is measured by modern firms like Infosys (see *Infosys Annual Report*, 2005-06, p 143) .

⁴ One such exploration is Romer's (1990) endogenous theory of economic growth. In his paper, he finds that the economic growth is too integrated for decomposing. Realizing this, he treated knowledge, being the source of technological change, as an endogenous variable. Another important pursuit towards unbundling the residual is Cowan et al's (2000) view of interactive process of knowledge, activity and its impact on growth.

stemming from technological changes. The firms devised adaptive strategies to cope with complexities arising from technological changes. It appears that the above complexity has been receiving attention from institutions such as OECD, calling for an appropriate job strategy:

“In a world where trade in goods and services as well as international investment flows developed much faster than domestic economies, where technologies are developed and diffused extremely rapidly, and where domestic markets are being liberalized, competition is constantly increasing. To stay in the race, firms – and their staff – must continuously innovate and increase their efficiency. This objective is essential and is the basis for the general recommendations [of the jobs strategy]” (OECD, 1996:5)

Ideally, there should have been increased integration between institutions involved in supply of labour, including training/education systems, labour legislation, and demand side of labour, i.e., business sector. It seems, globally, there is a mismatch between supply of employable labour and demand for it (McKinsey Quarterly, 2005). Further, corollary to this demand-supply mismatch, the gap between learning through educational system and employers’ expectation from employees widened.⁵ Therefore, to understand the concept of employability, the labour market context that necessitated this needs to be understood, which is done in the first section of the paper. Second section of the paper defines the concept of employability by tracing its taxonomy. We also examine the relevance of decent work principle for employability in this context. In the third section the operationalisation of the concept through various indicators is carried out. The fourth section examines whether the current practices of employability in India is in congruence with its concept.

⁵ In a global survey it was pointed out that largest number of executives (43%) felt quality of labour was the major source of risk in the supply chain management (McKinsey Quarterly, 2006_a).

Section I

Context of employability: The flexible labour market

The nature of employability is shaped by the changing nature of the environment of work. The demands in the labour market changes as per the change in the product market, production systems, change in work organization, technological changes and so on. The changes in the global organization of production, trade liberalization and the processes of economic restructuring are accompanied by the trend towards labour market flexibility (Eyck, 2003). A firm could either use internal or external forms of flexibility in this regard.⁶ In the internal form of flexibility, numerical flexibility (through over time or shift work) is often used by firms to meet the additional production in peak seasons. However, there is a limit for such internal flexibility practices and hiring temporary workers, and thus external flexibility, may be unavoidable. This is possible for unskilled manpower. Use of skilled-labourers in the firms in line with the principles of external flexibility, and allowing them to join a different firm, results in loss of firm-specific knowledge.⁷ Therefore, functional flexibility by enabling workers for multi-skilling and in-house transfer is a more useful strategy. While there may be demand for certain product, and thus requiring labour, other product may not be in demand, providing an opportunity for effective use of multi-skilled workers. A further level of wage system flexibility could also be introduced as a shift from fixed wages taken as an entitlement to flexible wages, which include some portion of the wage as a pay for performance or variable pay, monetization of remuneration, greater use of bonuses etc. Thus in this phase of economic restructuring, the labour market has become competitive as well as flexible. Employability in this context will be preparedness of worker to the organizational changes. The logic that works in deciding which type of flexibility to be used depends on the mix of market mechanisms and hierarchy principles within organisation (Purcell et al, 2004).

This flexible environment of work is created by technological advances as well. Lindbeck and Snower (1996) point out the need for complementarities, with the help of

⁶ See also Eyck (2003) and Pfeifer (2005) for a full typology of flexibility.

⁷ Since the firm's specific knowledge has limited codifiability, rather such knowledge is tacit in person; external flexibility entails the risk of loss of knowledge.

interactive environment like ICT across the task for an effective use of multi-skilling as a work strategy. This is cogently expressed as:

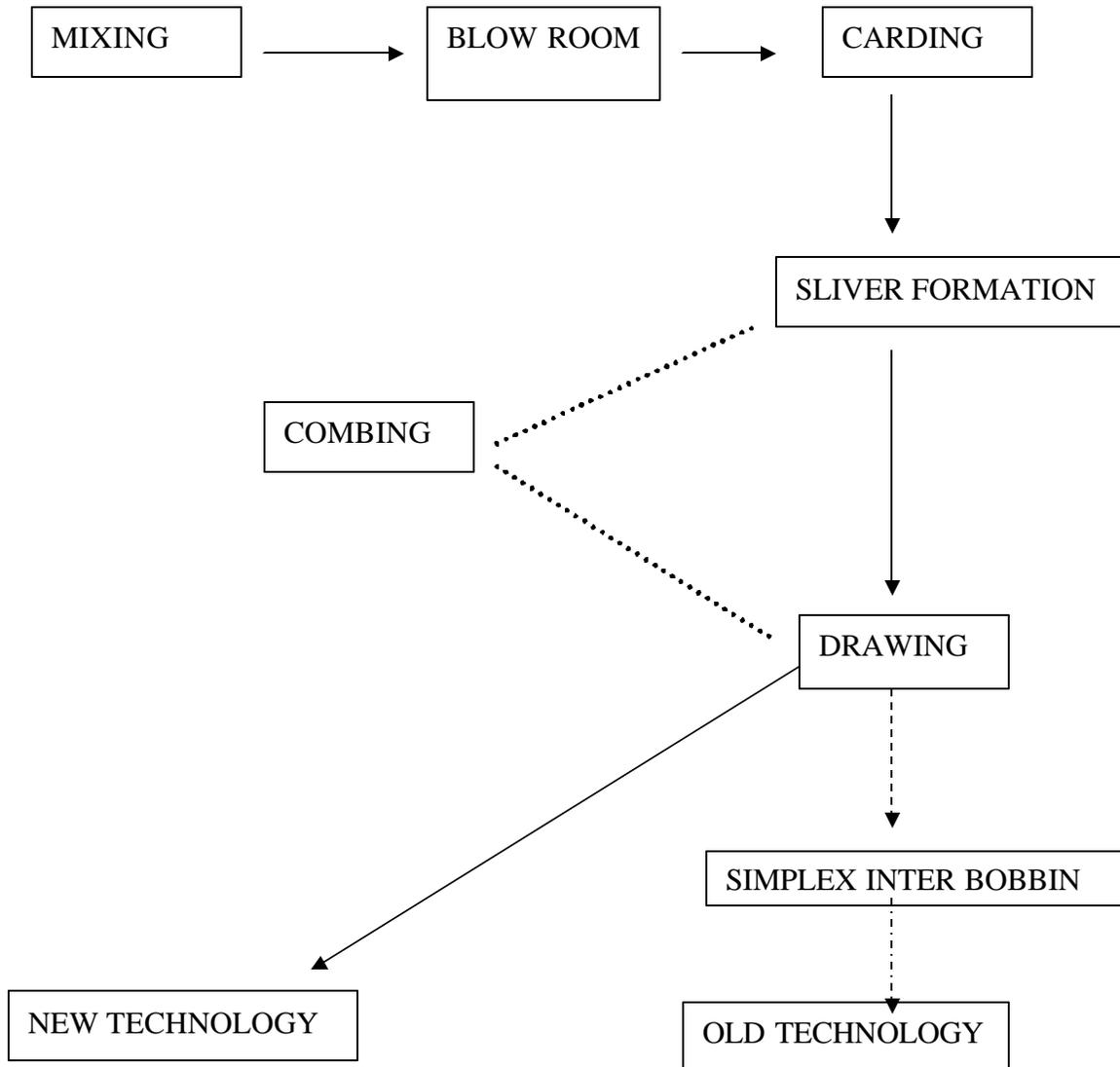
“Increasing use of computers to transit information within firms and rising versatility and programmability of equipment have increased the complementarities across task (e.g., production, marketing, customer service, product design) that a given employee can exploit. Further more, the growing amounts of over all knowledge that has been disseminated through education system over the past few decades have made young people increasingly capable of performing multiple tasks” (Lindbeck and Snower, 1996: 315-16).

