**An Analysis of MSME Sector’s Expectations from Academia –With Special Reference to Undergraduate Management Students**

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**Abstract:**

The relevance and contributions of Micro Small and Medium Enterprises (MSME’s) in developing economies like India cannot be undermined as these informal enterprises serve as a source of livelihood for the base of the pyramid population. According to the Department of Economic and Social affairs, it is estimated that more than 70 percent of the workforce in developing countries are employed in MSME’s. With the wake of Industry 5.0, there is a radical change in the expectations of these MSME’s relating human resources in the form of transformed skill sets and experience to build a productive workforce. The requirements of the industry have also created an impact in the design of the teaching learning pedagogies with a gradual shift towards skill development and realistic learning modules making the students employment ready. But the Achieve’s 2014 survey, indicate that 62% of the employers think that the students are not fully prepared for the expectations they will face in the working world. This gives a clear indication that there is a gap between the skill sets imparted at educational institutions and the expected skill set of the industry. This study is undertaken to analyze the expected skill set from the perspective of the MSME Sector in Coimbatore which will help the students to prepare in advance to take the real world challenges head on, as they join the corporate sector.

Key words: MSME, Expected Skill Set, Students, Challenges

**Introduction:**

Even though the unemployment rate in India is 8.10% in February 2022 as announced by The [Centre for Monitoring Indian Economy](https://www.cmie.com/%22%20%5Ct%20%22_blank), there is a shortage of skilled manpower (both technical and professional) in the industry. According to the [Centre for Monitoring Indian Economy](https://www.cmie.com/) over 2 million graduates enter the Indian workforce every year. However among them only 25% of technical graduates and 10-15 percent of non technical graduates are considered employable. This indicates growing skills gap between the college education in India and the galloping requirement of the industry. Among the different sectors the micro, small and medium enterprises (MSMEs) provides large employment opportunities to graduates as it comprises of 63 million units creating 111 million jobs in 2020, ([Viola Lewis](https://www.indiaspend.com/viola-lewis%22%20%5Ct%20%22_blank) 2021). As the competency of human resources is imperative for successful operations, it has become important for the MSME’s to recruit a world-class competent workforce. But the truth is that a majority of graduates today do not meet minimum expectation of the industry, since they lack relevant technical, organizational and personal skills (Times of India December 10, 2019). The problem of an unproductive/under productive workforce is mainly attributed to the mismatch between the skill base of the job seekers and the expected skill base of the job providers. This mismatch has to be addressed and the gap has to be bridged for the Indian economy to compete in the global economy. In this juncture, it is essential to identify the requisite skill set expectation of the MSME sector from the academia, so that the education system can be revamped to introduce greater flexibility in training system to respond to the market changes. Considering the academic side, the management educational institutions today also believe and follow unique and innovative teaching pedagogies, to deliver meaningful learning and development of skill sets that the employers think deem fit to employ ([Nishad Nawaz](https://www.researchgate.net/profile/Nishad-Nawaz-2) et all 2014). The institutions today are ready and are stepping further by tying up with firms to bridge the skill gap for fresh job seekers (Samriddhi Nandi 2022).Therefore a match between the expectations of the MSME and the expectations of the academia to groom better employees is essential for the progress of the nation.

**Review of literature:**

Lennart Büth et all (2017) in their study on bridging the qualification gap between academia and industry has identified that the competencies of the new graduates and the competency requirements of Indian industry for graduates have to be identified based on discussions with industry professionals and matched.

Rishika (2021) in her study on the challenges in bridging the gap between academia and industry has identified that an academic degree along with skills like disruptive ideas, critical thinking and innovative methods of problem solving as the main thrust which will make the graduates more competitive.

Javier Conde et all (2021) in their study on bridging the gap between industry and academia through students have identified that both the students and teachers have a positive perception towards the open source initiative which increased the students knowledge that is valued by the industry.

Borrell-Damian (2009) in his research paper on University-Industry Partnerships for Enhancing Knowledge have identified that long-term relationships between institutions of higher learning and industry gives a better chance for success than short-term relationships.

Sodi Jasbir kaur (2017) in his paper on the need for bridging the industry academia gap has identified the need of setting up interface structures and arranging for bilateral programs between the industry and academia will enhance the employability of the youth.

Grimpe and Hussinger [2008] in his study has identified two types of industry–university collaborations: the informal, which does not involve any contractual relationship, and the formal, which is based on such a contract and both the types of collaborations are complementary.

Hodgekinson and Rousseau [2009] in their paper on bridging the gap between rigor and relevance have identified that developing better partnerships between academics and practitioners can yield better outcomes if supported by appropriate training in theory and research.

Laursen and Salter [2004] in their paper on identifying the type of firms preferred by universities found that large firms with better research and development intensity were more likely to use universities for innovative ideas.

Borrell-Damian (2009) in their study on the impact of the university–industry partnership for doctoral education identified that research collaborations with industry broadens and develops the research focus of universities.

