A study on Emphasizing Employability in the Fast Pacing Economy and Concentrating on the Imminent Job prospect in the Market

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Abstract

The concept of employability has been in the literature for many years. The interest has always been driven by the changing nature of public employment policy, with increasing emphasis being given to skills-based solutions to economic competition and work-based solutions to social deprivation. The supposed end of ‘careers’ and lifetime job security, which have, of course, only ever applied to a minority of the workforce, the greater uncertainty among employers as to the levels and types of jobs they may have in the future, and the need to build new relationships with employees.

Employability refers to a person's capability of gaining initial employment, maintaining employment, and obtaining new employment if required (Hillage and Pollard, 1998). In simple terms, employability is about being capable of getting and keeping fulfilling work.

Keywords: Employment, Employability, Employee Relationship, Personnel Development, Deployment, Labour Market.

1. Introduction

Employment is a contract between two parties, one being the employer and the other being the employee. An employee may be defined as “A person in the service of another under any contract of hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed.”

2. Employability is the capability to move self-sufficiently within the labour market to realize potential through sustainable employment. For individuals, employability depends on the knowledge, skills and abilities (KSAs) they possess, the way they use those assets and present them to employers, and the context (e.g. personal circumstances and labour market environment) within which they seek work.

Employability is a two-sided equation and many individuals need various forms of support to overcome the physical and mental barriers to learning and personal development (i.e. updating their assets). Employability is not just about vocational and academic skills. Individuals need relevant and usable labour market information to help them make informed decisions about the labour market options available to them. They may also need support to realize when such information would be useful, and to interpret that information and turn it into intelligence. Finally, people also need the opportunities to do things differently, to access relevant training and, most crucially, employment. Both the supply and
demand of labour need to be taken into account when defining employability, which is often dependent on factors outside of an individual's control. Employability was one of the four 'pillars' of the European Employment Strategy until its reformulation in 2000, along with entrepreneurship, adaptability and equal opportunities. It has thus also been a key theme of the EQUAL Community Initiative.

Employability has recently received considerable attention in the media. Both in scientific publications and in business life, the concept of employability is becoming increasingly important. Partly, this interest is aroused by new opinions concerning career development (14). The ‘lifetime employment’ contract with one employer is no longer relevant for a large share of the working population (Bridges, 1994) and is replaced with a more dynamic view towards careers (Hyatt, 1995). Modern careers are characterized by a high degree of flexibility and employees are seen as ‘entrepreneurs of their own career’. Employability is a key principle in these ‘new’ careers.

What is exactly meant by the employability concept is seldom clear. Adding more and more related ‘ingredients’ has made employability a somewhat fuzzy concept. This paper tries to clear up this matter to some extent by providing a clear definition of the concept in the first part. It also provides an overview of the evolution of the concept during the last decades. The current meaning of employability encompasses both individual and contextual factors, which partly depend upon the sector of industry people work in. This implies that an investigation of employability from the viewpoint of sectors of industry is potentially very interesting. Therefore, we develop an industry employability index that relates individual employability to the need for employability and the current opportunities to effectuate employability.

3. For individuals, employability depends on:
   • Their assets in terms of the knowledge, skills and attitudes they possess
   • The way they use and deploy those assets
   • The way they present them to employers
   • Crucially, the context (e.g. personal circumstances and labour market (10) environment) within which they seek work.

The balance of importance between and within each element will vary for groups of individuals, depending on their relationship to the labour market.

4. Government policy is aimed:
   1. More at the development and accreditation of knowledge and vocational skills than at the soft skills and attitudes
   2. More on the demonstration of assets than their deployment; particularly for adults (e.g. lack of provision of a careers education and guidance service for adults)
   3. More at individuals looking to enter the labour market (e.g. from education or unemployment) than within
   4. More on the individual and the supply side, than on employers and the demand side (i.e. the labour market contextual factors).

5. Four components of employability
   We can separate out four main elements in respect of individuals’ employability: the first three are anal-
ogous to the concepts of production, marketing and sales, and the fourth is the marketplace in which they operate.