Let us take a case of micro-level change induced through macro-level technological changes requiring workers to be prepared for multi-tasking. Let us examine how changes in a textile mill could induce job losses and requirement of flexi workers. Figure 2 shows how redundancy occurs with the use of new technology in a typical modern spinning department of a textile mill. Traditionally, the process from ‘Mixing’ to ‘Simplex Inter Bobbin’ had to be carried out through six stages, requiring six task persons (jobs) in the production line. Employment security for more persons existed. Technological changes made the functions of ‘combing’ and ‘simplex inter’ integrated through automation. (New technologies have the objectives of increasing the speed of operations, accuracy, reliability, quality of the product, customization and product flexibility. From an employer’s point of view, these objectives add to productivity, efficiency and profitability). The requirement was for persons who could handle these new technologies. Thus, the previous task persons had to learn new skills to keep their jobs. Thus, in the changed situations employment security is a function of the employability or preparedness to adapt through learning. If two different persons were carrying out the tasks of combing and sliver formation earlier, after the introduction of new technology, the one who is not adaptive may directly lose job.

Technological changes, and thus pressure on work force to acquire new skills is not merely a function of capital intensive industry. Many of the emerging sectors also show similar trends. In 2006, a study (Datta et al, 2006) was carried out in six districts of Maharashtra (Nashik, Aurangabad, Ahmednagar, Nagpur, Kohlapur & Pune) to assess the nature of employable work force by examining the declining sectors in terms of job creation, and emerging sectors. Both supply side (educational institutions) and demand

side (firms providing employment) were studied. This study revealed that the sectors of horticulture, food and food products, organized construction industry, leather and tanning industry, banking and insurance, IT & ITES, organized retail trade, hotels and restaurants though were emerging, were facing serious challenges due to lack of employable persons.

Figure 2: Technology, Jobs and Work-Spinning



Source: Datta (2001), p 681

Beyond the state level experience, in the context of Indian economy, sector-wise contribution to GDP is undergoing steady change; service sector is increasingly contributing to the GDP compared to industry and agriculture.⁸ As a result, labour market is also changing, especially demand for employable labour force in service sector. Compared to agriculture and industry, service sector jobs are relatively more interactive in nature. As more economic growth stems from service sector, there will be increased volume of interactions requiring tacit knowledge (searching, coordinating, monitoring while exchanging goods and services, making judgments based on multifaceted knowledge forms).⁹ This has become a necessity in the context of increased specialization, globalization and technical changes that create complex supply chains (McKinsey Quarterly, 2006_a). It is also important to note that tertiary sector is increasingly becoming sensitive to technological and organizational changes, therefore, making labour supply-demand mismatch issue more pertinent in this sector.

Another important issue coevolving with this phenomenon is the exposure of labour market to changes in global business (as explicated in the OECD job strategy earlier). For instance, the demand for skilled labour has been associated with the tendency of outsourcing of IT related jobs to great extent (Chithelen, 2004). Given this context of demand for skilled labour in a variety of work situations, it is important to examine the strategies towards creation of appropriate human resources, not only for the aim of sustaining economic growth, but also to ensure decent livelihood of workers. For this purpose, the concept of employability through lifelong education assumes critical significance.

⁸ Employment elasticity is frequently cited as measure of employment absorption. As shown by Planning commission (2001), tertiary sector reports highest employment elasticity indicating the sector has highest job absorption.

⁹ Based on the scholastic works (North [1990, 1993]), McKinsey Quarterly (2006_b) classifies the job, depending upon the degree of complexity of interaction involved, into three: transformational, transactional and tacit. Transformational job refers to change of raw material into output, for example farming. Transactional job involves routine tasks like accounting. Tacit job is most interactive, requires judgment based on experience. As observed by the Quarterly, jobs in developing country, compared to developed countries, has lesser tacit skills.

Section II

The Concepts

Employment-unemployment dichotomy was an invention in the 19th century to distinguish the deserving and undeserving poor in the context of wide spread poverty during the industrialization in Europe (Strath, 2000).¹⁰ In this framework, the systemic problems were the focus of intervention rather than the individual. The deprivation experienced by the elderly and disabled persons ('deserving poor'), unable to participate in the labour market, could be addressed by charity and social protection measures. But, state had to introduce the measures towards full employment, by absorbing able-bodied persons ('undeserving poor') unable to find work. With the wider propagation of welfare state, a policy consensus around this was formed in Europe in 1950s and 60s. This policy consensus drastically changed due to inflation and sprawling unemployment in 1970s. Thus, rather than cyclical reasons, structural reasons were attributed as the cause of unemployment.¹¹ With the economic liberalization and receding nature of welfare state the emphasis began to be focused less on systemic issues and more on individual responsibility. Thus, the categories were recast from *employment/unemployment* to the individual specific *employable/unemployable*.