# [Bo Han](https://ieeexplore.ieee.org/author/37309911400) et all (2022) in their article “Bridging the Gap Between Industry and Academia for Networking Research stresses the need for broad collaborations between academia, government and private companies to commercialize innovative ideas.

**Objectives of the study**

1. To identify the expected skill set from the new graduates
2. The study the weakness/Pitfalls found with new graduates from the industry perspective
3. To analyse the strategic measures to be taken by the institution and industry to bridge the industry–Institute gap.

**Methodology**

The research design adopted for this study is descriptive type. A survey was conducted to find the perception and the attitude of the MSME sector towards the Undergraduate Management Students**.** For data collection, a self-administered questionnaire was distributed among HR Managers of the MSME sector. The sample size of 100 companies was chosen from the list of companies in Coimbatore District Small Industries Association through simple random sampling method and the data was collected from the HR managers of the companies.

**Analysis:**

 **Table 1: Showing the nature of MSME’s contacted for the study**

|  |  |  |  |
| --- | --- | --- | --- |
| S.No | Nature of MSME | No of respondents  | % |
| 1 | Motor and pump manufacturing  | 15 | 15 |
| 2.  | Trading  | 12 | 12 |
| 3 | Equipment Rental & Leasing | 11 | 11 |
| 4 | Servicing of Equipments | 16 | 16 |
| 5 | IT Solution Provider. | 12 | 12 |
| 6 | Engineering and Fabrication | 19 | 19 |
| 7 | Others  | 15 | 15 |
|  | Total | 100 | 100 |

Among the different MSME’s contacted, Most of the respondents belong to the category of Engineering and fabrication followed by equipment servicing and Motor and Pump manufacturing.

**Table 2: Showing the most preferred UG management degree by the MSME’s**

|  |  |  |  |
| --- | --- | --- | --- |
| S.No | Name of the degree | No of Respondents  | % |
| 1 | B.Com  | 87 | .87 |
| 2 | BBM | 6 | .06 |
| 3 | BBA | 4 | .04 |
| 4 | Others  | 3 | .03 |
|  | Total | 100 | 100 |

The above table indicates that most of the companies prefer to choose students with a B.Com degree followed by BBM and BBA degrees.

 **Table 3: Showing the most preferred branch of B.Com by MSME**

|  |  |  |  |
| --- | --- | --- | --- |
| S.No | Name of the degree | No of Respondents  | % |
| 1 | B.Com –Accounts & Finance | 31 | 0.31 |
| 2 | B.Com –Cost and management Accounting  | 22 | 0.22 |
| 3 | B.Com –Professional Accounting  | 12 | 0.12 |
| 4 | B.Com –Computer Applications  | 9 | 0.09 |
| 5 | B.Com – Business Analytics  | 6 | 0.06 |
| 6 | B.Com -(Others) | 7 | 0.07 |
|  | Total  | 87 | 100 |

The table indicates that among the different branches B.Com with the specialization of Accounts and finance followed by cost and management accounting is preferred by the companies. The next preferred one is B.Com with professional accounting followed by B.Com with computer applications.

**Table 4: Expectations of MSME’s about the technical skills to be possessed by management students**

|  |  |  |
| --- | --- | --- |
| S.No | Particulars | Mean Score  |
| 1 |  Be strong in fundamentals of accountancy | 4.15 |
| 2 | Proficient in tally software | 4.68 |
| 3 | Good command over MS Office | 4.10 |
| 4 | Good command in MS excel | 4.00 |
| 5 | Basic Knowledge of Taxes | 3.96 |
| 6 | Proficient in Financial Analysis of data | 3.59 |

The mean score of the expectations indicate that MSME sector expect the management students to know all the above said aspects. More preference is given to being proficient in Tally and knowing the fundamentals of accounting clearly by the UG management students.

**Table 5: Expectations of MSME’s about the soft skills to be possessed by management students**

|  |  |  |
| --- | --- | --- |
|  S.No | Particulars  | Mean Score |
| 1 | Problem solving skills | 4.41 |
| 2 | Communication skills | 3.79 |
| 3 | Numeracy skills  | 4.08 |
| 4 | Dressing Sense | 3.58 |
| 5 | Active learning | 4.23 |
| 6 | Professional Commitment | 4.00 |

Regarding the expectations of the MSME’s about the soft skills, the companies prefer the graduates to have better problem solving skills followed by active learning of the practices of their business.

**To find out whether there is any association between the age of the company and salaries paid to fresh recruits, a chi square test was conducted**

Ho: There is no significant association between the age of the company and the salary paid to the new recruits

Ha: There is significant association between the age of the company and the salary paid to the new recruits

The results indicate that there is a significant association between the age of the company and the salaries given to new recruits. (p value .00034 is lesser than the significance level of .05).(i.e) companies which are established and having more than 10 years of existence are paying better salaries than the newly started companies.