5.1 Assets
An individual’s ‘employability assets’ comprise their knowledge (i.e. what they know), skills (what they do with what they know) and attitudes (how they do it). There are a number of detailed categorizations in the literature which, for instance, distinguish between:

- ‘Baseline assets’ such as basic skills and essential personal attributes (such as reliability and integrity).
- ‘Intermediate assets’ such as occupational specific skills (at all levels), generic or key skills (such as communication and problem solving) and key personal attributes (such as motivation and initiative), and
- ‘High level assets’ involving skills which help contribute to organizational performance (such as team working, self management, commercial awareness etc.)

Further key points from the literature include the importance of the transferability of these skills from one occupational or business context to another for employability and the increased attention employers are paying to the softer attitudinal skills in selecting employees (6).

Merely being in possession of employer-relevant knowledge, skills and attitudes is not enough for an individual to either ‘move self-sufficiently’ in the modern labour market or ‘realize their potential’. People also need the capability to exploit their assets, to market them and sell them.

5.2 Deployment
These are a linked set of abilities which include:

- Career management (5) skills and life skills — commonly identified as self-awareness (i.e. diagnosing occupational interests and abilities), opportunity awareness (knowing what work opportunities exist and their entry requirements i.e. labour market knowledge), decision-making skills (to develop a strategy of getting from where you are to where you want to be) and transition skills. The latter generally includes:
  - Job search skills i.e. finding suitable jobs. Access to formal and informal networks is an important component of job search and employability.
  - Strategic approach is being adaptable to labour market developments and realistic about labour market opportunities, be occupationally and locationally mobile.

There is obviously an important inter-relationship between assets and deployment. The extent to which an individual is aware of what they possess in terms of knowledge, skills and attitudes and its relevance to the employment opportunities available may affect their willingness to undertake training and other activities designed to upgrade their skills etc.

5.3 Presentation
Another key aspect of employability is being able to get a particular job, once identified — sometimes included under career management (5) skills, but is given prominence as a separate element here due to its crucial importance to securing employment. It centres around the ability to demonstrate ‘employability’ assets and present them to the market in an accessible way. This includes:

- The presentation of CVs etc., (including Records of Achievement)
- The qualifications individuals possess (both academic and vocational), perhaps accredited through prior learning
- References and testimonies
• Interview technique, and, of particular importance,
• Work experience/track record.

5.4 In the context of personal circumstances and the labour market
Finally and crucially, the ability to realize or actualize ‘employability’ assets depends on the individual’s personal and external circumstances and the inter-relationship between the two. This includes:
• Personal circumstances — e.g. caring responsibilities, disabilities, and household status can all affect their ability to seek different opportunities and will vary during an individual’s life cycle; while
• External factors such as macro-economic demand and the pattern and level of job openings in their labour market, be it local or national; labour market regulation and benefit rules; and employer recruitment and selection behaviour.

6. Priorities for action
For the state, as well as raising the skill profile of the existing workforce, especially at lower levels to boost flexibility and competitiveness, there are a number of potential priority groups including:
• labour market entrants
• labour market re-entrants
• disadvantaged groups
• insecure or under-utilized employees

Where different policies may need to be targeted according to different circumstances.

For employers the priorities might be to help key groups of staff to develop both those assets which have explicit, immediate value to the organization as well as those transferable ones which have a wider, longer term currency, thereby engendering a sense of security, encouraging commitment, risk-taking and flexibility among employees.

For the individual the need is to boost those aspects of their employability which will most enhance their opportunities in the light of their circumstances.

7. Employability and India
A report by the World Economic Forum has estimated that India will face huge skills gaps in some job categories due to low employability over the next 20 years and also warned of a looming global labour crisis (7). As per this report the main cause is the increasing mobility amongst developing countries and India. Despite high unemployment, the global economy (7) has entered a decade of unparalleled talent scarcity (3), the report added. If left unaddressed, it will put a brake on economic growth in both developed and developing countries. (2)

By 2030, the developed world will need millions of new employees to sustain economic growth, the report said. Of these, the United States (10) will need 26 million employees, and western Europe will need 46 million employees. Today's high unemployment rates mask longer-term talent shortages that may affect both developing and developed countries for decades (3).