The term 'employability' appears to be an approach or orientation rather than an operational concept, with little theoretical backup. At the same time, the term has spurred very high voltage policy directions. It is in this context a detailed exploration through various dimensions of the concept is required to understand its applications and operationalisation. At the outset it could be said that the linkage between human capital theories and economic performance lies at the core of the employability discourse in a framework of 'price for quality' principle in the labour market (Lefresne, 1999). This is the rudimentary form of employability which, is termed as 'static' version (Gazier, 2001).

¹⁰ However, this employment-unemployment dichotomy was far from realistic in the countries where informal economy was rampant since under-employment was more critical and wide-spread issue there.

¹¹ Here cyclical aspects causing unemployment stem from business cycles especially phases like recession. While, structural reasons arise from systems' inability to reduce excess supply of labour.

As the Table 1 shows, since 1980s, employability as a concept absorbs the dynamic aspects of the labour market.

Table 1: Progressive development of the concept of employability

Type of employability	Focus of concept	Policy measure
Dichotomic employability (prior to 1950s)	Depending on age, ability and family burden a person is dichotomously categorized as employable or not for administrative purpose	Unemployables are given cash or kind and employables are given work
Socio-Medical employability (1960s)	Through functional balance sheets social workers identified certain persons for the purpose of rehabilitation	Assisting people to overcome the barrier to regular employment
Manpower policy employability (1970s and early 1980s)	The aspects of gap between employment needs and employees characteristics, particularly with reference to disadvantaged groups	Assisting people in job search and placement conciliation
Flow employability (Late 1960s and early 1970s)	Macro level issue of absorption capacity of economy: “Employability is the reverse of the average duration of unemployment for one group”	a. Recognition of recession and booming period for labour market b. Anti discriminatory policies
Labour Market performance employability (Early 1980s)	Adaptive content of employability such as technological changes	New training programmes and comparing its effects
Initiative employability (late 1980s and 1990s)	Along with human capital framework, social capital (ability to network and gain access to labour market) necessity is emphasized.	Life-long learning in the context of flexibilisation of labour market
Interactive employability (1990s)	Listing employee qualities and work trajectories to connect with future work orientation	Involving various partners (educational institutions, corporate institutions and governments) in labour market for enterprise development and worker adaptation
Integrative employability (more prevalent in contemporary times)	Employees taking the risk of firm’s profit and loss by becoming partners in the evolution of firm	Enabling workers for innovation

Source: Adapted from Gazier (1999) and extended by authors (in the parenthesis of the first column the period of dominant discourse of the focus concept is mentioned).

Interestingly, labour organization underwent crucial changes, especially since 1980s due to advancement in information and communication technology (ICT). Lindbeck and Snower (1996) point out the wider change of organizational forms, from Tayloristic based on division of labour to holistic organizations. Put differently, the focus

shifted from specialization to versatility.¹² With wider changes in organizational form, moving towards flatter organizations and more complementary processes with the help of ICT, the nature of work shifted from monotony to initiation and interaction (sixth and seventh rows the table above). While, “‘initiative employability’ insists on the individual responsibility and creative power within social networks, the ‘interactive employability’ maintains the individual adaptation focusing but introduces a collective/interactive priority” (Gazier, 1999). A natural extension of the flow of monotony to interaction is holism.¹³ Employability in the context of holism entails ability to integrate work with both endogenous (by participation in wealth making, meeting customers’ demand, exploring new geographies, initiating discovery processes) and exogenous characteristics of the firm (by building consciousness about changes in business environment and technology, absorbing multiple cultures).¹⁴ A recent observation (Morello, 2005) indicates the need for employees with ability to transform from the role as a specialist to versatile, to conduct business suiting to clients from diverse background (verticals as known in IT circles).¹⁵

Given this multiple phases of the development of the concept of employability, we can formulate an operational definition of being employed means having a job, and employable means having the qualities to maintain employment, progress in work place and able to be employed in different work place. From the point of view of the individual,

¹² The reason for transition, according to these authors, is explained by five factors: a) organizational form becoming more flatter, b) flexible production through multi-tasking, c) greater flow of information within firms using information technology and individualized treatment of employees and customers, d) broader product line offered by firms and more emphasis on product quality, and e) breakdown of occupational boundaries.

¹³ See Lindbeck and Snower (1996).

¹⁴ There are ample examples for integrative employability from modern firms, especially from knowledge sector. These firms design rewards to employees, combining salary and stock option, the former representing income component and the later for wealth. By doing this, employees’ wealth generation is linked with firm’s wealth generation. Moreover, this is a case of linking labour market and capital market. Such a reward system brings the element of risk in employees reward, due to speculative behaviour in financial market. Therefore, to have stability, employee’s interests are expected to move in tandem with factors that enhance firm’s value.

¹⁵ The Gartner report (Morello [2005] : Figure 7) proposes an employment model suiting to versatility, known as ‘deployee’ model.

employability skills are the career capital that a person needs to get a job and acquire job specific skills, while on the job. From the point of view of the employers, employability skills are the generic skills, attitudes and behaviours that they require in all their employees (Bloom and Kitagawa 1999 quoted in Datta *et al* 2006). More operational elements of this definition are discussed in the next section. At the operational level there is a trade-off between access-ability (gaining job through minimum technical skills) and performance-ability (holding on to job despite the demands in the labour market changing due to macro economic and product changes) (Philpott, 1999), which will affect the policies on employability. This trade-off could be understood from the example that while ability is important, people with high ability often lack persistence (Knight and Yorke, 2000). In other words, a versatile specialist is preferred than specialist alone.