**Table 6: Showing the potential weakness identified by companies with new graduates**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No** | **Particulars** | **Mean Score** | **Rank order** |
| 1 | Lack of Responsibility | 4.12 | II |
| 2 | Difference between Theory & Practice. | 4.15 | I |
| 3 | Lack of enthusiasm to work | 3.56 | VII |
| 4 | Inability to adjust to Fast-Paced Industry | 3.12 | VIII |
| 5 | * Don't take enough risks.
 | 4.11 | III |
| 6 | Choosy in work/job | 3.88 | VI |
| 7 | Not detail-orientated | 4.01 | V |
| 8 | Not loyal to the company | 4.02 | IV |
| 9 | No Codes of Conduct | 3.23 | IX |
| 10 | High expectations | 3.16 | X |
|  |  |  |  |

When the HR managers were asked to rank the different weakness identified among the new recruits, it has been indicated that there is a difference in the theory studied and the practice among the graduates followed by the lack of responsibility in execution of tasks and not having enough risk taking capacity and so on.

**Friedman’s Rank Correlation was undertaken to check whether there is a significant difference in the ranks given by respondents.**

Ho : There is no significant difference in the ranks given by respondents

Ha : There is a significant difference in the ranks given by respondents



It was identified that p value is 0.72 (greater than the table value of .05). Therefore we accept the null hypothesis (i.e) there is no significant difference in the order of ranks given by respondents.

**Strategic Measures suggested by the MSME’s to bridge the gap between the Industry and Academia**

* **Curriculum design according to industry :**

Most of the HR managers (67%) felt that even though curriculum designing in colleges is done as per industry requirements, such as curriculum is not updated according to the updations in the industry and therefore they prefer to send the existing syllabus every year to the industry experts for its evaluation and updation. Such annual updations will help the colleges to train the students on latest advancements in industry.

* **Regular interface with industry experts**

HR managers (78%) felt that apart from involving industry experts in delivering lectures to students and faculty, there should be plans for regular interface with the industry (Preferably weekend offline or online visits) by the students. This interface can be planned according to the feasibility of industry experts.

* **Refining and redefining skill sets for industry needs**

Even though academic Institutions conduct soft skill training for students regularly, HR managers feel that the programs designed by the colleges for skill training can be reassessed by the industry, so that academia gets to know the expectations from the industry.

* **Long term Projects/Internships**

Most managers (49%) from the MSME sector feel that, the institution and the companies can work together to identify and solve the challenges faced by MSME’s by undertaking long term projects/Internships in the company. This would be a dual advantage both to the students and the MSME’s. As the companies get better solutions for their problems from academia, the students also gain working knowledge which will support in their placements.

Figure 1: Representing the challenges faced by the MSME sector

Figure 2: Representing the support expected by MSME’s from academia

* **Industry oriented internship programs**

The MSME sector (24%) prefer to have Internship programs for students ranging from 1 month and 6 months which will be a value addition to company as well as a value addition to the student in the form of industrial exposure.

Figure 3: Areas of student internship offerings from MSME’s

* **Expected improved commitment from students:**

The HR managers (71%) expressed their expectation regarding the commitment from the students.

Figure 4: The dimensions of student commitment expected by MSME

* **Enhanced Communication skill:**

Most HR managers (56%) felt that fresh graduates lack fluent communication skill, particularly when they have to deal with customers. Therefore the MSME’s feel that there is an imminent need to develop the communication capability of the students and colleges have to ensure that students are given the encouragement to take part in various extra and co curricular activities particularly focusing on improving their speaking skills like debates, seminars etc.

* **Improving Faculty expertise**

Most of the HR managers (48%) felt that the expertise demonstrated by the new recruits is dependent on expertise of the faculty, which makes it imperative for the colleges to have a link with the companies to design faculty development programs and refresher courses for faculty. They felt that apart from conducting on-campus programs for faculty in the college, as scheduled visit to the company will enable the faculty to have a practical understanding of the real time problems faced by the company. The HR managers suggested that interaction with the faculty will help them to decide on student internship for live projects.

* **Research Focus:**

Many HR managers of MSME (23%) feel that there are many unanswered areas in the MSME sector that deserves to be taken up for long term research. Here the focus will be on any one sector of MSME, than focusing on any particular company. The managers felt that this will help in the overall growth of the sector.

Figure 5: The areas of research expected by MSME’s

**Conclusion:**

Even though academic institutions have taken significant steps to make the students industry ready, the findings of the study reveal that there still exists a gap between the academia and industry. In many cases the Industry Institution linkage ends with lectures from industry experts. Even though dearth of time is mentioned as the main reason, this gap has to be bridged as the benefit is twofold (i.e) industry benefits from the institution at no additional cost and also the student gets a real time exposure which will help in making employment ready. The main pit fall identified with fresher’s is the lack of industry oriented practical knowledge for which the industry is also responsible. The expectation of recruiting a productive HR also comes with a commitment from the industry to work in conjunction with the academia. Analyzing this problem from the institution’s perspective, the students are exposed more to the theoretical stuff that is not practically applicable to the industry and a study environment that is not demanding. These aspects make it difficult for them to adapt to the company culture of 8 hour long work and result driven performance. Therefore it becomes the duty of both the institutions and the industry to work hand in hand and formulate appropriate strategies for the wholesome empowerment of the students.

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