The global population of 60 years and older will exceed that of 15-years-old or younger for the first time in history by 2050. But, the talent crisis will start much sooner. Barring technological breakthroughs, the United States, for example, will need to add 26 million workers to its talent pool by 2030 to sustain the average economic growth of the two past decades, the report reiterated (10).

In most developing countries not affected by demographic shifts, strong economic growth and the limited employability of the workforce will lead to large skills gaps in some job categories. Nations and
industries are particularly challenged by the shortages of highly skilled talent. In today's global and fast-changing business environment, access to highly skilled people, not just top talent, but also people who possess essential expertise, is crucial to succeed and grow (7).

Some industries, such as business services, IT and construction, are likely to experience significant skills gaps, regardless of geography. At the same time, certain countries, such as Japan, Russia and Germany, will face shortages of highly skilled employees in many industries. Increasing the mobility among countries will be a key part of the solution.

Contrary to conventional wisdom, greater mobility can benefit not only nations that receive talent, but also sending countries, especially large ones such as India.

In addition to fuelling their countries of origin with remittance funds, many expatriates eventually decide to return home armed with skills and business acumen developed abroad. Receiving countries benefit from the contribution of highly skilled migrant workers to their economies.

Countries need to prepare for demographic shifts and a fast-changing labour market environment by defining adequate education and migration policies:

- Assess current and anticipate future skills shortages through strategic skills planning. Governments and industry associations should analyze capacity and productivity risks for each job type, such as mechanical engineers, and develop policies to mitigate anticipated shortfalls.
- Develop skills recognition mechanisms for native-born and migrant workers. Governments should invest in workforce development and ensure migrants are properly employed given their skills and work experiences.
- Design inclusive and comprehensive migration policies from students to experienced workers. Governments should ensure the proper integration of migrants, provide them with employment and language support and facilitate the portability of pension and social benefits.
- Integrate migration into development strategies of sending countries. Hosting and sending countries must collaborate to design policies that encourage talent circulation and ensure the transfer of migrants' skills.

Companies, meanwhile, need to improve their talent management strategies as many businesses within five to ten years will face sizable talent shortages. These improvements include:

- Develop global talent management processes. Companies should make talent planning and management a priority and invest in global leadership development and management training.
- Assess current and anticipate future skills shortages through strategic skills planning. Companies should determine their need for workers in critical job categories by analyzing their strategy and productivity. They then need to compare this demand to the supply of internal and external candidates.
- Design and promote talent mobility programmes. Companies should develop attractive talent mobility programmes such as rotations or cross-company programmes to be more flexible and retain talented employees.
- Expand the talent pool for recruitment and grow talent internally, in a spirit of "talent well sourcing". Global companies need to recruit from broader talent pools by considering second- and third-tier universities, for example, and creating specific training programmes to ensure top capabilities are acquired.
8. The need for employability

It goes without saying that a sector of industry is, irrespectively of all other conditions, better off with more employable personnel. The need for employability is, however, dependent on the intensity of various developments in society (11) (12).

Four main developments can be distinguished:

- Technological developments
- Organizational developments
- International competition
- Demographic developments.

The sectors of industry that have the highest impact of the combination of these four developments are the sectors where the need for employability is highest.

8.1 Technological developments

Ongoing technological developments can cause job-specific skills obsolescence, which implies that skills learned in the past and experience are no longer sufficient for an adequate job performance. Due to the upgrading of the skill requirements in jobs, a gap arises between the human capital workers have and the required human capital (Borghans & De Grip, 2000). In order to bridge this gap, employability plays an important role. Technological developments can also cause certain jobs to disappear entirely. In the banking industry, for example, information technology has caused the disappearance of traditional teller jobs. When jobs disappear, a worker’s employability becomes crucial for labour market participation. However, in this case employers also benefit from an employable workforce since they do not have to bear the cost of expensive outplacement procedures for workers who have to be reallocated. Since technological developments are often linked to improvements or changes in information and communication technology, the percentage of personnel that uses a computer regularly during work has been used as an indicator for technological developments.