An important question emerges. What processes generate employability? Answer to this question lies underneath the discussion in the typology of employability. When employability is thought from simplistic division of labour perspective, acquiring skills would suffice employability requirement. However, a departure from the division of labour, first to interactive, then to integrative modes of employability, requires a lifelong learning process (see Figure 1). In the first stage, endowment of basic skill is required to satisfy screening process in the job market. Upon entry, two choices are open: first is to specialize in a particular skill without considering future changes; second choice is to prepare for functional flexibility by acquiring complementary skills.¹⁶ Second option means labour pursues a learning process aiming employability, while first option is a process aiming employment. In fact, the learning, moving through different stages of employability, is a lifelong process.¹⁷ Becoming functionally flexible entails the need for enhancing behavioural and social competences, mainly to communicate through dialogical learning. This drives employee further to higher order learning, acquiring

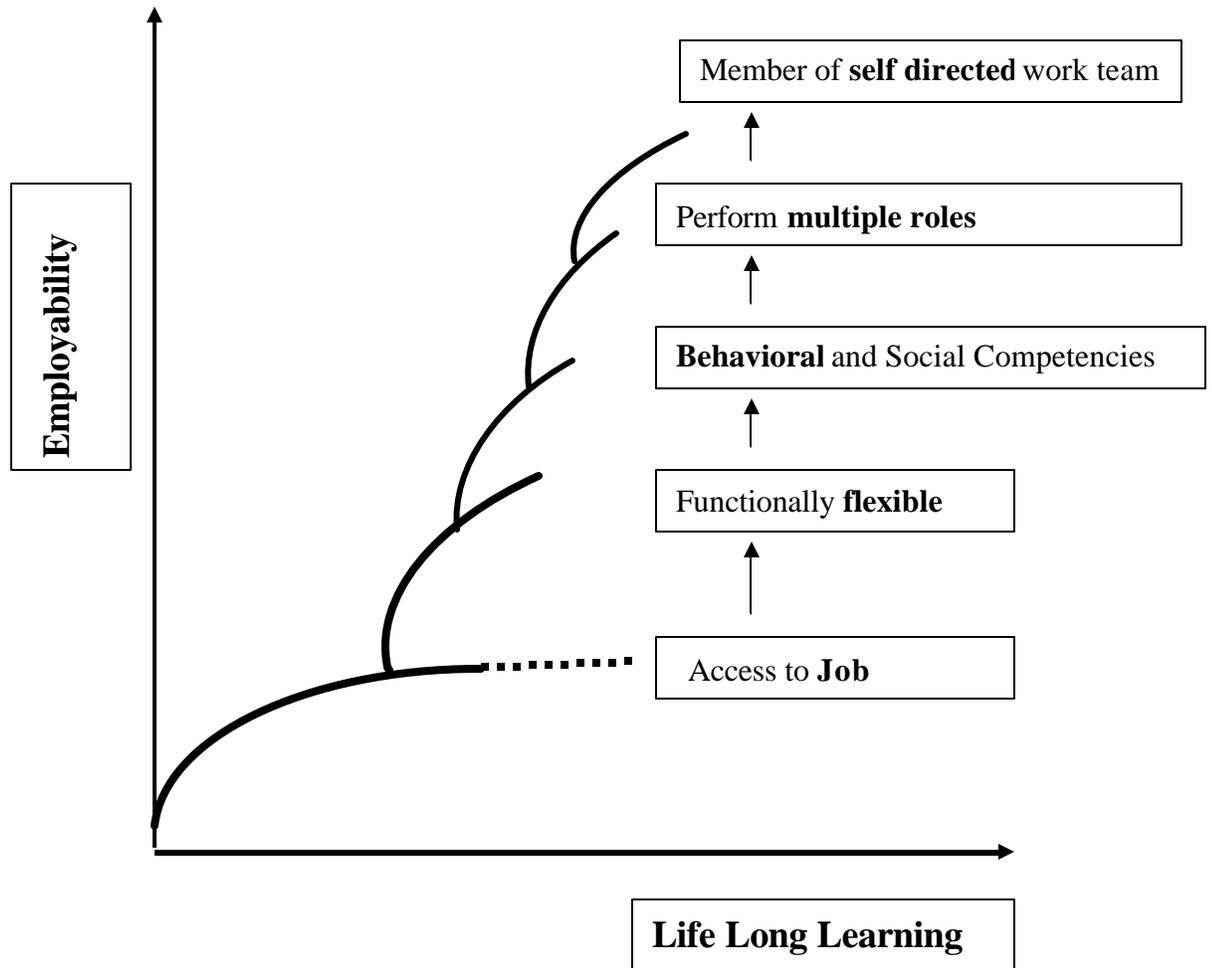
¹⁶ Complementary skills are those skills which can be pursued without a trade-off, by not incurring opportunity cost.

¹⁷ Employability as an evolutionary concept is very much linked with the environment in which individual operates. The lifelong learning of the individual is dependent on parental and neighbourhood effects, peer learning at the educational institutions and work place related learning (Datta et al, 2007).

behavioural and social skills. This process, through performing multiple roles, moves towards versatility required in a holistic firm.

What is the nature of labour market or work environment that necessitates this lifelong learning?

Figure 1: Employability and Life long learning



In the context of flexible labour market, and reduction of life long employment opportunities, important changes have taken place for the relevant social policies. Most important of which is the way a 'decent work' is defined in this new scenario.

Decent work

The concept of employability internalizes the principles of decent work (Stiglitz, 2002; Ghai, 2003) in an important way. During the mass production system, there was separation of conception from execution, where workers were attached to the machines as appendages. The nature of work was monotonous, repetitive and deskilling for workers. Workers were expected to follow the instruction and were not required to use their intellectual capabilities. The mass production was followed by the stage of flexible specialization where multiskilling/multi tasking of workers gained the centre stage of attention. Chadha (2004) explained that in 'this age of knowledge revolution, workers intellectual capabilities are no less important than the quality of machines installed or the quality of raw material processed or any combination of the two'.¹⁸ By acknowledging personal qualities of worker as an essential part of the production process required for the firm, employee is valued for more than the instrumental value of labour.

The issue of decent work also needs to be discussed in the context of social security and work related benefits in the context of flexible labour (Sen, 2000). Multiple spells of work with different employers poses challenge to the age old concept of social security, which was ensured in partnership with the employer and state towards employee. The new social security is not related to employment security, rather to employability security. Challenge for employer (and the state) is to make the employee more employable through work experience and to help for transition if required. This training for employability is beginning to be considered as a variable of decent work. In this new role, the state, moving away from the provider role (employment to the people), is taking the regulatory role of ensuring an environment of decent work.

An alternative to training component of employability is covenants, which is increasingly being practiced by the Dutch government. Covenants, being voluntary agreement between two parties, the advantage is its ability to stimulate self-regulation and therefore not requiring protracted laws or judicial framework for its implementation (Korver and Oeij, 2004). However, in countries such as India, where compliance is an important issue, training may be a better model rather than covenant.

¹⁸ See Drucker's (1966) formulation of 'knowledge worker', where every worker in an organization is considered as executives.

Both the concepts of decent work and employability, being process-oriented, tend to be difficult to measure. As a result statistical representations and operational definitions are varied. In the next section we are attempting to capture this complexity by developing a set of indicators of employability.

