Chapter 1
INTRODUCTION

The Information Technology sector in India has delivered a significant role in improving India's Gross Domestic Product from the growth rate of 1.2% in the year 1998 to 7.7% in 2017, NASSCOM affirms that Information Technology sector of India has amassed a revenue of US$160 billion in 2017 and United States of America has more than 60% of Indian IT exports (Singh and Shelly 2017). India was found at the top in 2011 in the world location attractiveness index for outsourcing followed by China and Malaysia (Kearney 2011). The prominent reasons for growth of outsourcing in India are low cost of operations which attract the developed nations to invest for outsourcing, urge of global competition, access to global market and availability of quality employability skills in the population (Kakabadse and Kakabadse, 2005).

Information Technology sector in India is recognized for six major roles such as Information Technology Enabled Service/ Business Process Outsourcing, Development of Software Products, Information Technology Services, Research and Development activities, Hardware and E-Commerce.

FICCI and NASSCOM (2017) have acknowledged about the possibilities of job role changes in information technology sector in their report ‘Future of skills and jobs in India’ by the year 2020. This report emphasized that 60 to 65% employees of IT/BPM sector require new employability skills to sustain in IT/BPM by the year 2020. Diverse employability skills like VFX Artist, Computer Vision Engineer, Wireless Network Specialist, Embedded System Programmer, Data Scientist and Data architect are required for the jobs in information technology sector. Similarly, automobile sector shall need 50-55% of employees with new employability skills by 2020 in the jobs such as Automobile Analytics Engineering, 3D Printing Technician, Machine
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Learning, Vehicle Cyber Security and Sustainability integration expert. The textile sector will need new employability skills for jobs in the textile and apparel, banking financial services insurance and retail sector. The report further discussed that factors such as globalization, demographics and industry 4.0/exponential technologies will be accountable for the need of new employability skills in these discussed sectors. This will generate tremendous demand for engineering graduates with quality education and employability skills in India. There also will be good probabilities of new job openings for white collars in internet and exponential technology related jobs which is also recognized as gig economy. India shares 24% in global online business.

Globalization changes need India’s prompt response towards IT exports, adoption of exponential technologies and recognition of Indian employability skills in the overseas professionals’ market along with adequate flow of FDI. Demographic changes cover increase in millennial young workforce in jobs, increase in size of middle class and advancement in urbanization. Exponential technologies changes include development in software products and services, amelioration in industrial value chain, artificial intelligence, adoption to new innovative business strategies, quality in offering prompt services and optimal management of resources (FICCI and NASSCOM 2017).

Aspiring Minds (2016) India based company, providing employability solution to worldwide multi-national companies discussed in ‘National employability report on Engineers’ that India has low rate of availability in employability skills among Information technology sector engineers 18.43% of employability skills in software services, 3.21% of employability skills in development of software products and 39.84% of availability of employability skills for BPOs. Hence, need of development for employability skills among Information Technology engineers are must to fulfill the vision of Prime Minister of India to become a world class leader in offering human resource services. It also needs to be mentioned that All India Council of Technical Education has ordered progressive closure of more than four hundred and ten
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engineering colleges in India from 2014-15 to 2017-18, as the colleges are not able to give quality education and infrastructure to engineering students. These engineering colleges have less than thirty percent of admissions for the last consecutive five years, hence they will be on verge of closure (http://economictimes.indiatimes.com).

In India, parents are interested to enroll their ward to the Engineering Colleges which can offer good placements and conduct on-campus and off-campus placement drives in collaboration with the employers from renowned organizations. Fresh engineering graduates are required to go through the process of recruitment and selection. The time has gone when engineering graduates were offered job solely based on technical knowledge. Now employers show their interest in technical as well as soft skills in appraising the employability skills in students. The drastic changes in globalization, technologies and demographics have changed the mindset of employers for looking ahead the employability skills in IT engineering graduates, employers have expectations from fresh engineering graduates to contribute immediately to goals of organization with soft, generic and core skills which are also known as employability skills.