8.2 Organizational developments

Technological developments often take place simultaneously with organizational changes. These developments ask a lot of workers, in the sense that they must be able to adapt to the new circumstances. Modern organizations are set up with a need for flexibility these days. The more bureaucratic organizations of the past make place for less rigid ones, where employers often work in project teams and have a large degree of control over their own actions. Organizational developments demand a large degree of flexibility, which can be accomplished by being employable. When, e.g., workers are used to changes in the content of their job due to the fact that they are regularly involved in task-and job-rotation programs or training, both the employee and the organization are more able to adapt to changes faster (Wissema, Messer, & Wijers, 1991). The degree of organizational developments is measured by two indicators, which are combined into one. Firstly, the percentage of employees that has experienced reorganizations is considered. The second indicator is the percentage of people that works for a firm where a change of the position of the organization in the larger configuration (parent company, franchisee etc.) has taken place (e.g. a merger).

8.3 International competition

One of the most visible developments in the last ten years is the increase in international competition, inside the EU, but also outside of it. With a higher degree of international competition, organizations need to be able to adapt to changes in the international context faster. Innovative capacity is of key importance here, and since well-trained personnel are generally better innovators, good training...
programs should be a key priority for those firms aiming to survive. Changes in international competition also demand flexibility from employees. To get an idea from the degree of international competition in sectors of industry, we looked at the export shares of their production. This indicator is a proxy of the degree of "openness"; sectors that are very open to international competition, are expected to be sectors with a high need for an employable workforce.

8.4 Demographic developments
Finally, demographic developments (graying and a decreasing share of younger workers) are important tendencies that require an employable workforce. The Netherlands Bureau for Economic Policy Analysis (CPB) has projected that the share of employees older than 55 will double or even triple during 1995-2020 (CBS/CPB, 1997). Conversely, the share of workers below 40 years of age will decrease both in absolute and in relative terms. Due to the graying of the workforce, established channels of labour market exit (pre-pension etc) will become less common, simply because the costs will increase to an unsustainable level. For employers, there will be a need to keep their personnel longer (13), since supply of younger workers will be scarce. Demographic developments of personnel in the different sectors of industry will be measured by dividing the percentage of older employees (55+) by the percentage of young people (16-29 years of age). This indicator shows the severity of graying tendencies in the various sectors of industry and the effect of the decreasing share of younger employees in the working population.

9. Developments in society and the need for employability
Technological developments play an important role in the banking and insurance industry, in the chemical industry and in the energy and government sectors. In farming and fisheries and construction and real estate, however, technological developments are only of minor importance. Organizational developments are most prominent in catering, repair and business services, as can be seen from the second column. The metal and electrical industries are also characterized by important organizational developments. Banking and insurance and farming and fisheries are the organizationally most stable sectors of industry.

10. Conclusion
To obtain a more detailed image of worker employability, firm-specific data would prove extremely helpful. This type of data refers to information about individual organizations. Using this type of data would enable the construction of an organization-specific IEI (15). Such an index would make the labour market more transparent for those employees wanting to gain better understanding of their development opportunities and their employability. The comparison of organization-specific employability-scores to industry IEI (15) would enable organizations to gain valuable insights in their own employability situation. Such a comparison would also once again make clear that employability is not only dependent upon the worker himself, but is also affected by the organization and the sector of industry. The individual firm scores could perhaps also be related to the ‘Investors in People’ standard. Another research opportunity would be to use the framework (14) developed in this paper with data from other countries. This would enable international comparisons between the employability-situation of sectors of industries in different countries.
Reference:
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