Section III

Indicators

As we have elaborated in the previous section, insulated measures, focusing either employees or employers, are likely to be unable to capture the dynamic nature of employability. An assessment of learning systems, labour market, government's ability to create social rights are some of the indicative measures to understand whether employability is seriously promoted. Therefore, indicators need to be to understand what constitutes an employable person, and what environment creates employability. We will deal with these issues one after another.

While considering which measures are useful to understand whether a person is employable, it is insightful to reflect back on Figure one. Lifelong learning through acquiring new skills improves the employability. Despite of different concepts, there is a general agreement that three types of qualities are important while assessing the employability performance. These are:¹⁹

- 1) Key technical and academic skills specific to the job: Often, an employer is able to test these skill sets before taking the person to job, and to great extent academic curriculum prepares the students to gain them. These skills include (though not exhaustive) reading, language, and numeric capacity, listening, written communication, oral presentation, global awareness, critical analysis, creativity and self-management. Though this could vary depending on the nature of assignment, the basic parameters remain unchanged. For instance, a skill of 'oral presentation' for an unskilled labourer in a manufacturing unit would be reporting clearly to the coworkers and superiors, the same skill for a middle level manager

¹⁹ This list is synthesized based on our extensive literature review on employability. Some of the key works are: Lees (2002), Harvey (2001), Little (2001), Mason et al (2003).

would be assessed in the form of refined nature of a boardroom presentation to a CEO.

- 2) **Process skills:** Unlike the key technical skills, which are demonstrated at the time of interview or intake into the employment, process skills need to be demonstrated on the work. These are problem solving capacity, decision making, planning and delegating, ethical sensitivity, understanding business and its commercial interests, ability to work with persons from different regional, cultural and religion backgrounds, prioritizing, team work, and negotiating. It is much more complex to measure these process skills since many of them could be incident-dependent at the work place. At the same time a good number of them stem from the general reasoning capacity and exposure to work place. Thus, rather than schooling and curriculum, it is the work experience which matters to develop them.
- 3) **Personal qualities:** As it has been pointed out in the previous section, valuing personal qualities of the labourer in addition to the ability to carry out the task is one of the key addition of the employability. An employer looks for the qualities of self-confidence, self-control, self-esteem, social skills, honesty, integrity, adaptability, flexibility, willingness to learn, emotional intelligence, stress tolerance, punctuality, efficiency and reflectiveness. These qualities are very much embedded with the personality type and shaped through life-experiences.

Though different authors have classified these indicators variously, the distinction between core and soft skills is prevalent in all of them. The later two categories are soft skills. The way these skills are learned from different experiences could be more advantageous than the possession of a worker's technical skills. Therefore, it is to be emphasized that an employer with employability focus is looking for an individual with potentials to be realized (Martin, 1997), rather than suitable skill sets.

These classifications are useful for analytical rigour. From the perspective of the employability concept, there is little meaning in separating out these three sets of indicators. Rather, the synergy produced in a worker through different combinations of these indicators is the crux of employability.

What organizational and societal approaches are capable of creating an environment of employability? Primarily, on the job training to encourage lifelong learning is the key criteria for an employability-focused work environment. These could be through formalizing training manuals, apprenticeship schemes, providing upskilling/multiskilling training, incentives for undertaking new tasks, public relations training for connecting employees with wider networks in the world of work, training around product knowledge and change, training in multiple modes of dealing with clients, team building exercises within the organization, assisting employees in their career path, feed back with the purpose of encouraging reflective learning through actions of worker etc. The way organization is structured could also contribute to employability. For example, hierarchical control of a work place may create 'good worker', but delegation and encouragement would create 'employable individuals' (Garsten and Jacobsson, 2004). In the next section we will examine various practices at government and firm levels which are aimed at enhancing employability.

There have been a number of empirical studies among high skilled workers on the aspects related to employability orientation. Indicators used to measure employability orientation include the preparedness of worker to engage in different tasks, propensity to develop oneself through career development programmes and adaptability to organizational changes. van Dam (2004) has empirically tested three determinants of employability, namely openness and initiative, organizational tenure and perceived organizational support. He found that openness and initiative, which are measured as career planning, innovation and entrepreneurial activities are positively correlated with employability orientation. In a similar way employer's career development support also had important impact on the employability orientation of workers. van Dam also found that since low-tenured workers were more keen to increase their employability, compared with high-tenured workers, this variable of tenure of negatively correlated with employability orientation.

Section IV

Practices

Employability as a policy agenda has ushered a new thinking of ‘welfare to work’ in European countries. The governments pursued the individuals registered with employment exchanges to take up training, and assisted them to gain employment rather than paying income maintenance. In the Indian context, it has largely remained with the focus on skills (adapting to new technology) and generating skilled manpower.

While formulating National Policy on Education in 1988, important attention was paid to the vocationalisation of secondary education to reduce the gap between supply and demand for skilled manpower through a survey of districts. Under this programme state level units for guiding the vocational educational programmes with the assistance of Central government was designed. This forms the basis of skill-based vocational training in India. However, skill acquisition in Indian context of mostly informal and therefore, number of persons who have gained formal diploma or degree in vocational training is still much lower compared to other countries (World Bank, 2006). As we have made clear, emphasis on skills is only one aspect of employability. Skill as a component gained through practice is a subset of learning to learn. To understand the interventions for employability, we need to further understand conscious attempts both at the supply and demand side of the labour market.

Supply side and demand side intervention

One of the emerging practices in European countries is to carry out employability audits for the educational institutions. Traditionally, career development departments or campus placement cells of selected universities carried out the responsibility to build relationship with potential employers and to place the students. This activity adopted a static view of employability. Employability audits are seeking to integrate the curriculum and teaching with the aim of generating employability skills in the individuals. These audits are particularly designed for each discipline, each educational institution and each course. Some of these audits encourage students to gain work experience while learning, learning experience through extra-curricula activities, facilitating networks with potential employers etc.

However, educationists (e.g. Knight and Yorke, 2000) have argued that four types of mistakes are often made while changing the curriculum to suit employability purpose: a) rational curriculum planning focused on short-term goals b) old is thrown out for new c) fast change and d) paper change or change without change. However, as we will see, supply side intervention should enable students to practice learning and to transfer what one learned (Davies, 2000).