Knight and York (2003) considered employability skills as understandings, achievements and personal qualities that make the fresh engineering graduates to convince the employers with their abilities and ensure the selection in job. Employability offers recognition to youth in the society by gentle identity and improves their economic conditions. Achievements are educational and professional qualifications possessed by the graduates. Personal qualities include attitudes of individuals to adapt themselves in the changing working environment. Personal qualities reflect emotional intelligence and self-efficacy as the key components for employability. Knight and York (2003) stated self-efficacy is to believe in self by graduates when facing the challenging circumstances and situations. The graduates must have soft skills abilities to persuade the employers in confirming, that he/she has adequate employability skills in meeting with real life
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situations. Lumley and Wilkinson (2014) accentuated that Emotional intelligence is concerned with self-efficacy of individuals, an ability to choose right option in making career decisions. Puffer (2011), Carson and Carson (1998) conformed that emotional intelligence has positive significant relationship with job experiences and emotional attachments to the job. Coetzee and Beukes (2010) discussed about scarcity of research in recognizing the relationship between emotional intelligence and career anchors and how career anchors leads to employability satisfaction.

Employability satisfaction is individuals’ self-efficacious perception about his/her abilities in achieving secured employment. Bandura (1997), Kanfer et al. (2001) and Van der Velde et al. (2003) discussed the significant role of self-efficacy in employability and confirmed that self-efficacy relates to job search behavior and positive job outcomes. Coetzee and Beukes (2010) explained that an individual with ability to understand self-emotions and make their use effectively for career goals must have higher confidence level and high success rate in career. Hence, employers show their interest in Emotional Intelligence oriented graduates for employability with the qualities of confidence, optimism and belief in showing uniqueness in performance. Employers like the graduates who can easily accommodate himself/herself in existing work culture, individual willingness to initiate their abilities and skills towards organizational goals and who can contribute in team with the innovative ideas (Harvey et al. 1997; Little, 2001). Employers appreciate the quality of deliberative thinking in graduates as this contributes to anticipate change (Harvey 1997).

Salovey and Mayer (1990) explained in their model on emotional intelligence that emotional intelligence covers following four mental processes:

(i) Understanding the social problem and effective handling

(ii) Recognizing the need of expression of emotions in self and for others
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(iii) Regulations of emotions

(iv) Effective use of emotions to achieve personal and organizational goals.

The ability of an individual to monitor and control emotions leads to gain of self –
knowledge and helps in initiating the decisions (Goleman, 1998) and Brown et al. 2003).

Present study is an earnest effort to understand employability skills, emotional
intelligence as determinants for employer satisfaction in IT Sector - India.

Statement of the Problem

India is ahead in IT/ITES sector and has drawn the attention of global business leaders
for investing in India. In Business Process Management from the year 2000 to 2013 Compound
Annual Growth Rate CAGR in India was twenty five percent in Information technology sector,
which is three to four times more than global Information Technology- Business Process
Management and CAGR of India expand to 9.5 percent to US $ 300 billion by 2020, then to
prolong the sustainability is a challenge as employability skills is inadequate in the population.

Pai and Basu (2007) found that outsourcing as an inevitable process in developed nation
and the reason behind is the scarcity of their own countries human resources. The findings of
Kakabadse and Kakabadse (2005) depicted low cost of operations in developing nations which
motivate the developed nations to outsource. Urge of global competition, access to global market
and quality employability skills were other reasons suggested for outsourcing. Theoretical
aspects summarize the outsourcing on the aspects of cost, employability skills and relationship.
In National Skills Report 2015, National Association of Software and Services Companies (NASSCOM) study findings revealed lack of necessary employability skills such as spoken English, technical skills and cognitive skills among Indian graduates. The report shared that more than sixty seven percent of graduates from various streams such as art, science and engineering failed in understanding the need of employability skills by employers. Hence, struggle hard to qualify the selection process for procuring a suitable job. Fresh engineering graduates also lack soft skills to qualify group discussion and personal interview rounds in campus placement drives. NASSCOM and McKinsey Global Institute survey (2005) stated that India produce three lakhs sixty thousand fresh engineering graduates every year and six lakhs other graduates from arts, commerce and science, but about twenty five percent of engineering graduates and ten percent of other streams graduates were employable.

ASSHOCHAM Employability Survey (2014) confirmed that Confederation of India Industry (CII) acknowledged that only ten percent of MBA graduate were found employable and seventeen percent of the engineering graduates were employable. Twenty five percent of graduates procured jobs in the job market, sixty percent of the workforce contributes to GDP and IT sector has shortage of employability skills.

Gupta et al. (2003) suggested that the educational institutes can develop direct linkages with the industry and utilize it to strengthen the quality of education and fulfill the industry requirement. As it is win-win situation for both, the linkages can grow faster. FICCI (2002) suggested that new learning model should be developed utilizing the learning of people working in industry. Institutions may utilize the expertise from the industry as well as alumni.
Recognizing the importance of employability skills and lack of studies on employability skills among IT sector in India, there is severe need of study to understand the demand of employability skills and emotional intelligence in fresh engineering IT graduates from aspects of IT industry employers. Hence, considering the significance of the topic, proposed study tries to establish causal relationship between employability skills and emotional intelligence for employer satisfaction.

Rationale of the study

There is a sparse research on employability skills which are considered by recruiters in IT sector in India while recruiting fresh Engineering graduates in Indian context. As mentioned earlier, employees need to be emotionally balanced apart from smart workers at work places. Emotional intelligence enables individuals to work in teams effectively as well as efficiently with good control over their emotions. Therefore, the present research provides a detailed understanding of emotional intelligence as a construct as well as its role in making Engineering graduated employable. A number of variables have been identified in the study and their impact on satisfaction needs to be analyzed.

Gokuladas (2010) studied the technical and non-technical skills of engineering graduates in India and found that the employability is measured based on the campus recruitment. Most of the countries in the world have concluded that the fresh engineering graduates do not understand the demand of employability skills of industry. Therefore, the verbal and logical reasoning, soft skills are the crucial predictors in employability of an engineering graduate during the placement.
Aspiring Minds (2010) examined forty thousand engineering graduates and MCA final year students of twelve states in India for their employability skills for IT/ITES sector. The standardized computer test was conducted for students based on the parameters which included communication, cognitive skills and technical knowledge. The findings show employability skills status of students in IT/ITES sector was low in product sector it was 4.2%, in Knowledge Process Outsourcing (KPO) it was 9.5%, in Tech Support, it was 25.9% and in BPO sector, it was found to be 38.2%. The study recommends the need of improvement in cognitive skills, soft skills among engineering graduates to meet the standards of employability of IT/ITES sector.

Tan and Arnold (2012) expressed their views on employability in the report titled ‘Employability of Graduates in Asia’. According to author’s views, oversupply of engineering graduate was the issue behind employability. Malaysian data on employability shows engineering graduates of ICT and technical program studies have more probability of employability. They further discussed that universities prepare the students for industry with employability skills. Students state that they acquired skills from universities, but employer’s state that students lacked in employability skills. Hence, identifying and addressing of employability gap among stakeholders is an interest of importance for future research.

Thus, the present study seeks an answer to the following questions:

1. What employability skills do recruiters in the IT sector in India seek in Fresh Engineering Graduates? What are the current gaps in employability skills that employer recognizes in Fresh Engineering Graduates?

2. What is the role of emotional intelligence in making fresh engineering graduates more employable?
3. Does emotional intelligence in FEG mediate the relationship between employability skills and employer satisfaction?

**Objectives of the study**

1. To study the relationship among employability skills, emotional intelligence and employer satisfaction in recruiting fresh engineering graduates.
2. To identify employability skills and emotional intelligence as determinants of employer satisfaction in recruiting fresh engineering graduates.
3. To understand the role of emotional intelligence as a mediator between the employability skills and employer satisfaction in the context of recruiting fresh engineering graduates.

**Proposed Model**

![Proposed Model Diagram]

*Figure 1

*Emotional Intelligence as mediator in the relationship of Employability Skills and Employer satisfaction*