Putting the onus of employability on supply side alone is a clear power imbalance. The employer-ability to promote life-long learning and to incentivise an environment of learning of skills needs to be balanced. While, employability intervention at the supply side is often uniform in nature, at the demand side the discretion has been left to the industry and work-specific situations. It is also interesting to observe a good number of practices in India are carried out by the corporate sector as part of gaining trained personnel for the firm.

- Important companies such as Microsoft, Infosys (signed a MoU with Institute of Economic governance), have joined hands with local NGOs (which have access to communities) or academic institutions (looking for technical expertise) to provide IT related skills training to young persons. The rationale behind such training are to increase the career options of these persons.
- Bangalore-based MeriTrac Services Pvt Ltd (MSPL) has been roped in as assessment partner for B-SAT (BPO Skills Assessment Test) in Karnataka, by the Government of Andhra Pradesh for Graduate Employment Test (GET) and by the Government of Kerala for Kerala Employability Enhancement Resources Programme.
- Tata Consultancy Services (TCS), Wipro, Infosys Technologies Ltd, IBM, MindTree, Robert Bosch and Caritor have promoted the University Level Skill Assessment Test (ULSAT) project conceived by Visvesvaraya Technological University (VTU) of Bangalore in Karnataka. These assessments revealed that only 25% of engineering graduates possessed employable skills. Such as scenario has given rise to skill-bridge courses aimed

at engineering colleges in Tier-II and Tier-III cities to run the 8-month programme that will make all engineers employable.

- NASSCOM has come up with a number of programmes to increase the employability of the Indian workforce particularly for IT and ITeS related jobs. NASSCOM has categorized the technical workforce into three parts of a) those with highly skilled b) persons with skills required in mainstream and c) persons with basic technical skills. Particularly for the mainstream second category, which forms the largest demand group NASSCOM has designed a programme called 'Finishing School'. In the summer months this programme reinforces some basic engineering skills and in addition, acquires industry-specific knowledge and skills, soft skills, and management and employment skills, which are being delivered by trained faculty and practicing IT and ITES industry consultants.
- Toyota Kirloskar has initiated a Rs. 25 crore valued apprentice training programme tying up with 20 technical institutes. The specialised training module has been designed to improve the skills and employability of the industrial training institute (ITI) students, aged between 15 and 18 years.
- Adayana Inc, a learning service company, has partnered with Society of Indian Automobile Manufacturers (SIAM) and five Indian universities Kamraj to provide their students with "employability skills" that - when combined with technical skills - make them "job-ready." The company also plans to enter the spheres of health care, construction and retail for increasing the employability.
- MaFoi has started a consultancy service by employing 250 consultants to provide expertise on skill requirement and enhancement of employability of job seekers. Ma Foi also claims that about one lakh vacancies are unfilled and aims to establish 250 academies of training.
- A number of employability programmes form Corporate Social Responsibility (CSR) strategy of companies. For instance, The Lucent Technologies Foundation started the Lucent Employability Fund in 2006 and teamed up with three NGOs to provide grants for them.

- The General Electric Foundation (GEF), providing a grant of \$1.1 million completed the training of the first batch of 948 students in life skills. This was achieved along with the International Youth Foundation and Youthreach to generate work preparedness of disadvantaged youth in India.

An analysis of the practices listed above shows that most of them have an ‘added on’ approach to employability. Rather than in-house training, this function is increasingly expected from education system. These programmes thrive on the logo of ‘from trainable workforce to employable workforce’.

The employability focus dominated by demand side interest could also reflect the tendency of employers to shirk the training responsibility and to gain tailor-made candidates ready to perform from day one.²⁰ This is substantial reductionism of the concept of employability to skills. Skill, particularly soft skills with an emphasis on communication skills, is not context or class-neutral, and tends to be vested with educated, professional urban middle class (Krishna and Brihmadebam, 2006; Upadhyaya, 2007). This trend is regressive, and practices and policies those promote life-long learning has taken a back seat. The clear reason for the proliferation of engineering colleges in India in recent times is the demand for them in IT industry. However, studying the pattern of recruitment in the IT industry, it has been pointed out that:

“graduate engineers are overqualified for the work they do, but the companies recruit them primarily because, in addition to professional training, the best students in the best engineering colleges acquire analytical skills and learn to solve problems for themselves, whereas students in other colleges do not. But if college graduates in history, for instance, could analyse and solve problems equally well, the companies would recruit historians and they would be just as good at software engineering ” (Fuller and Narasimhan, 2006: 259).

²⁰ The issue of professional graduates as unemployable is not specific to India. A global survey with human resource experts found that on an average only 13% of fresh professional graduates were employable. Finance and accounting graduates did better with 19% of them found to be employable, and the rest – engineers (17%), life science researcher (14%), analyst (15%) and generalists (10%) – were about the level of Indian professionals (McKinsey Quarterly, 2005).

Therefore, skill creation does not necessarily ensure employable work force, rather a person becomes employable by acquiring the skills of learning how to learn in a dynamic work environment. As Atkins (1999) has pointed out, that *transfer* of learning and skills is a more critical issue than gaining skills and knowledge itself.

There is a tendency to group together a number of soft-skills (problem solving, initiative, self-awareness, personal values etc) under the label of ‘employability skills’, and to present it as necessary skill set (though not sufficient) for prospering at work place irrespective of the technical skills specific to the job. The curriculum in the formal education set up does not explicitly impart these skills, but is expected of every pupil to gain them informally. Finding solutions to the employability gap by organizing workshop or training for imparting such employability skills is a typical example of added on approach, rather than integrating with the educational content. An integrative approach would critically examine the curriculum and courses (both content and the pedagogy) and re-design them with an aim to help them to ‘learn how to learn’.

As it has been shown in the table one, employability is not just about adding human capital through skill addition. In other words, employability policy is not merely addressing individuals as target groups. Rather, a series of issues in the labour market such as systemic problems to access jobs and to hold on to jobs come under the spectrum of employability. It is in this context, we examine the systemic factors that affect employability.

It is also important to note that employability as an intervention strategy is suitable not only for graduates or literates, as indicated by the examples of employability practices above. For instance, National Rural Employment Guarantee Scheme, designed as a protective measure to provide social security through employment could generate better employable persons through integrating simple training procedures (and decent work practices) with the work such as teaching to measure the work done by these labourers (numeracy) or to make signature (literacy). Thus, practices of employability require imaginative and constructive ways to generate lifelong learning keeping the human being, rather than wealth generation, at the centre of labour market.

Impediments to employability

Before ending this paper, it is important to examine some of the obstacles that stand on the way of employability. From the analysis of the concepts, it would be clear that multiple meanings, as emphasized by different institutions, itself is the key obstacle. The way quality is seen by educational institutions, government and labour market differs significantly depending on the orientation of these institutions. The educational institutions position themselves as carrying out the role of knowledge imparters. Educationist considers employability orientation in the curriculum may pose important compromises in the purpose of education itself. On the other hand, labour market institutions tend to look at the instrumental value of the education. Industry would argue that educational institutions could contribute to the ‘best interest’ of the students when they are made employable. Employers may also be biased towards the demand side of labour market and thus influencing the educational institutions to create skill sets as required in the labour market. Still, the government may be more looking at the individuals who are entering labour market as well as those who are unemployed (rather than unemployable). Given this multiple focuses of employability, there is serious policy complexity and therefore inaction is a likely outcome in the negotiated policy process.

It is also important to note that practices of employability may be short-sighted and encourage new entrants to the labour market and those unemployed to deposit in a bank of skills. More substantive aspects of lifelong learning and enabling people to learn at work place, through regulatory mechanisms over the labour market, may be shelved off as theoretically oriented rather than plausible practices. However, answer to these important issues lies in the emergent challenge to find answers to the existing problem of appropriate education and to stem the ‘productivity shortfall’ for the labour market. It is in this context Morley’s (2001) suggestion – to grasp the loosening boundaries between the academy, government and business - becomes instructive while seeking new paradigms of integration for better society. One of the practical steps to institutionalize this loosening boundaries will be to establish appropriate Labour Market Information Cell with aim to reduce the asymmetry in the labour market and reducing the academia-industry disconnect

(Datta *et al*, 2006). Such a system could ensure appropriate learning since educational institutions and labour market exists in a dialogical framework to be complementary to each other.

At the same time, internal contradiction of the concept of employability itself can not be ignored. Employability has emerged as a requirement in the context of the emergence of flexible labour market. However, in the polarized societies (as that of India), where part-time and temporary jobs in the service sector, with low skill demand, grows there may be little relevance for the life long learning strategies.²¹

Conclusion

This paper has attempted to clarify the concept of employability by linking the theoretical aspects, and labour market necessities. The concept provides an alternative framework to lifelong employment (seldom found in the context of emerging flexible labour market) through lifelong learning system. An integrated approach connecting the individual's aspirations and freedom to move between jobs with education system, labour market issues (and corporate business strategies), and government policies for social security form the basis of the same. At the core of these concepts lie the fact that it is only through 'learning to learn' that employability could be realized. The indicators to measure employability needs to comprehend these different systems, rather than focusing only individuals or supply side of the labour market. However, as we have seen in the third section of the paper, the practices of employability are often far away from the conceptual framework. Before ending the paper, it is essential to take a critical look at the concept itself. At the outset, it is good to be cautioned that the practices of the full employability programmes in Europe and other parts of the world has not delivered superior outcomes because it does not acknowledge the importance of the state in creating jobs (through demand policies and as direct employer). In addition, it fails to recognise the presence of spatial spillovers and other non-market factors that "distribute"

²¹ Svensson (2004) terms it as the contradiction of *production logic* (routinized effective action on rule-based level, problem solving through application of rules, standardization, avoidance of uncertainty, adaptive learning towards mastering procedures) and *learning logic* (emphasizing reflection, alternative thinking, experimentation, risk taking, tolerance for ambiguity, mistakes and expansive learning through variation).

the systemically rationed job opportunities and generate distinctive spatial patterns of disadvantage (Allen, 2007).

Gazier (1999) has warned that in the context of mass unemployment, the concept of employability may be ‘less than a job: a mere promise, and the lean satisfaction of being a good candidate, among others, on a rationed market’. In such a context, shifting the focus from full employment to full employability is not merely holding individual responsible for gaining and holding on to job through adaptive mechanism. It also means defining the rights and obligations in a new light of creating institutional mechanisms and opportunities as conducive for individual development.

In the Indian context, the concept and application of employability is powerful to challenge the issues such as reservation policy, and to bring competitiveness of Indian labour force to the forefront. Thus, application of employability is powerful enough to reorient the politics around job creation and trade unionism. Employability also poses the challenge for policy makers to integrate education policy, employment policy, industrial (and economic) policy and social policies.

References

- Ahluwalia, M.S. (2001) ‘Report of the Task Force on Employment Opportunities’, Planning Commission, New Delhi, India.
- Allen, E. (2007) ‘Employability or full employment’ Working Paper 19 of CoffE, University of New Castle, Australia.
- Atkins, M. J. (1999) ‘Oven-ready and self-basting: taking stock of employability skills’. *Teaching in Higher Education* 4(2) pp.267-80.
- Bhalotra, S. R (1998) ‘The Puzzle of Jobless Growth in Indian Manufacturing’, *Oxford Bulletin of Economics and Statistics*, 60(1) pp. 5-32.
- Chadha, G.K. (2004) ‘Human Capital Base of the Indian Labour Market: Identifying Worry Spots,’ *The Indian Journal of Labour Economics*, 47 (1), January – March, 2004
- Cowan, R., Paul A. D., and Foray D. (2000), ‘The Explicit Economics of Knowledge Codification and Tacitness’, *Industrial and Corporate Change*, Vol 9, 2 pp. 211-253
- Chithelen, I. (2004) ‘Outsourcing to India’ *Economic and Political Weekly* March 6.

- pp.1022-4.
- Datta, R. C. (2001) 'Economic Reforms, Redundancy and National Renewal Fund: Human Face or Human Mask?' *The Indian Journal of Labour Economics* 44 (4), pp. 675-688.
- Datta, R. C. *et al* (2006) *Study on Livelihoods, employment and sustainable development*. A report for CII prepared by TISS, Mumbai.
- Datta, R. C. *et al*, (2007) 'Indian Labour Market in transition: Setting the tone for Employability'. TISS: ATLMRI Discussion Paper 1/2007.
- Davies, L. (2000) 'Why kick 'L' out of 'Learning'? The development of students' employability skills through part-time working', *Education & Training* 42 pp 436-44.
- Drucker, P. (1966) *The effective executive*. London: Collins.
- Eyck, K. V. (2003) 'Flexibilizing employment: An overview'. SEED Working Paper No. 41. Geneva: ILO.
- Fuller, C. J. & Narasimhan, H. (2006) 'Engineering colleges, 'exposure' and information technology' *Economic and Political Weekly*, January 21 pp. 258-62.
- Garsten, C. & Jacobsson, K. (2004) 'Conclusion: Discursive transformations and the nature of modern power', in Garsten, C. & Jacobsson, K. *Learning to be employable*. London: Palgrave Macmillan. pp.274-89.
- Gazier, B. (1999) *Employability: Concepts and policies*. Berlin: European Commission and IAS.
- Gazier, B. (2001) 'Employability: the complexity of a policy notion'. In Weinert P. *et al* (eds) *Employability: From theory to practice*. London: Transaction Publishers. Pp.3-23.
- Ghai, D. (2003) 'Decent work: concept and indicators', *International Labour Review* 142 (2) pp 113-45.
- Harvey, L. (2001) 'Defining and measuring employability', *Quality in Higher Education*. 7(2) 97-109.
- Infosys Annual Report (2005-2006)
<www.infosys.com/investor/report/s/annual/Infosys_AR06.pdf>
- Knight, P. & Yorke, M. (2000) *Skill plus: Turning the undergraduate curriculum*. Skills

Plus Project Report.

Korver, T. and Oeij, P. R. A. (2004) 'Employability through covenants'. Paper presented during the conference of Quality in labour market transition: A European Challenge. Royal Academy of Sciences, Amsterdam, The Netherlands, 25-26 November 2004.

Krishna, A. & Brihmadessam, V. (2006) 'What does it take to become a software professional?', *Economic and Political Weekly*. July 29. pp.3307-14.

Lees, D. (2002) Graduate employability – Literature review. LTSN Generic Centre: London.

Lefresne, F. (1999) 'Employability at the heart of the European employment strategy', *Transfer* 5(4) pp. 460-80.

Lindbeck A. & D J Snower (1996) 'Reorganization of Firms and Labor-Market Inequality', *American Economic Review*, Vol. 86, No. 2, pp. 315-321

Little, B. (2001) 'Reading between the lines of graduate employment', *Quality in Higher Education* 7(2) pp. 121-9.

Martin, E. (1997) 'Managing Americans: policy and changes in the meanings of work and the self'. In Shore, C. & Wright, S. (eds) *Anthropology of policy: critical perspectives on governance and power*. London: Routledge. Pp.239-57.

Mason, G., Williams, G. Cranmer, S. and Guile, D. (2003) *How much does higher education enhance the employability of graduates?* London: HEFCE.

Morello, D. (2005) The IT Professional Outlook: Where will we go from here?, Gartner Report, 14 September

Morley, L. (2001) 'Producing new workers: quality, equality and employability in higher Education', *Quality in Higher Education* 7(2) 131-8.

McKinsey Quarterly (2005) Sizing the emerging global labour market. The McKinsey Quarterly Number 3.

McKinsey Quarterly (2006_a) Understanding supply chain risk: A McKinsey Global Survey.

McKinsey Quarterly (2006_b) Competitive advantage from better interactions. Number 2.

- North, Douglas (1990). *Institutions, Institutional Change and Economic Performance*, Cambridge: Cambridge University Press.
- North, Douglas (1993). *Institutions, Transaction Cost, and Productivity in the Long Run*, Washington University at St. Louis economic working paper, economic history paper, number 9309004
- NSSO (2004-2005) 'Employment and Unemployment Situation in India 2004-2005', Report 515 part-1, Ministry of Statistics and Programme Implementation, Government of India.
- Organization for Economic Co-operation and Development (OECD) (1996) *Pushing ahead with the strategy*. Paris: OECD.
- Pfeifer, C. (2005) 'Flexibility, dual labour markets, and temporary employment: Empirical evidence from German Establishment Data', *Management Revue* 16(3) pp.404-22.
- Philpott, J. (1999) Behind the Buzzword: 'Employability', Employment Policy Institute.
- Planning Commission (2001), 'Task force on Employment Opportunities', New Delhi: Planning Commission, Government of India.
- Purcell, J. Purcell, K. & Tailby, S. (2004) 'Temporary work agencies: Here today, gone tomorrow', *British Journal of Industrial Relations* 42 (4). pp. 705-25.
- Romer Paul M, (1990), "Endogenous Technological Change", *Journal of Political Economy* , vol 98, number 5, pp S71-S102
- Sen, A. (2000) 'Work and rights', *International Labour Review* 139 (2). pp. 119-29.
- Stiglitz, J. (2002) 'Employment, social justice and societal well-being', *International Labour Review* 141 (1-2) pp 9-29.
- Strath, B. (2000) 'After full employment and the breakdown of conventions of social responsibility'. In Strath, B. (ed). *After full employment: European discourses on work and flexibility*. Brussels: Peter Lang. pp. 11-31.
- Svensson, L. (2004) "Life long learning: A clash between a production and a learning logic" in Garsten, C. & Jacobsson, K. (eds) *Learning to be employable*. London:

- Palgrave Macmillan. Pp. 83-106.
- Upadhyay, C. (2007) 'Employment, exclusion and 'merit' in the Indian IT industry',
Economic and Political Weekly May 19 pp. 1863-8.
- van Dam, K. (2003) Antecedents and consequences of employability orientation.
European Journal of Work and Organizational Psychology. 13 (1) pp. 29-51.
- World Bank (2006) *Skill development in India: The vocational education and training system in India*. New Delhi: Human Development Unit, South Asia Region.
- World Development Report (1998/99) *Knowledge for Development*, World Bank

Acknowledgement: *ATLMRI is a collaboration between Adecco and Tata Institute of Social Sciences, and we wish to thank Adecco for financial support towards this project. The team would also like to express gratitude to Dr. S. Parasuraman, Director of the Tata Institute of Social Sciences, whose keen interest in the project and encouragement has morally boosted ATLMRI team.*

Discussion Papers in the Series

DP 1/2007 Indian Labour Market in Transition: *Setting the Tone for Employability*

DP 2/2007 Employability: *Concepts, Indicators and practices*

ATLMRI (The Adecco-TISS Labour Market Research Initiative) is a research and policy advocacy programme that aims to analyse and understand growth trajectories in the Indian economy and the character of labour force. We visualize providing pivotal linkage between the government, industries, education and training providers, and prospective employees.

The purpose of the Discussion Paper is to generate dialogue of ideas among similarly thinking scholars, policy makers, employers and representatives of employee groups.

We welcome comments on our discussion papers and they could be sent by email to: atlmri@gmail.com

<http://atlmri.googlepages.com/>